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HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—THIRTY-SECOND PARLIAMENT

31 Elizabeth II

VOLUME XV, 1982

COMPRISING THE PERIOD FROM THE TWENTY-FIRST DAY OF APRIL, 1982
TO THE TWENTIETH DAY OF MAY, 1982

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HOUSE OF COMMONS

Wednesday, April 21, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

CALL FOR INTRODUCTION OF PROGRAMS TO INSTIL CONFIDENCE—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, there is not a Canadian today who is not being affected by the serious economic recession in the country. The escalating collapse of our business base, the alarming rise in unemployment, a crippling increase in the cost of consumer goods and services, harshly punitive interest rates, and the indifferent attitude of this government toward its wasteful spending habits have all contributed to the tragic mess we are in today. I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the government use its power, not simply as a means to rule and control arrogantly, but to govern in such a manner that it addresses the real and immediate needs of the people by developing programs with a sense of purpose and direction which will instil confidence in the public and in all sectors of the economy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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GOVERNMENT ADVERTISING

SUGGESTED REALLOCATION OF FUNDS—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, the recent news that the Department of Employment and Immigration has earmarked $5 million for an advertising campaign to convince Canadians that the economy as a whole is working, when the reality is that unemployment is at the highest level since 1940, is an insult to the intelligence of Canadians and a slap in the face to those 1.2 million Canadians unemployed as a result of the government's disastrous fiscal and monetary policy. I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That, if the government is going to spend the $5 million, it would be better to invest it in job training for the unemployed, instead of wasting it on another attempt by this floundering government to sell itself to the voters with the taxpayers' dollars.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

FUEL COMPENSATION RECOVERY CHARGE—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, the National Energy Program continues to drive Canadian business south of the border. We have recently learned that British Columbia companies are buying their fuel in the United States at a saving of 30 cents per gallon and that some Great Lakes shippers have called for tenders from the United States. Whereas the National Energy Program's export fuel tax is in part responsible for giving the United States the competitive edge on marine fuel prices, and whereas the government has promised flexibility on this tax, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Energy, Mines and Resources remove altogether the transportation fuel compensation recovery charge before the United States becomes Canada's number one supplier of marine fuel.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

ARGENTINA—CALL FOR WITHDRAWAL OF CANDU TECHNICIANS—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise to present a motion under Standing Order 43. Whereas in answer to my question posed on Monday the Minister of Energy, Mines and Resources clearly did not understand the Candu reactor's unique on-line refuelling process and the fact that the spent fuel containing the plutonium can be removed from the reactor core, chemically changed, and diverted for military purposes at any time; and in view of the fact that in its desperation to sell Candu reactors the Canadian government is

prepared to ignore the danger associated in doing business with the Argentinian government, a country beset by internal strife, a place where human rights do not exist and where thousands of people have simply disappeared, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the Canadian government withdraw 71 Canadian technicians from Argentina in order to express our opposition to human rights violations in that country and the occupation of the Falkland Islands and to ensure that the spent fuel from the Candu reactor will not be used to make nuclear weapons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ADMINISTRATION

CALL FOR DISSOLUTION OF PARLIAMENT—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, Liberal administrations over the past 14 years have consistently promised to fight inflation. It started with the Benson budget in 1968. In 1973 the minister of finance at that time, John Turner, said "This budget is aimed at reducing inflationary pressure in Canada and at offsetting the effect of past inflation." In 1974 the same minister said, "Two digit inflation . . . is simply not acceptable to this government." In the same year the Prime Minister (Mr. Trudeau) promised to wrestle inflation to the ground. In 1976 the then finance minister, Donald Macdonald, said "Our first objective must be to maintain the underlying trend to lower inflation." In 1978 the present Minister of Justice (Mr. Chrétien) said, "We are being held back by serious unemployment and inflation and we must do all we can to deal with them."

• (1410)

It goes on and on. In 1980, 1981 and 1982 the present Minister of Finance (Mr. MacEachen) said the same thing. Madam Speaker, it is obvious that the present administration has lost the battle, inflation has gone from 4 per cent in 1968 to 11.6 per cent today.

Madam Speaker: Order. At every sentence I have been hoping the hon. member would finish his enumeration and go to his motion. I must ask him to go to the motion.

Mr. McDermid: I therefore move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Prime Minister accept defeat in his battle against inflation, go to the Governor General to dissolve Parliament, call an election immediately, so that Canadians can decide who should be leading the battle against inflation and toward economic renewal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SCIENCE AND TECHNOLOGY

SUGGESTED ESTABLISHMENT OF STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Bruce Halliday (Oxford): Madam Speaker, in view of the importance and increased need for a greater emphasis on science and technology in order to reverse our economic decline, and in view of the fact that both Dr. Stuart Smith of the Science Council of Canada, and Dr. Larkin Kerwin of the National Research Council, have endorsed the urgent need for this new emphasis on science and technology, I therefore move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That there be established a committee of the House of Commons to be known as the Standing Committee on Science and Technology.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—DEMAND THAT MINISTER ANSWER HOME OWNERS' QUESTIONS—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Minister of Consumer and Corporate Affairs (Mr. Ouellet) made statements in this House yesterday which were misleading when he said the federal Liberal government was the only government attempting to help the owners of homes with urea formaldehyde foam insulation; whereas recently released research indicates that the federal government program may be a colossal $110 million failure, and in the interest of providing accurate, honest information to home owners so they will be informed about the long-term hazards they face, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That in the future the minister spend more time answering questions rather than criticizing his colleagues and misleading the people of the country, and that he and the Minister of National Health and Welfare give an undertaking that they will in this House provide written answers to the list of questions which are being given to him by hand this afternoon which have been asked by home owners with UFFI in their homes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

PAYMENTS TO "STARS" TO ATTEND PARLIAMENT HILL CEREMONY—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under the provisions of Standing Order 43 to take exception to the allegations that certain Canadians received funds from the public purse, courtesy of the CBC, to appear "spontaneously" in the crowds on Parliament Hill last weekend and be interviewed. I therefore rise to move and to ask, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

Twinkle, twinkle little star
You came to Ottawa from afar.
Did you come because you care?
Or because the CBC paid your fare?

Some hon. Members: Oh, oh!

* * *

[*Translation*]

AIRPORTS

REQUEST FOR RETURN OF EXPROPRIATED LANDS AT MIRABEL—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Yesterday, the provincial court in St. Jerome decided to postpone a ruling on whether or not to evict 77 farmers from expropriated land at Mirabel until May 14. Considering the barbaric action taken by the President of the Canada Lands Company (Mirabel) Ltd., Mr. Jean-Pierre Goyer, to cancel leases and evict farmers who, in fact, were merely trying to buy back land that was expropriated indiscriminately, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the House ask the government to return to the farmers, as soon as possible, 78,000 acres of land that were expropriated unnecessarily for the Mirabel airport.

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

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST THAT NEW BUDGET BE INTRODUCED

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Prime Minister in the absence of a never-present Minister of Finance.

Mr. Crosbie: Where is he?

Mr. Wilson: The consumer price index for the first three months of this year has increased to 12.4 per cent. In the last three months of 1981 the consumer price index was up 8.8 per cent. At the same time, Statistics Canada told us the signs that the recession was about to bottom had vanished by the early part of this year. In the face of this, the government is dithering and doing nothing. With that very discouraging information, will the Prime Minister order the Minister of Finance to bring a new budget, a new economic statement, into this House, to give Canadians some sense of direction and confidence that the government knows what it is doing?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should take the time to read the budget speech again. He would find that in his speech the Minister of Finance included a formal commitment and the means for implementing it, namely, to invite all economic partners to join the government in the fight against inflation. Going even further to emphasize the government's determination, a point stressed by the hon. member, the Minister of Finance has embarked on a series of meetings with businessmen and people from all parts of the country to urge them to take part in the fight against inflation which is necessary if we want to lower interest rates and improve the state of the Canadian economy for the benefit of all Canadians.

[*English*]

Mr. Wilson: Madam Speaker, I do not know where the Minister of State for Finance has been, but the economy is going down a sewer right now because the Minister of Finance is doing nothing. We do not need consultations. We need action from the government, action to settle the economy.

LEVEL OF INTEREST RATES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is for the Prime Minister. A few weeks ago the Prime Minister said that the reason for the current high level of interest rates was to fight inflation. In light of this very discouraging news on inflation, would the Prime Minister tell the House how high he expects interest rates have to go before inflation is beaten?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member quoted me incorrectly. I did not say that the reason for the high interest rates was to fight inflation; I said it was because inflation was high and people were only lending their money at higher rates of interest. That is why rates of interest are high, and that is why inflation must be brought down.

Mr. Wilson: Madam Speaker, that is a truism. What we need in this country is action, action from the Prime Minister, not some philosophical statements.

REQUEST THAT ENERGY TAXES BE REDUCED

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, let me put another question to the Prime Minister. The key part of the increase in prices, according to the report released this morning, was the high price for gasoline, heating oil and natural gas. Since heavy federal government taxes are a very important part of these price increases, would the Prime Minister consider forgoing some of those taxes in order to reduce the price increase in energy costs, particularly in view of the fact that the United States now has gasoline prices lower than those in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member somehow takes affront because what I said was a truism. If the hon. member had not stated a falsism, I would not have had to state a truism.

In so far as the hon. member's suggestion as to tax policy is concerned, I will make sure the Minister of Finance receives the hon. member's message.

* * *

COMMITTEES OF THE HOUSE

APPEARANCE OF MINISTER OF FINANCE BEFORE STANDING COMMITTEE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, because we have not been able to get answers, could I direct a question to the chairman of the House of Commons Standing Committee on Finance, Trade and Economic Affairs? Would the chairman of that committee confirm that he has a definite arrangement for the Minister of Finance to appear at the committee hearings on April 29 and April 30, and again in the first week of May, so that for once this year the House of Commons committee can question the Minister of Finance with respect to his policies? The chairman knows that the Minister of Finance has ducked the committee hearings not only all last fall but so far all this year. Will he give us the commitment he has from the Minister of Finance as to his attendance next week and into the first week of May?

• (1420)

Mr. John Evans (Ottawa Centre): Madam Speaker, as the hon. member knows, the minister has given his commitment to meet on April 29 and April 30. The question about the first week of May was raised with me last night. I have not been able to talk with the minister. I have talked with his parliamentary secretary. We will do all in our power to see that the minister is able to attend in the first week of May, but certainly a commitment has been made for April 29 and 30, and I should add that on previous occasions the minister has not been at the committee for very good and valid reasons of public policy. We should not put forward the argument to the people that the minister is trying to avoid the committee, because it is not true.

REQUEST FOR VERIFICATION OF RUMOUR

Mr. Don Blenkarn (Mississauga South): Madam Speaker, inasmuch as the chairman has said that the minister has not been avoiding the committee, could he perhaps enlighten the House as to what urgent meeting the Minister of Finance had in Toronto last evening, or is the rumour correct that the minister needed some time to prepare for examination by banks and other officials in Toronto and that he did not have the answers—

Madam Speaker: I am not sure that question can be answered by the chairman of the committee.

* * *

THE ECONOMY

GOVERNMENT POLICY ON INTEREST RATES

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. During the past two years Canadians have been losing their homes, businesses have gone broke in record numbers—a thousand last month alone—and thousands of workers have lost their jobs, all in the name of a high interest rate policy allegedly aimed at curing inflation. Considering that the figures released today show that the cost of living rose more rapidly during the past month than for any period in almost a year, will the government finally admit that it was wrong and abandon this high interest rate dogmatism?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as I have had occasion to explain before to the hon. member, the government does not have a high interest rate policy. There are high interest rates because the rate of inflation is high. Naturally people who save money and put it aside do not want to lend it at low interest rates when the rate of inflation is high. This is why, time after time, I have attempted to convey to the Leader of the New Democratic Party that we do not have a policy of high interest rates, that we have high inflation. The way to bring down interest rates is to bring down inflation. This is why the endless suggestions of the New Democratic Party for spending on this, that, and the next thing, are not helping to bring down inflation. On the contrary, they are helping to increase the deficit, to increase

the call on funds and, therefore, to increase interest rates. Perhpas he should try to understand that.

* * *

BANKS AND BANKING

REQUEST THAT ACTION BE TAKEN TO REDUCE MORTGAGE INTEREST RATES

Hon. Edward Broadbent (Oshawa): Madam Speaker, if I needed a lesson in economics, the Prime Minister is the last person in the country to whom I would turn.

I have two supplementary questions following on what he said. There is an area in which the government can deal directly, which has seen a month-over-month increase of considerable proportion; that is, mortgage rates. A major reason for the increase in the cost of living last month was the high levels of mortgage rates. Considering that the federal government has jurisdictional authority over the banks, and considering that before he became Prime Minister there was a requirement in the laws affecting banks that they put up mortgage money at reasonable levels for Canadians, why does the Prime Minister not take action to bring down mortgage interest rate levels as established by the banks, so that Canadians could keep their homes?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member prefaced his question by saying that I would be the last person he would want to ask about economics. Maybe I could take notice of his question and have the second last person give him the answer some other day.

Mr. Broadbent: That kind of flippancy is precisely what accounts for the high level of the Liberal party in the polls today. I asked the Prime Minister a serious question about federal jurisdictional authority over banking; I hope he will deal with it.

* * *

• (1425)

THE ECONOMY

INSECURITY OF JOB HOLDERS

Hon. Edward Broadbent (Oshawa): Madam Speaker, my supplementary question deals with a third area, which is unemployment. Yesterday the Minister of Finance acknowledged that high interest rates have an impact on the level of employment. He implied that having high interest rates will bring down the level of inflation, which will ultimately create more jobs. We have seen an increase in the cost of living directly related to the high interest rate policy. If the government is going to maintain the high interest rate policy, as the Prime Minister said today it will, will he at least admit that thousands more Canadians who already feel insecure about their jobs will lose them in the next few months?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member often asks me rhetorical questions. I try to deal with the substance behind the questions, if there is any. He is just now repeating what I said was not the case. He is repeating that we have a high interest rate policy, and he also says that my policy is to try to keep interest rates high. It proves that he should really ask someone else about economics if he does not want to listen to me. He should try to understand some of the basics.

* * *

[*Translation*]

HOUSING

REQUEST FOR REASONABLE MORTGAGE INTEREST RATES

Hon. Roch La Salle (Joliette): Madam Speaker, the question put by the previous speaker is so important that I wish to pursue the subject in a question that is also directed to the Right Hon. Prime Minister of Canada. The Prime Minister is aware that interest rates are responsible for the critical situation in the construction industry and that thousands of homes were not built during the past two years, as a result of the government's policy. The result has been unemployment. In the circumstances, considering the problems facing Canada, Canadians and Quebecers in the housing sector, is the Prime Minister prepared to make his Minister of Finance see the light and ask him to provide special interest rates for housing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not sure whether the hon. member is pursuing the question by the previous speaker, but is he suggesting that we should have a special interest rate just for the construction industry and—

Mr. La Salle: We have to start somewhere!

Mr. Trudeau: —is it not going to apply to other sectors? All right, I will let the Minister of Finance know that the hon. member is interested in the construction industry but not in farmers or small business or the fishing industry, and so on.

REQUEST THAT GOVERNMENT APPLY PREFERRED INTEREST RATES TO CONSTRUCTION INDUSTRY

Hon. Roch La Salle (Joliette): Madam Speaker, speaking about the fishing industry, I remember the Right Hon. Prime Minister said two years ago that if gas was going to cost 18 cents more per gallon, fishermen would not be able to afford to go to their fishing grounds. I wonder what is happening to the fishermen today.

My question today is concerned with housing. I could ask the same sort of question with respect to agriculture. I wish to ask the Right Hon. Prime Minister—in fact, the Prime Minister is aware that ten of his members made no secret of

the fact that they wanted to see thousands of housing units built, and the answer they got from the Prime Minister was: Send me a letter of resignation instead. Is the Prime Minister at least prepared to recommend, not to ask, to recommend and explain to his Minister of Finance, who still does not understand the problem, that special rates are absolutely essential to get the construction industry going again and provide and maintain employment for thousands of workers. All the members of this House understand that.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, of course my members understand the problems presently facing the construction industry, but the same problems are also confronting small businesses, farmers—

Mr. La Salle: Small businesses should get something out of it.

Madam Speaker: Order, please!

* * *

[*English*]

CRIMINAL CODE

REFERRAL TO COMMITTEE OF SUBJECT OF PROSTITUTION

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Justice who gave us the Charter of Rights and Freedoms but who appears to be more interested in protecting the rights of prostitutes and pimps who degrade and defile neighbourhoods than he is in protecting the rights of the residents who live in them. On Monday I asked the minister when he would deliver on his commitment to give the Standing Committee on Justice and Legal Affairs the power to deal with the issue of street prostitution which infests our major urban centres. In his reply the minister insisted that he wants the committee to study the problem in connection with Bill C-53 which deals with sexual offences.

I would point out to the minister that his Liberal colleague, the chairman of the justice committee, has already ruled that the committee cannot deal with the issue of soliciting without a specific reference from the minister.

Why does the minister continue to insist—

Madam Speaker: Order, please. Question.

• (1430)

Miss Carney: Why does the minister continue to insist that soliciting can be dealt with by the committee when, in fact, his own Liberal colleague has ruled the minister's suggestion out of order?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I made that suggestion some weeks and months ago, and it was the critic of her party who refused, in committee, to agree to the discussion of the possibility of a specific reference. I wanted to make the project as easy as possible. The hon. member should know that the official policy of her party when in power, as expressed by the minister of justice of the day, was that the question of soliciting on the streets was not a question under the Criminal Code but, rather, was the responsibility of the municipalities. This is still the policy of her party. At that time we had another alternative. However, in order to clarify the situation, I have offered to refer the problem to the committee. Unfortunately, I did not have the collaboration of the Conservative Party.

Mr. Clark: That is not true. That is a falsehood.

Mr. Chrétien: Therefore, I am having a discussion with the House leader of our party, and we will make a formal reference to the committee.

Mr. Clark: A falsehood.

FULFILMENT OF COMMITMENT

Miss Pat Carney (Vancouver Centre): Madam Speaker, in view of the minister's—

Mr. Clark: Falsehood.

Miss Carney: —falsehood, I would like to read into the record the minutes of the proceedings of—

Some hon. Members: Order, order!

Miss Carney: —April 22 of the committee in which his parliamentary secretary was instructed to see the minister on this issue and that Mr. Peterson was—

Some hon. Members: Order!

Miss Carney: —ordered to come back to the steering committee with a solution.

Some hon. Members: Order!

Miss Carney: May I remind the minister that many of the victims of his announcement are youngsters—

Madam Speaker: Order. The hon. member seems to think that she is making a speech rather than asking a question. I would urge her to go to her question immediately.

Miss Carney: Madam Speaker, my question is this: since the minister first made his commitment to introduce amendments to the Criminal Code in July, 1980, when he met with the residents of the west end of Vancouver, when is the minister prepared to act on that commitment made nearly two years ago?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have said many times that cases have been referred to the Supreme Court of Canada, and I asked the hon. member to wait until the matter has been clarified by the Supreme Court. It is a logical position which all ministers of justice take in such

circumstances. I hope that the hon. member for Vancouver Centre will invite Senator Flynn to come before the committee to explain the position—

Mr. Clark: You get the reference.

Mr. Chrétien: —taken by the Conservative Party when it was in power, when it asked the municipalities to deal with the matter as that party felt it had nothing to do with the Criminal Code. At least I have consented to look into the matter and refer the matter to the committee, and have not simply referred the problem to the municipalities, as was the case when the Leader of the Opposition was the prime minister.

* * *

FREEDOM OF INFORMATION

COMMITTEE STUDY OF LEGISLATION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Minister of Communications, the minister responsible for freedom of information legislation. The minister has refused to appear before the justice committee for over four months, concerning freedom of information legislation, using the excuse that he was waiting for the provincial governments to respond to a uniform act. Now that the majority of the provincial governments have stated that they want nothing to do with a uniform act, when will the minister stop stalling the bill and bring the bill before the justice committee, or will the minister allow the bureaucrats, some of his own cabinet colleagues, and perhaps even the Prime Minister, who has never been particularly enamoured of the idea of freedom of information legislation, to kill this long overdue bill? Specifically, is the minister prepared to give us a commitment that this bill will be brought back before the justice committee in this session of Parliament?

Hon. Francis Fox (Minister of Communications): Madam Speaker, obviously we are all committed to the principle of freedom of information. When the hearings on the bill were suspended in November, it was at the specific request of the attorneys general of just about every province, the sole exception being the province of Manitoba. Since that time a number of the attorneys general who had asked us to pursue the idea of coming up with a uniform bill concerning freedom of information, which indeed would have been a distinct advantage for all advocates of freedom of information, have changed their minds as they feel that the uniform approach would not be productive. However, most of them have maintained a number of objections, as outlined in Mr. McMurtry's letter of November, to the effect that certain of the sections in the actual draft bill which is before the committee ought to be re-examined and changed.

As I indicated to the hon. member during the course of my answer to him and to the hon. member for Nepean-Carleton a couple of weeks ago, there were basically three options in front of the government. One was to pursue the uniform bill approach, which is no longer possible since the attorneys general have changed their minds. The second was to bring the bill back from the committee without amendment, and the third possibility was, of course, to bring the bill back to the committee with a number of amendments.

I have finished my analysis of the recommendations made to us by the provinces, and I have reported to my cabinet colleagues. This matter is now in front of the cabinet, and once a decision has been taken I will be able to give the hon. gentleman a more forthcoming answer.

Mr. Robinson (Burnaby): Madam Speaker, when the minister appeared yesterday before the committee on communications, he did not even indicate that freedom of information legislation was a priority.

QUERY RESPECTING CROWN PRIVILEGE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the same minister. In view of the fact that the provincial objections centre around two fundamental areas, that is, removal of Crown privilege and the right to independent judicial review, both of which are absolutely critical for an effective freedom of information act, will the minister assure the House that he will in no way water down this fundamental principle of independent judicial review and an end to Crown privilege, both principles which this government, and particularly this Prime Minister, had to be dragged, kicking and screaming, to accept? Can we be assured that these principles will be maintained in any legislation which the government brings back to the justice committee in this session of Parliament?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I think there are indeed two questions raised by the hon. member. One concerns the access to information legislation and one concerns Crown privilege. As far as the access to information legislation is concerned, I would very much hope that, as soon as my cabinet colleagues have been able to finish their examination, we will be able to take a definitive position as to when and how we would want to reintroduce the bill or continue hearings in front of the committee.

The hon. member himself has indicated that the main concern of the provincial attorneys general centred around the disappearance of Crown privilege. The hon. member may also know that there have been a couple of court decisions in this country during the course of the fall of 1981 which have changed the common law in many respects concerning Crown privilege. Therefore, it is indeed important to follow the recommendations of the attorneys general, to re-examine the whole question of Crown privilege in the light of evolving jurisprudence in this country and in the countries which follow common law.

REQUEST FOR URGENT CABINET CONSIDERATION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, may I have an undertaking from the Minister of Communications that there will be urgent consideration by the minister

and his colleagues with respect to the matter now that the situation has been changed by the letter of the attorneys general? Will he assure the House that he is considering this to be an urgent matter?

Hon. Francis Fox (Minister of Communications): Yes, Madam Speaker, I expect that my cabinet colleagues will be able to consider the matter in due course.

* * *

AIRPORTS

EXPANSION OF MOUNT HOPE AIRPORT IN HAMILTON, ONT.

Mr. Stan Hudecki (Hamilton West): Madam Speaker, my question is directed to the Minister of Transport. The citizens of Hamilton and surrounding area are being agitated and disturbed by rumours that the expansion of the Mount Hope Airport is being stalled for some reason and that Nordair may be withdrawing its services. Can the minister inform this House of the current status of the expansion project for the airport in Hamilton and, I hope, allay these fears?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, in the coming days I will be signing a submission to Treasury Board concerning this airport. It will be at the level which has already been announced, that is, at the $50 million level. The date for the completion of the airport will remain the same, 1985-86. Because of discussion, internally and with the carriers, on space allocation within the airport, the design work has been postponed by about six months, which means that the start of construction will be delayed until next summer, as opposed to this summer, as originally planned. However, I repeat that the completion date will remain the same.

Concerning the subject of Nordair service to Hamilton, there has indeed been a rumour founded on a discussion between the carrier and the Chamber of Commerce in Hamilton. That was only discussion. A review is now being made by Nordair, and I have informed the president of the carrier company that I would like to see him before a decision is made, and I will do so.

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EMERGENCY MEASURES

EMERGENCY PLANNING—P.C. 1981-1305, MAY 21, 1981, REGISTRATION SI/81-76 JUNE 10, 1981

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the government House leader. On April 1 the government voted to support my motion for the production of papers with regard to emergency planning order PC-1305. It has now been three weeks, but those papers have not been tabled. I would like to ask the minister, what is the holdup?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we are translating the documents, and when they are translated we will be tabling them.

• (1440)

CONSEQUENCE OF DELAY IN TRANSLATION

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, if there had been an impending emergency, or if there is an impending emergency, what does the government plan to do if those papers are not translated?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we plan to translate and table them as soon as possible.

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FISHERIES

TALKS ON SCALLOP EXPORTS TO UNITED STATES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. It relates to the scallop industry. The proposed United States scallop management plan, expected to take effect next month, uses a meat count of 40 to the pound, with enforcement against the possession of smaller scallops. This could be classed as a non-tariff barrier against Canadian scallops. Since the minister stated in the House on February 4 that conservation measures which would become trade barriers were not acceptable and would be the subject of further discussion, will he tell the House whether these further talks have been held and, if so, what has been the result?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, there were contacts as late as last week. I do not have in my briefing book the report on this meeting. I suspect the official involved went on to another country for a meeting. I will check and try to give the hon. member an answer tomorrow.

PRODUCTION OF KIRBY COMMISSION RECOMMENDATIONS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, the Kirby commission has been studying the fishing industry for some time. Have any recommendations been made by the commission suggesting the type of federal aid which should be provided to the fishing industry, especially the scallop industry and the marketing problem faced by the entire industry, which would help it through this difficult period? If not, when can the House expect the commission to bring in a report?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I spoke to Mr. Kirby as late as yesterday. He still hopes to have recommendations before cabinet prior to the summer break.

AGRICULTURE

FERTILIZER PRICES IN WESTERN CANADA

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct my question to the Minister of Agriculture. Is the minister aware that fertilizer prices in western Canada are between $30 and $60 per tonne higher than they are in the western United States? For the Canadian farmer who is planting a quarter section of land, this means an added cost of roughly $4,000. If he is aware of this situation, can he indicate what action he is planning to overcome what appears to be a grossly unfair situation?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am aware of what the hon. member is saying. It is the market system working. There is no tariff on fertilizer moving across the Canada-United States international border. It moves freely. Farmers can go there to purchase fertilizer. I know it would be inconvenient, but I am sure the hon. member does not want me to invoke more regulations concerning control of the sale of fertilizers.

It is said that it is surplus fertilizer being moved into world markets. Approximately 50 per cent of the fertilizer is moved into markets other than the Canadian market. Production is 50 per cent more than is needed for domestic use and is exported. There are three new plants that will come on stream in the next 11 months. That will make those figures look so small it will be amazing. These are nitrogen-producing fertilizer plants that will be producing mostly for the export markets.

REQUEST THAT MINISTER MEET REPRESENTATIVES OF MANUFACTURING COMPANIES

Hon. Don Mazankowski (Vegreville): Madam Speaker, inasmuch as this fertilizer is produced in Canada, will the minister assure the House that he is prepared to meet with the fertilizer companies, or at least prevail upon them to instil some equity and fairness in their marketing practices, particularly in light of the fact that farm input costs are rising dramatically, mainly fuel prices and fertilizer prices, largely as a result of federal government taxes? Will the minister consider meeting with the fertilizer companies, prevail upon them, and use his ability as a friendly persuader?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we have a group which meets with the fertilizer manufacturers in Canada. Some of my officials have discussed this informally with them. I addressed this group about three weeks ago in this city. I also pointed out to them in private conversation that we had definite concerns about this fact. It is the market system working in its own fashion. We have deep concern. I repeat, there is no tax on fertilizer coming into or moving out of Canada. There is free trade. It can move freely back and forth across the border. It is an inconvenience. I agree, as the hon. member said, it is unfair that Canadian fertilizer users are being subjected to this.

ST. LAWRENCE SEAWAY

CAPACITY OF WELLAND CANAL TO ACCOMMODATE SHIPPING

Mr. Girve Fretz (Erie): Madam Speaker, my question is for the Minister of Transport. The St. Lawrence Seaway system is in potentially serious trouble if the bottleneck of the Welland Canal is not dealt with very soon. Forecasts of demand for later this decade indicate that up to 65 million tonnes of cargo could be moved through the system, yet the canal's capacity to move this much cargo is fast becoming limited. Does the minister plan to increase the size of the Welland Canal in order to take advantage of the demands placed upon it?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the postulate is not right. This is an assessment made by the government of Ontario indicating five years before capacity is reached on the Great Lakes. That study is contradicted by studies made in my department and by the Seaway which estimate it will be a decade before we reach that point. A recent joint study by the Canadian and American Seaway authorities indicated, that 18 or 19 years may be a more accurate estimate. Therefore, there is now plenty of capacity on the Seaway.

Administrative and technological measures of a short-term nature are being taken in order to expand the capacity. Long-term planning for the doubling of the Welland Canal or doing something about the length of the navigation season is also being carried out. Therefore, my friend should not worry too much. Things are well in hand.

QUERY RESPECTING CANAL IMPROVEMENTS

Mr. Girve Fretz (Erie): Madam Speaker, the minister's answer regarding the task force report by the Ontario government is correct. However, in his report the minister indicated that modernization of the canal, at least some restorative work on the walls of the canal and enlarging the areas in which ships can pass, should be started immediately. What is the minister's answer on that matter?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I could send my friend a report on what is now being done by way of administrative and technical changes to the Welland Canal. I will send him that report to assure him that what I said is correct. There will be a number of speeches on this subject in the coming months. There will be a colloquy in the city of Quebec early in June on the Seaway. A lot of good speakers will be there to give reports on the state of navigation on the Seaway and the St. Lawrence.

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ENVIRONMENTAL AFFAIRS

Mr. Jim Fulton (Skeena): Madam Speaker, my question is for the Prime Minister. I think we can take from his earlier comments in this question period that he intends to have Canada follow lock-step in terms of economic policy with the United States.

The United States government is in the process of gutting the U.S. environmental protection agency, to the concern of many people not only in the United States but around the world, and now plans to gut the Clean Air Act and cut funding to research on Great Lakes water quality, something which will tamper with the treaty that is very important to both Canada and the United States in terms of keeping our Great Lakes water quality clean. Can the Prime Minister indicate whether he has communicated the concern of this House and Canadians to President Reagan regarding the direction the United States is going, and our serious concern about toxic wastes in the Great Lakes and about acid rain, or are we going to follow the policy of the United States and see the changing of our Clean Air Act and the gradual loss of the pollution controls we fought so hard to get in this country?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, I did communicate those concerns, which are concerns of the government and this party, to the President.

ACID RAIN RESEARCH PROGRAM

Mr. Jim Fulton (Skeena): Madam Speaker, I wonder if the Prime Minister would comment on the new acid rain strategy of his government which was revealed today. As a matter of fact, I will reveal it right now. It is the awarding of a $30,691 contract to the University of Toronto to put concentrated acid rain into the eyes of rabbits in order to study acid rain. Does the Prime Minister think that will reduce acid rain, or will the new Liberal policy on acid rain be to provide goggles to all Canadian rabbits?

• (1450)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will ask the hon. member to think about the answer. He might be able to find it himself.

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AVIATION INDUSTRY

FRENCH AIR BUS DEVELOPMENT PROGRAM

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Prime Minister. I would like to ask the Prime Minister if, during his recent meeting with President Mitterrand, the subject of French aviation air bus program was discussed and whether any possibility of transferring some of that program to Canada for the benefit of our aviation industry was considered? If there are any details, could the Prime Minister tell the House about them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as I responded in the House yesterday to a question about my discussions with President Mitterand, I will repeat to the hon. member that the discussions were purely preparatory to the Summit, and they had to do with matters which are on the agenda of the Summit. Of course, the air bus is not one such matter. However, the Prime Minister of France is arriving in Canada tomorrow, and we do intend to discuss this matter, amongst others, with him.

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AGRICULTURE

BLOCKADE BY FARMERS OF ONTARIO FOOD TERMINAL

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Minister of Agriculture. The farm sector is experiencing increasing difficulties. In one recent sampling 25 per cent of the respondents were not able to plant their spring crops because of the difficulty in obtaining financing. In addition, 40 per cent felt they were financially bankrupt. Interest rates of over 16 per cent now apply to farm credit. The small business bond is not working. Indeed, this morning in Toronto a group of 200 farmers blockaded the Ontario Food Terminal because of the failure of the minister and his government to provide adequate solutions to the increasing number of problems. Was the minister aware of this blockade? Is he aware of the increasing difficulties in the agricultural sector, and is he prepared to do anything about them now?

Mr. Greenaway: Instead of talking through his green hat.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I was not made aware that a group of 200 farmers were at the Ontario Food Terminal.

The hon. member seems to make fun of the fact that the farm credit interest rate is 16.5 per cent. The hon. member for Lambton-Middlesex reported to me today that he has had meetings with farmers in his constituency. They are being asked to pay 30 per cent for money for farm operations this spring. These operations include spring planting and so forth.

The hon. member for Bruce-Grey knows very well that farm credit is for long-term money. We do not provide short-term money under those circumstances. Loans are made in respect of debt accumulation so that farmers can pay off their debts, but it is up to private lending institutions to make sure that money is available to farmers. First and foremost it is up to the province of Ontario to do something more than it is doing at the present time.

The hon. member also knows that we lent money interest free in Ontario last year, as well as in some other provinces. However, the bulk of the money went to Ontario. Nearly $100 million in farm credit went to Ontario. In addition, Ontario farmers received some 40 per cent of the emergency funds we lent.

The hon. member tries to get across the idea that we do not care and are not doing anything, but he is wrong. We are very concerned about the problems farmers are facing, but as far as I am concerned those problems are strictly—maybe not strictly—

Some hon. Members: Oh, oh!

Mr. Whelan: —these problems should be of more concern to the province. I met with the minister of agriculture for Ontario to discuss the urgent concern he feels in relation to how Ontario farmers will finance their operations this spring. Again I say, Madam Speaker—

Madam Speaker: Order, please.

Mr. Lewis: Let him go on, Madam Speaker.

Mr. Beatty: Put the bull back in the pen.

Mr. Gurbin: Madam Speaker, instead of asking a supplementary question, it might have been better for me to let the minister continue to talk and to bury himself. He said two important things. The first was that the agricultural community is facing a 30 per cent interest rate for planting its crops. The minister knows very well farmers cannot survive with that kind of interest requirement.

Second, the minister also knows that—

Madam Speaker: Order. We heard the minister's answer. We need a question now, please.

PROPOSED MORATORIUM ON FARM FORECLOSURES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question to the minister is simple. He knows that one of the members of his Liberal caucus will be presenting a bill respecting a moratorium on farm foreclosures. There will be some amendments to provide interim solutions. Will the minister support that, and has he been able to persuade the Minister of Finance to agree to that proposal?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, it is obvious that the hon. member and I discuss things very freely back and forth not only inside this House but also outside. The hon. member also discusses matters with the hon. member for Lambton-Middlesex. We are well aware of the private member's bill the hon. member for Lambton-Middlesex is presenting to the House. Yes, I do support the intent of that bill.

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THE CONSTITUTION

REQUEST THAT OFFICIAL COPY BE PLACED IN PROVINCE HOUSE, CHARLOTTETOWN

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to either the Prime Minister or the Secretary of State. The signing of the constitutional proclamation on Saturday completed the work toward full Canadian sovereignty launched by the Fathers of Confederation in Charlottetown in 1864. Given the close historic link between the Charlottetown conference of 1864 and the patriation of the Constitution, would the government give active consideration to the idea of making one, and one only, official copy of the proclamation, with original signatures, and placing it in Province House in Charlottetown? This would mark the close link between the two great and historic events.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the suggestion of the hon. member is a constructive one. I have already heard it from one of my ministers. I had to point out to him what I point out to the hon. member: there have been other requests for such copies. For instance, it was put to me that—

Mr. Pelletier: Sherbrooke.

Mr. Trudeau: Apart from Sherbrooke there were requests that a copy be placed in the House of Commons or in the Parliamentary library, in the archives and another in the United Kingdom. At some point the number of original copies might be too great.

The Magna Carta was signed in four copies and sent to four corners of the realm. That was to prevent King John from being able to destroy them. In this particular case I do not think that precaution is necessary.

Mr. Nielsen: Watch out for René.

Mr. Trudeau: I can only tell the hon. member, as I told the members of my cabinet and caucus, who made equally valid suggestions, that we are studying the matter in a real way, and we want to see if there is some possibility of priorizing the use of some copies without getting into a multiplicity of copies which, I take it, would call for Her Majesty the Queen singing—signing a great number of originals.

Mr. Crombie: Singing?

Mr. Trudeau: She could sing it too.

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AGRICULTURE

PROPOSED LEGISLATION TO IMPOSE MORATORIUM ON FARM FORECLOSURES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question to the Prime Minister is supplementary to the question posed by my colleague, the hon. member for Bruce-Grey. Is the government supporting the private member's bill respecting a moratorium on farm foreclosures which the Minister of Agriculture says he supports?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not have information on that. I will have to discuss his answer with the minister and, as usual, be guided by his good common sense.

MINISTER'S STATEMENT

Right Hon. Joe Clark (Leader of the Opposition): Was the Minister of Agriculture speaking for the government when he

expressed the support of the government for the legislation proposing a moratorium on farm foreclosures?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the right hon. member is referring to an idea which, I understand, the Minister of Agriculture said seems worthy of consideration. I think the first thing we would want to do is see the bill itself. If the Leader of the Opposition has a copy of the bill, I wish he would table it so we could consider it as soon as possible.

Mr. Crosbie: It is your bill.

QUERY RESPECTING MINISTER'S INTENTIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, this question is directed to the Minister of Agriculture. If the government will not support this bill, for which the minister has expressed his support—let me rephrase the question to avoid the hypothetical. Is it the intention of the Minister of Agriculture to resign if the government does not support the bill, the principle of which he has supported in this House?

• (1500)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I remember when the Right Hon. Leader of the Opposition proposed high interest rates. I never saw him resign. He should resign now because he proposed that in 1979 when he was prime minister of the country. Now that is what his party tries to win on.

I said the intent, as explained to me by the hon. member for Lambton-Middlesex, of that bill—that I support the intent of that bill. If I can have something done along those lines—and we do that in the Farm Credit Corporation at the present time. We do provide maratoriums under the Farm Credit Corporation for two, three and four years, as high as that, for farmers. We are doing that same thing, so the intent is there.

MINISTER'S COURSE OF ACTION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of Agriculture. If the minister fails in his attempt to have the government support the intent of this legislation, will he resign, or will his principles be as flexible as the principles of the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion who promised that he would resign if interest rates went up but he stays in office while interest rates in the country soar?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, all I have to say to the Leader of the Opposition is that I rarely fail.

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the report of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Tuesday, April 20, 1982, and finds that the petitions meet the requirements of the standing orders as to form.

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PRIVILEGE

MR. HEAP—UNPARLIAMENTARY INTERJECTION DURING MEMBER'S SPEECH

Mr. Dan Heap (Spadina): Madam Speaker, I rise on a question of privilege. During the debate on Bill C-104 yesterday, when I quoted some figures from a Senate report, it caused a good deal of excitement among hon. members to my right. There were a number of shouted interjections and I waited until today to see if any of them were recorded in *Hansard*. I find that one that was recorded is attributed to the hon. member for Bow River (Mr. Taylor). The interjection was "complete lies".

At the appropriate time I am willing to discuss with the hon. member whether or not the evidence given before the Senate is to be believed. Although the hon. member is a more experienced parliamentarian than I, I believe if he has not looked at Citation 319 of Beauchesne at page 108, he should look at it. I think that he would find that in the expression he used, "complete lies", the word "lies" is not acceptable. I hope he will withdraw those words and that the record can be corrected to show his withdrawal.

Mr. Gordon Taylor (Bow River): Madam Speaker, when the hon. member was speaking he said "the jackals to my right". There are no jackals to his right. It was a complete lie. I might add that if there are any jackals in the House they are all in front of him.

Mr. Heap: Madam Speaker, I recognize that there is room for a difference of opinion about words that the hon. member mentions now but the words that he used, "complete lies" did not follow those words, they followed statements regarding "these companies have so much cash flow" and so on. I believe the hon. member should clarify his words.

Mr. Taylor: That is another one.

Madam Speaker: I think that perhaps this problem can be solved quite easily with a bit of good will on the part of hon. members. Of course the way it is—I see these words in *Hansard* "complete lies", and of course that will not do. This is considered to be an unparliamentary expression. I think the problem can be solved quite easily if the hon. member for Bow River (Mr. Taylor) would say that perhaps there was a difference at the time when he said this and that at any rate he

did not mean to say that the hon. member was uttering complete lies. I think that can be arranged quite easily.

Mr. Taylor: Madam Speaker, if you would give me the time I could go through the hon. member's address and show where there are at least three complete lies. If you want me to say—

Madam Speaker: Statements of hon. members are accepted in the House. One can have an opinion on those statements but one may not, in the House, accuse an hon. member of uttering complete lies. The hon. member is not helping the House too much by repeating that expression. I think it is very simple, if the hon. member would assure the House that what is recorded in *Hansard* certainly went beyond whatever he intended to say.

Mr. Taylor: Madam Speaker, I cannot say I went beyond anything I intended to say. I intended to say just what I said. If you want me to say "complete fabrication", okay, but he did give a lie. The "jackal" itself was a lie; a complete fabrication. If you want me to lie, I would have to lie, and I am not prepared to lie.

Madam Speaker: Order, please. I think we all recognize that the hon. member may have an opinion on whatever another hon. member is saying, but he cannot openly and clearly accuse an hon. member of uttering complete lies. I would ask the hon. member not to substitute another word now because that is not possible, but to withdraw those words.

Mr. Taylor: Madam Speaker, I am not prepared to withdraw it. I will say it is a complete fabrication, because that is what it was.

Madam Speaker: The hon. member should understand that I will accept "complete fabrication" but he must withdraw the first two words, "complete lies"; otherwise he knows what the consequences are.

Mr. Taylor: Madam Speaker, if you want to replace "complete lies" with "complete fabrication", that is okay with me.

Madam Speaker: Does the hon. member withdraw "complete lies"? Does he do it now?

Mr. Taylor: Madam Speaker, if you want to replace the words "complete lies" with "complete fabrication", okay.

Some hon. Members: Withdraw.

Mr. Taylor: Withdraw, my eye!

Hon. Erik Nielsen (Yukon): Madam Speaker, I would suggest that the words that have been used by the hon. member for Bow River (Mr. Taylor) can be and should be taken as satisfactory—

Some hon. Members: No!

Mr. Nielsen: —compliance with the position taken by the Chair. I would think also that it should be acceptable to the hon. member for Spadina (Mr. Heap). Otherwise, should debate continue I could raise other questions of privilege which have a direct relationship to that exchange, such as the use of the term "jackal". I will not raise that now. It is not my intention to do so. However, the words that have been used by the hon. member for Bow River, I strongly suggest, should be acceptable to the Chair and to the hon. member concerned.

Hon. Edward Broadbent (Oshawa): Madam Speaker, if I could make a slight contribution to this very serious debate—

Mr. Crosbie: It usually is.

Mr. Broadbent: —the hon. member for Bow River (Mr. Taylor) obviously objected to the word "jackal". I understand the context in which that expression was uttered and I am sure my colleague did not mean, quite literally, that the people sitting to his right were jackals—or the entities to his right. He made the error of thinking that those things that sound like and look like jackals are jackals. He was not lying; he was making a judgment, Madam Speaker.

• (1510)

Mr. Maurice Harquail (Restigouche): Madam Speaker, in the strictest sense, when a member is charged by the Speaker to withdraw, normally that is the only matter dealt with. That is the issue. When the opposition House leader suggests to you that that is not what the hon. member had said, when in fact he has refused three times to withdraw, then indeed you must instruct him once again to withdraw.

The fact of the matter is, Madam Speaker, that with respect to our rights and privileges the rules apply to everyone on all sides of the House. If the hon. member is going to call someone a liar and he is requested by you to withdraw, he has no alternative but to withdraw.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have been sitting here quietly listening to what has occurred. I listened to what the hon. member for Bow River (Mr. Taylor) said and, as I recall it, he said, "Madam Speaker, if you wish to substitute the word "fabrication", or "complete fabrication" for "complete lie", that is all right with me". I believe that is a withdrawal.

Madam Speaker: There is a certain nuance to the words "substituting" and "withdrawing", but I think this debate can be solved perhaps by the two hon. members agreeing on something. There is another factor in the matter of using unparliamentary language, which is whether or not it creates a disturbance in the House even if the word is listed. Sometimes it goes by and does not create a disturbance in the House.

I wonder if the hon. member for Spadina (Mr. Heap) would feel his honour is restored by the fact that the hon. member for Bow River has substituted "fabrication" for the word he had uttered previously in the House.

Mr. Heap: Madam Speaker, I find that on page 106 of Beauchesne's the word "fabrication" is listed as a word not to be used.

Some hon. Members: Hear, hear!

Mr. Heap: I am trying to learn the rules of the House and I do not think I should take instruction from the hon. member for Bow River because he does not seem sure himself.

Mr. McDermid: He has a lot more experience than you do.

Mr. Heap: I understand he has a great deal of experience, but he does not seem to have learned from it.

Some hon. Members: Hear, hear!

Mr. Heap: Madam Speaker, what is at stake is not my personal feelings or those of the hon. member for Bow River; it is a question of the rules of the House, and I would leave the matter in your hands.

Madam Speaker: The hon. member is absolutely right, the word "fabrication" also appears on the list. Therefore, I have no other choice but to ask the hon. member for Bow River to withdraw those expressions.

Mr. Taylor: Madam Speaker, when the hon. member starts showing respect, then he will get respect. It was a lie, it is still a lie, and I am not going to lie by saying it is not.

Madam Speaker: So the hon. member refuses to withdraw those expressions?

Mr. Taylor: I said I would replace it with "fabrication".

Madam Speaker: I just told the hon. member that "fabrication" also appears on the list of unparliamentary expressions. Does the hon. member withdraw those expressions which he used yesterday and today in the House?

Mr. Taylor: I will use the word "mendaciousness", then. Replace it with "mendaciousness."

Madam Speaker: I am sorry, I am asking the hon. member to withdraw, not to substitute another word. If he will not withdraw, he will understand that I have no other choice but to name him.

Mr. Nielsen: Madam Speaker, I regret intervening again. However, I submit to you our rules are not so rigid that there is only one option. Members have, through many, many years in the House, been permitted to substitute an offensive expression with something which is not unparliamentary, which substitution has for many years constituted sufficient withdrawal. In my submission, if the hon. member for Bow River, wishes to withdraw the word "fabrication" and the word "lies" and substitute the word "mendacity", I submit that is sufficient compliance with the rules of Parliament.

Madam Speaker: I would agree with the hon. member for Yukon (Mr. Nielsen). If the hon. member for Bow River (Mr. Taylor) will follow the suggestion of the hon. member for Yukon, I will accept that.

Mr. Taylor: Madam Speaker, I said I would substitute it with the word "mendacity".

Madam Speaker: The hon. member withdraws the two previous expressions? I am afraid that has to be done.

Mr. Taylor: Put it right over the top of it.

Some hon. Members: Oh, oh!

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PETITIONS

MR. SCHELLENBERGER—SAFETY EQUIPMENT AT LEDUC AREA RAILWAY CROSSINGS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I have the duty to present a petition on behalf of my constituents. The purpose of this petition, signed by 1,300 citizens of Leduc and district in the constituency of Wetaskiwin is to urge the government to increase and upgrade the safety equipment at all Leduc area railway crossings. This action is prompted by the occurrences of railway accidents in that area. The petition urges that all railway crossings be equipped with adequate safeguards as rapidly as possible, and that the enforcement of the relevant regulations be rendered more effective.

The petitioners hope you will find the petition in order and will note the great urgency of the circumstances leading up to it, and ask that you use the powers of your office to allow discussion and referral to committee as soon as possible.

MR. McGRATH—ESTABLISHMENT OF SEARCH AND RESCUE OPERATIONS IN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, I have the honour to present a petition sponsored by the St. John's Jaycees and signed by 72,000 citizens of Newfoundland. The petition points out the hazardous conditions prevailing in the northwest Atlantic, which was tragically highlighted by the sinking of the oil rig *Ocean Ranger* with the loss of 82 lives. It points out the dangers to the men who work on these oil rigs, and the men and women who work off the Newfoundland shore in our fisheries and other offshore industries. It also points out the lack of protection our people have at the present time. Your petitioners humbly pray that Parliament directs the government to establish full search and rescue capability in Newfoundland so that its citizens can enjoy the same degree of protection enjoyed by Canadian citizens who work offshore in the maritime provinces.

MR. GREENAWAY—REQUESTED WITHDRAWAL OF GUN CONTROL LEGISLATION

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, it is my duty to present a petition signed by 805 citizens and owners of firearms in the Cariboo-Chilcotin riding of British Columbia. The purpose of this petition is to protest the

introduction of Bill C-451, a private member's bill concerning gun control.

Most of the signatories to this petition are legitimate gun owners who use their firearms for sport and often in the course of their work. The petition demands immediate withdrawal of Bill C-451 or the denial of passage of the bill should it come up for consideration in the House. The petitioners hope that in your examination of the petition you will find it is in order, and that you will exercise the discretionary powers vested in the office of Speaker of the House to allow discussion at the earliest possible time in order that the flaws in this proposed legislation may be pointed out.

* * *

• (1520)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,004, 2,528, 3,509, and 4,111.

[*Text*]

FORMULA TO DETERMINE INTEREST EARNED BY SUPERANNUATION ACCOUNTS

Question No. 2,004—Mr. Crosby:

1. What is the formula or method used for determining the rates of interest earned by the (a) Public Service Superannuation Account (PSSA) (b) Canadian Forces Superannuation Account (CFSA) (c) Royal Canadian Mounted Police Superannuation Account (RCMPSA)?

2. From January 1, 1960 to January 1, 1981, what were the effective annual rates of interest earned quarterly by the (a) PSSA (b) CFSA (c) RCMPSA?

3. What is the formula or method used for determining the rate of interest earned by the Supplementary Retirement Benefits Account (SRBA)?

4. What effective annual rates of interest would the (a) PSSA (b) CFSA (c) RCMPSA have earned quarterly from January 1, 1960 to January 1, 1981, if it had earned interest at rates determined in accordance with the formula or method described in the answer to part 3?

5. As of January 1, 1981, what are the balances of the (a) PSSA (b) CFSA (c) RCMPSA?

6. What is the balance of the SRBA as of January 1, 1981?

7. What would be the balance of the SRBA as of January 1, 1981, if the SRBA were credited with interest on the quarterly balances that existed in the PSSA, CFSA, and the RCMPSA from January 1, 1960 to January 1, 1981, at rates equal to the difference in the rates contained in the answers to parts 2 and 4 and if these interest earning credits themselves earned interest quarterly at rates determined in accordance with the formula or method described in the answer to part 3?

8. What would be the balance of the SRBA as of January 1, 1981, if from its inception the (a) interest earning rate had been increased by an annual rate of ⅛ of 1 per cent (b) interest had been calculated and credited to the SRBA monthly on the monthly balances of the SRBA?

9. What would be the balance of the SRBA as of January 1, 1981, if (a) interest earnings had been calculated and credited to the SRBA in the manner described in part 8 (b) it was credited monthly with interest earnings on the actual or estimated monthly balances of the PSSA, CFSA, and RCMPSA that existed from January 1, 1960 to January 1, 1981 at effective annual rates that were ⅛ of 1 per cent above the difference between the monthly equivalents of the rates determined in accordance with the formulas described in the answers to parts 1 and 3, and if the interest earnings so determined themselves earned interest and had been credited to the SRBA at the rate and in the manner described in part 8?

10. What would be the dollar value of the (a) PSSA (b) CFSA (c) RCMPSA (d) SRBA as of January 1, 1981, if the interest earned on all contributions from January 1, 1960 to January 1, 1981 were calculated at a 1 per cent higher rate, as indicated in the Tomenson-Alexander report would have been possible in a well diversified private pension fund?

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): 1. The (a) Public Service Superannuation Account, (PSSA), (b) Canadian Forces Superannuation Account (CFSA) and (c) Royal Canadian Mounted Police Superannuation Account (RCMPSA) earn interest quarterly. The quarterly rate is determined as if the excess of receipts over disbursements, each quarter since the accounts began, and been invested in long-term Government of Canada bonds (20 or more years) and as if these amounts had been reinvested at current rates every twenty years.

2. From January 1, 1960 to June 30, 1969 the PSSA, CFSA and RCMPSA earned quarterly interest at an effective annual rate of 4 per cent. The quarterly interest rates earned since the quarter commencing June 30, 1969, expressed as effective annual rates, were as follows:

	Per cent
Quarter ending September 30, 1969	5.1
Quarter ending December 31, 1969	5.1
Quarter ending March 31, 1970	5.2
Quarter ending June 30, 1970	5.4
Quarter ending September 30, 1970	5.4
Quarter ending December 31, 1970	5.5
Quarter ending March 31, 1971	5.6
Quarter ending June 30, 1971	5.7
Quarter ending September 30, 1971	5.7
Quarter ending December 31, 1971	5.7
Quarter ending March 31, 1972	5.8
Quarter ending June 30, 1972	6.0
Quarter ending September 30, 1972	6.0
Quarter ending December 31, 1972	6.0
Quarter ending March 31, 1973	6.1
Quarter ending June 30, 1973	6.2
Quarter ending September 30, 1973	6.2
Quarter ending December 31, 1973	6.3
Quarter ending March 31, 1974	6.3
Quarter ending June 30, 1974	6.4
Quarter ending September 30, 1974	6.5
Quarter ending December 31, 1974	6.7
Quarter ending March 31, 1975	6.7
Quarter ending June 30, 1975	6.8
Quarter ending September 30, 1975	6.9
Quarter ending December 31, 1975	7.0
Quarter ending March 31, 1976	7.1
Quarter ending June 30, 1976	7.2
Quarter ending September 30, 1976	7.2
Quarter ending December 31, 1976	7.3
Quarter ending March 31, 1977	7.4
Quarter ending June 30, 1977	7.4
Quarter ending September 30, 1977	7.5
Quarter ending December 31, 1977	7.6
Quarter ending March 31, 1978	7.6
Quarter ending June 30, 1978	7.7
Quarter ending September 30, 1978	7.9
Quarter ending December 31, 1978	7.9
Quarter ending March 31, 1979	7.9
Quarter ending June 30, 1979	8.0
Quarter ending September 30, 1979	8.1
Quarter ending December 31, 1979	8.2
Quarter ending March 31, 1980	8.2

	Per cent
Quarter ending June 30, 1980	8.5
Quarter ending September 30, 1980	8.6
Quarter ending December 31, 1980	8.7

3. Interest is calculated monthly on the minimum balance in the Supplementary Retirement Benefits Account (SRBA) at a rate of interest representative of the yield on outstanding Government of Canada bonds having a term to maturity of five years, less ⅛ of 1 per cent. Interest is credited to the account at the end of each quarter.

4.

	Per cent
Quarter ending March 31, 1960	6.1
Quarter ending June 30, 1960	5.4
Quarter ending September 30, 1960	5.4
Quarter ending December 31, 1960	4.0
Quarter ending March 31, 1961	4.0
Quarter ending June 30, 1961	4.3
Quarter ending September 30, 1961	4.3
Quarter ending December 31, 1961	4.0
Quarter ending March 31, 1962	4.0
Quarter ending June 30, 1962	3.9
Quarter ending September 30, 1962	3.9
Quarter ending December 31, 1962	5.4
Quarter ending March 31, 1963	4.4
Quarter ending June 30, 1963	4.7
Quarter ending September 30, 1963	4.2
Quarter ending December 31, 1963	4.6
Quarter ending March 31, 1964	4.6
Quarter ending June 30, 1964	5.0
Quarter ending September 30, 1964	4.9
Quarter ending December 31, 1964	5.0
Quarter ending March 31, 1965	5.0
Quarter ending June 30, 1965	4.7
Quarter ending September 30, 1965	5.0
Quarter ending December 31, 1965	5.1
Quarter ending March 31, 1966	5.4
Quarter ending June 30, 1966	5.5
Quarter ending September 30, 1966	5.5
Quarter ending December 31, 1966	5.9
Quarter ending March 31, 1967	5.7
Quarter ending June 30, 1967	5.0
Quarter ending September 30, 1967	5.9
Quarter ending December 31, 1967	6.1
Quarter ending March 31, 1968	6.7
Quarter ending June 30, 1968	7.3
Quarter ending September 30, 1968	7.1
Quarter ending December 31, 1968	6.4
Quarter ending March 31, 1969	7.2
Quarter ending June 30, 1969	7.3
Quarter ending September 30, 1969	7.7
Quarter ending December 31, 1969	8.1
Quarter ending March 31, 1970	8.6
Quarter ending June 30, 1970	7.7
Quarter ending September 30, 1970	7.4
Quarter ending December 31, 1970	7.6
Quarter ending March 31, 1971	5.8
Quarter ending June 30, 1971	5.6
Quarter ending September 30, 1971	6.0
Quarter ending December 31, 1971	6.0
Quarter ending March 31, 1972	5.4
Quarter ending June 30, 1972	6.7
Quarter ending September 30, 1972	7.1
Quarter ending December 31, 1972	6.9
Quarter ending March 31, 1973	6.3
Quarter ending June 30, 1973	6.8
Quarter ending September 30, 1973	7.4
Quarter ending December 31, 1973	7.3
Quarter ending March 31, 1974	7.3
Quarter ending June 30, 1974	7.7
Quarter ending September 30, 1974	9.3
Quarter ending December 31, 1974	9.2
Quarter ending March 31, 1975	7.3
Quarter ending June 30, 1975	6.8
Quarter ending September 30, 1975	7.7
Quarter ending December 31, 1975	9.1
Quarter ending March 31, 1976	8.7
Quarter ending June 30, 1976	9.0
Quarter ending September 30, 1976	9.0
Quarter ending December 31, 1976	8.7
Quarter ending March 31, 1977	7.8
Quarter ending June 30, 1977	8.1
Quarter ending September 30, 1977	7.9
Quarter ending December 31, 1977	8.1
Quarter ending March 31, 1978	8.2
Quarter ending June 30, 1978	8.8
Quarter ending September 30, 1978	9.1
Quarter ending December 31, 1978	9.1
Quarter ending March 31, 1979	10.2
Quarter ending June 30, 1979	10.2
Quarter ending September 30, 1979	10.1
Quarter ending December 31, 1979	11.1
Quarter ending March 31, 1980	12.0
Quarter ending June 30, 1980	14.3
Quarter ending September 30, 1980	11.1
Quarter ending December 31, 1980	13.6

5. (a) PSSA—$11,976,713,992
(b) CFSA—$ 9,183,383,30 3
(c) RCMPSA—$965,052,607

6. SRBA—$806,732,607.

7. Approximately $5,745,000,000.

8. Approximately $812,700,000.

9. Approximately $6,305,000,000.

10. The balances shown in question No. 5 for the PSSA, CFSA and RCMPSA would not have been affected by additional interest earnings of 1 per cent per annum since the three acts provide that any interest earnings of the accounts over the rate assumed in the actuarial reports (i.e.: interest over 4 per cent until the late 1970s and more recently, interest over 6.5 per cent can be used to offset the cost of amortizing actuarial deficiencies caused largely by salary increases. SRBA—$838,100,000.

BILINGUAL POSITION IN NEWFOUNDLAND POST OFFICE

Question No. 2,528—**Mr. Cossitt:**

1. Does the government intend to take action with regard to the fact that the 1980 annual report of the Commissioner of Official Languages states there are no bilingual positions in the Post Office Department among Newfoundland's 1,036 postal employees and, if so, what are the details?

2. For what reason would it be necessary to have bilingual employees in Newfoundland?

3. What is the estimated percentage of persons living in Newfoundland who speak the (a) English (b) French language only?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by Canada Post and Statistics Canada as follows:

1. In Newfoundland, bilingual services are provided, and have been for a number of years, at the Cape St. George Post Office to serve the only area that has an established demand. The Postmaster of this office is employed under the terms of

the Post Office Act, therefore is not included in the figures quoted by the Commissioner of Official Languages. As well, Canada Post is committed to the introduction of bilingual services in Labrador City in 1981-82.

2. As a federal institution, Canada Post recognizes an obligation to provide services in both French and English to Canadians in areas where a demand is established.

3. The latest information on languages is from the 1976 census, but that information relates only to mother tongue, as opposed to language currently spoken. According to the 1976 census the distribution of the population in Newfoundland by mother tongue was as follows:

Mother tongue English: 97.7 per cent
Mother tongue French: 0.5 per cent
Mother tongue neither English nor French: 1.8 per cent

The most recent information on official languages capabilities was collected in the 1971 census, which asked whether English or French were spoken well enough to conduct a conversation. For Newfoundland, the official languages capabilities of the population in 1971 were:

English only: 98.0 per cent
French only: 0.1 per cent
Both English and French: 1.8 per cent
Neither English nor French: 0.1 per cent

Similar information is being collected in the 1981 census.

HEALTH INSURANCE PREMIUMS

Question No. 3,509—**Mr. Herbert:**

1. Do Ontario, British Columbia, Alberta and the Yukon territory levy provincial health insurance premiums as a form of provincial revenue?

2. (a) Did the government transfer $42 million on behalf of federal employees in 1980-81 to provincial treasuries as a part of this levy (b) did the government estimate the amount that it would receive in personal income taxes on this transferred sum?

3. Does the government collect personal income taxes for Ontario, British Columbia and Alberta and, if so, in each province, what is the approximate percentage of the amount collected as federal taxes?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Finance, National Health and Welfare, National Revenue (Taxation) and by the Treasury Board as follows:

1. Yes.

2. (a) The federal government, as employer, pays a portion of the provincial health insurance premiums payable by its employees in the aforementioned provinces and the Yukon territory, and makes such contributions directly to the provincial authorities. In 1980-81, the amount of these contributions was $38.9 million.

(b) On a payment such as this, the federal government estimated to recoup 20 per cent in aggregate in federal personal income taxes. Since the amount transferred in 1980-81 was $38.9 million, federal income taxes recovered are estimated to have been $7.8 million.

3. Yes. The amount of personal income tax assessed for the year 1979 in the three provinces in question is as follows:

	Total Tax	Provincial Tax	
	(millions of dollars)		Percent of total
Ontario	10,566	3,501	33
British Columbia	3,489	1,169	34
Alberta	2,716	791	29

(Source: taxation statistics 1981)

These amounts reflect the application of the income tax acts of the three provincial jurisdictions including a variety of provincial income tax reductions and provincial tax credits.

NCC CHANGE OF OFFICIAL COLOURS

Question No. 4,111—**Mr. Cossitt:**

Did the National Capital Commission decide to change its official colours from green and white to browns, beige and white on vehicles and stationery and, if so (a) what is the name of the highest-ranking official making the decision and on what date was it made (b) what is the total estimated cost of the change in colours and is it approximately $1.2 million (c) what is wrong with the present colours that requires that they be changed at considerable expense (d) what is the justification for such an expense, in view of the government's restraint program?

Hon. Paul J. Cosgrove (Minister of Public Works): Yes, to brown and beige. (a) Mr. C. M. Drury, chairman, and the executive committee on November 17, 1981, on the advice of its advisory committees on design and the arts.

(b) $1.4 million of which $1.2 million is estimated replacement cost of signs.

(c) Green has been used for vehicles and black for signs with white lettering in both cases. In order to standardize on one colour system, adoption of brown and beige in both areas, plus future stationery needs, is intended to give continuity to public recognition of NCC property, activities and vehicles. The use of the Canada wordmark will also be introduced in all applications.

(d) Changeover is phased over next four years on normal replacement or renewal basis within budget limitations.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. 87.

[*Text*]

ALL COMMUNICATIONS RE APPLICATION BY CARGILL GRAIN LTD. FOR DREE GRANT

Motion No. 87—**Mr. Korchinski:**

That an order of the House do issue for copies of all correspondence and communications, including telephone submissions, regarding the application by Cargill Grain Limited for a grant from DREE towards construction of an oil seed crushing plant at Melfort, Saskatchewan.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Madam Speaker, disclosure could be damaging to the company's competitive position. I would therefore ask the hon. member to withdraw his motion.

[*English*]

Mr. Nielsen: Madam Speaker, I did not hear the full response of the parliamentary secretary because his microphone was not functioning.

[*Translation*]

Madam Speaker: Would the parliamentary secretary please repeat his reply?

Mr. Maltais: Madam Speaker, the requested documents are confidential for business reasons, and the government feels that their disclosure could be damaging to the company's competitive position at this time. The hon. member is kindly requested to withdraw his motion for the time being.

[*English*]

Mr. Nielsen: Transfer for debate.

Madam Speaker: Transferred for debate.

Shall the remaining notices of motions for the production of papers stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

The House resumed, from Tuesday, April 20, consideration of the motion of Mr. Lalonde that Bill C-105, to amend the Canada Business Corporations Act, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, when we adjourned last evening, I was about to analyse the bill, the changes in corporate law, and comment on what this bill can do. This bill affects all corporations in Canada. First, the bill essentially has two major features in it. It allows changes with respect to shareholdings in companies to be handled in two separate ways. For the first time in the history of corporate law this bill will allow a corporation, through its directors, to go into the open market and purchase publicly held shares in the name of the corporation. Those shares will continue to remain outstanding shares of the corporation, albeit not subject to vote and the bill will allow the corporation to qualify under the oil arrangements and under any other provincial or Canadian laws or licence requirements with respect to ownership or control by Canadians.

Let us go into the history of this question of companies being able to trade in their own shares. Corporate law originally set out that a company could not invest in its own shares. A company was prohibited by law from buying up its own shares. In 1974 and 1975 and through that period we changed the corporate law of this country with the Canada Business Corporations Act which allowed a company for the first time to invest in its own shares. The law was changed in order to give a company a great deal more flexibility with respect to financing. Indeed, it allowed a company to use the capital and surplus to buy up shares of shareholders, thus allowing those shareholders to get their investment back and at the same time withdraw their money out of the company. It also allowed for certain takeovers and amalgamations that were possible as a result of a company being allowed to purchase its own shares. But those provisions for purchasing shares only relate to purchasing the shares for cancellation. What a company can do under the present law is to purchase the shares, and when those shares are purchased they are in effect no longer available in the marketplace. They can no longer be put back into the marketplace.

The effect of this bill is to allow a company to purchase its own shares and within a period of two years put those shares back into the marketplace. This is a dramatic change in corporate law which the House must realize is taking place and it is taking place in the name of Canadianization.

The other night I said that patriotism was described as the last refuge of a scoundrel. An appeal to patriotism is the refuge of a scoundrel, which is exactly what this particular provision will allow. For the first time it allows scoundrels to wheel and deal in the corporate stock of their own company. Indeed, it is a very dramatic change to what has been allowed up to now with respect to the activities of companies. I say with all sincerity that this is a very, very serious change in law. What in fact you have is an ability of directors, under the guise of wanting to maintain Canadian ownership and control of their company, to speculate in the stock market with their own stock using the company's own money. When you look at it that way you will say there is something wrong here, Mr.

Speaker. It may be all very well for us to want to have Canadian ownership of corporations, but in doing that, are we going to allow the possibility of directors of corporations, able to use the company's earned surplus, the company's financial ability, to go into the market and buy up shareholders' shares—they could even be Canadian shareholders' shares because presumably they will be shares purchased on the market—take those shares back in, speculate on them or sell them off privately to some other person? If that is allowed, it is a total misuse of the trusteeship that directors elected for public corporations have to their shareholders. Indeed, the corporations could be private corporations. Therefore, we have a situation for the very first time where a company and the officers of a company can go into the market and use the company's assets to buy shares which the company intends to resell. Indeed, the very purpose of the section is to allow the company to buy the shares to resell.

I have no quarrel with the existing system where a company buys up the shares. If for the purpose of continuing to get credit for Canadian ownership they can buy up the shares to qualify in some way for ownership and control in terms of the crazy rules and regulations that were proposed under Bill C-104, that is all right, but what we have here is a situation where the corporation, through its directors, is allowed to speculate using shareholders' equity, to speculate and play around with the shareholders' own money, for private benefit. This is a dramatic change in what until now has been the basis of sound corporate practice. When we make changes in the way corporate law is structured, we not only seriously affect the value of corporate stocks of companies affected by the possible change, but we generally hurt or damage the reputation of federally-incorporated companies. This is a serious concern which the House must address.

• (1530)

Another change in the act involves a provision which was originally contained in Bill C-94. Significant changes have been made to Bill C-94 as a result of the efforts of my party in drawing to public attention the damages inherent in it. Those changes resulted in other portions of the constrained share regulations being altered as they were in the first paragraph on the top of page 9 of the bill. Nonetheless, as pointed out by the hon. member for York-Peel (Mr. Stevens), the changes to Section 43 of the Canada Business Corporations Act that were followed up with amendments to Sections 122 and 168 of the act do not seem to have solved the problem totally.

The essence of Section 43.1 in Part V.1 on page 4 of Bill C-105 is that a company should be entitled, in order to keep its qualification in line, to expropriate somehow the shares of shareholders, then sell those shares to other persons and pay the expropriated shareholders the net value of or the net receipt from the sale. It is true that this only applies where there are constrained shares, but I submit that the definition of constrained shares in inadequate. The details as to how the expropriation sale and eventual distribution of net proceeds are to be effected are not properly set out. Indeed, the entire concept that directors of a company should somehow be entitled to seize a shareholder's share for which the shareholder has paid, to sell it in the marketplace as if the shareholder never owned it and to pay the net proceeds to the person selected to be expropriated, must be offensive to us all. It is not a fair compensation for property or even an ordinary expropriation. It is an actual seizure and payment of net proceeds to the holder of the share. In other words, all the costs of the expropriation are borne by the person expropriated.

Let me turn to a situation wherein one's property is taken over by the Ontario department of highways. Departmental officials could say that they had to appraise it, do this or that, and that they had only been able to obtain so much for the property, and turn over the net proceeds. This is what we are talking about. While the provision refers to constrained shares, there is no provision with respect to what the constrained shareholder will in fact receive. There is provision in the bill for notice to the constrained shareholder that he had better sell his share or shares, but if there is little or no market, but only hopes for opportunities with those shares, then he could be virtually expropriated without any compensation because in fact he is forced to sell and all he receives as a result of the sale are the net proceeds. In a weak market such as the one of today he could be wiped out. Both of these provisions are bad ones and should not be included in the statute law.

It is one thing to talk about Canadian ownership. I think we want Canadian ownership. But to include these provisions in the Canada Business Corporations Act is wrong. It is wrong to allow directors of a corporation—or the majority of shareholders of a corporation organizing with the directors—to so damage the interest of other shareholders, for the alleged purpose of Canadianizing or allowing the corporation to take advantage of some provincial privilege or some other privilege in some other statute. The hon. member for York-Peel produced in the House a series of Ontario and federal statutes which particularly require some element or a totality of Canadian ownership and control. It is also wrong to allow minority shareholders, albeit foreign or perhaps not that foreign, to be expropriated without really being compensated or to allow, as in the first part of the bill, directors to go into the marketplace to wheel and deal with the money of shareholders, to favour some persons over other persons. These provisions are wrong.

There is no need for this bill. Even if we were to go along with the government's Canadian ownership package with respect to grants to the oil industry, we do not need this bill. Companies can change their incorporations. They can create more shares. They can request supplementary articles of association to give them larger capital. They can organize their control in many other fashions. They do not need these powers. Inasmuch as these powers extend beyond the oil and energy industry, they should not be in this piece of legislation because they do not properly belong there. Therefore, I suggest that we must oppose this bill.

● (1540)

I would like to review for a moment some events which are occurring in the marketplace. Yesterday and today articles appeared in *The Globe and Mail* which contained parts of a speech given by Mr. W. A. Macdonald to an IBM conference in Banff, Alberta. Mr. Macdonald is from the law firm of McMillan, Binch, and you realize there is another famous partner of that firm who used to be in the House. Apparently, Mr. Macdonald and that former member got along well and I suspect they compared notes with respect to this presentation.

In any event, in Mr. Macdonald's speech he listed some elements of Canadian financial policy which were important to the Canadian nation. In that speech, which appeared in *The Globe and Mail* on April 20, he said:

> Canada has an open economy, which is deeply dependent on world trade in goods and services and on international capital flows. This has always required a recognition that there are severe restraints on insular policy-making, based on a false premise as to the ability of any Canadian government to control the details of the Canadian economy against the power of external economic forces.

He said further:

> Canada has an isolated economy with a small market alongside the largest and most powerful economy in the world. Canada has always sought to handle these special vulnerabilities by a twofold approach: first, to support a stable, relatively free, multilateral and financial order; second, to develop a close, but not too close, relationship with the United States, whereby trading and financial particulars can be worked out within the framework of a stable, multilateral order and on the basis of constructive, mutual self-interest.

In other words, until now our success was based on those rules which provide a stable arrangement in our corporate law and state that we do not attempt to be too ultra-nationalistic and that we rely on the financial power of the New York marketplace to a great extent.

Speaking to that very issue, Mr. Macdonald said in the same article:

> . . . Canada continues to increase its foreign debt at an accelerating rate. Much of this foreign debt is long term and floated in the New York market. The limited funds available in relation to expected demand in that market have resulted in high interest rates.

He went on to say:

> Can we really believe we can increase our claims on the New York financial market and persist in our unwillingness to acknowledge any U.S. concerns as to major unfairness and protectionist elements in the NEP and FIRA? Is it realistic to believe we can continue to enjoy unimpeded access to U.S. financial markets while the overcrowding of U.S. government issues arising out of their rapidly growing deficit is already threatening both the economic recovery in the United States and the entire economic revolution on which President Reagan is staking his political future?

He says further:

> At the very time when the country needs to put its strongest economic foot forward to offset the costs of the present world economic situation, we have been pursuing increasingly interventionist, nationalist and provincialist policies.

That is what this legislation is, a policy which is part of an attempt somehow to Canadianize not only the oil industry but other industries as well. This is to be accomplished by changing the very fabric of the Canada Business Corporations Act to allow individuals—not the government—to expropriate shares and pay not the market price but the net proceeds for those shares. It will allow directors of Canadian corporations to use shareholders' money in the marketplace, to expel foreign shareholders and perhaps to favour their own friends and others.

There are provisions in the bill for rules and regulations to be proclaimed by the government. But the problem with imposing regulations in corporate law by order in council is that laws of this nature can be changed at will. In other words, there can be regulations which will protect the investor to make sure that directors do not, at their discretion, play with the stock market.

To have rules imposed in this manner is not the answer because there is no certainty as to what future regulations will be. Instead, rules with respect to financial transactions of this nature and to the activities of corporations should be clearly stipulated in a statute. In this way, regulations could only be changed by an act of Parliament through the usual process of three readings here and in the other place and through committee hearings.

The difficulty arising from regulations which are made by order in council is that no committee hearings are required. We would only find out about a regulation after it has been made. Changes can be made again and again without any opportunity to prevent the government from changing the rules in the middle of the game. Protection for minority shareholders is not set out in the statute in any detail. The details required with respect to stipulations for directors of companies buying shares and then reselling them are not set out in the bill. For example, directors could buy for $10 and sell for $20 or perhaps even sell for $5 to friends and thus rape the treasury of the company.

There is no requirement that they can only buy from foreign shareholders. It only stipulates that in order to keep Canadian ownership content they must buy shares in the market. Do they buy Canadian shares or what? When shares are purchased on the stockmarket there is no way of knowing whether they are foreign or Canadian shares. Indeed, with the manner in which shares are handled presently, behind trusts and pension plans and in street form, it is difficult to know who owns what.

You could be buying Canadian shares but you would not really know. It is true that the intent is to buy foreign-held shares in Canadian corporations, but these shares are purchased through the use of shareholders' money, and that is what I believe is wrong. I see nothing wrong with a company investing in its own shares provided those shares are then cancelled. Companies would then buy the shares in the marketplace and reduce the number of shares outstanding. However, that is not the case here. I see nothing wrong with the situation where a share was specifically issued which could only be held by a Canadian—a living Canadian individual and not a Canadian corporation—and a share was not a share unless it was in fact registered to a living Canadian. If that living Canadian sold his share to a foreigner, then that living Canadian would lose his rights in that share. That would be possible. I see nothing wrong with that. However, that is not

what is in this bill. This bill speaks of constrained shares and then it says that a constraint must be shown on the face of the constrained shares, but it does not say there is anything wrong with shares which do not have any notification of constraint on them. There is a provision in the bill for shares which are not dealt with as constrained shares because when they were originally issued they were not then constrained shares.

• (1550)

Therefore, this a bad law. It is important that the bill go to committee, but it is even more important that members of Parliament who are concerned about the kind of laws we have realize that this bill contains bad law. I see that the minister responsible for foreign affairs is here in the House. As he is a former law professor, I think he should be concerned about the bad law in this bill. This bill should be considered and it should be withdrawn. I say it has nothing to do with the Canadian ownership concept of the oil industry. The bill goes beyond that. It affects all corporations. It affects our activities, fund raising and financial arrangements whereby Canadian companies, in some cases, are listed on the New York market, and properly so. A number of our major companies are there. They use the New York market, which is really the world finance market. Certainly, we use either the London or New York market to raise funds. Much of those funds must be raised by shares issue or share pledge. Consequently, a company needs to have its shares listed in those markets. It is not good for Canada to be so insular as to make it possible that changes could be made which would affect those shares now being issued in other countries when there is a cutback in the trading position of companies largely held in Canada, indeed, with the majority of the shareholders presently in Canada.

Therefore, I say that this bill is a bad bill. It should be defeated. It must be defeated.

Some hon. Members: Hear, hear!

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I wanted to speak briefly on Bill C-105. Let me first say that in my estimation this is a dangerous bill. This is a new dimension in corporate practice, and I do not like it.

The government is overly obsessed with Canadianization of the oil and gas industry in Canada. By 1990 it wants the industry to be 50 per cent Canadian owned. The time-frame is too short. The methods of the government, like this Bill C-105, are devious and destructive to government and industry relationships and particularly to federal-provincial relationships. The economic climate generated on the short term is one in which there is a flight of capital, a flight of technological competence and a flight of management skills.

In 1977, as the newspaper reported today, there was a Canadian capital outflow of some $265 million. By 1980, the outward flow was $2.2 billion. In 1981, it increased to $10.2 billion. The cause of this terrific increase has been stated to be the National Energy Program and subsequent legislation. How can our economy, which is geared to megaprojects, possibly recover? We desperately need capital, yet the government works furiously to drive capital away. How does it intend to bring capital into the nation to build the vast megaprojects that we have before us? This must surely be some form of self-strangulation.

Yesterday the minister told us that last year the investment in the energy industry dropped by some 30 per cent to 40 per cent. I think he acknowledged that. Yesterday he also advised the House that the U.S. department of commerce, in its recent report, projected an increase of investment of 28 per cent in the energy sector in Canada this year. However, the minister did not tell us how much investment on Canada lands was projected as against the protection for provincial lands. He did not tell us whether this projection included investment in Alsands or projects like it.

I can understand, and even to a partial degree accept without too much difficulty, the Canadianization program worked out in Bill C-48 concerning Canada lands. This is a future course dictated by political philosophy and perspective. All companies know the rules in advance so that the private sector will behave accordingly and form the necessary partnerships and consortiums to explore, develop and market, knowing full well that no less than 25 per cent will be under Canadian ownership and that, in most cases, it will be more. This is very similar to the Norwegian policies which were explained to us in detail when we were debating Bill C-48. There is nothing wrong with that type of approach, whether one agrees with Canadianization or not. It is a future movement. The new regimes of state ownership and Canadianization can readily be imposed on the new development, in new areas, under the jurisdiction of a single regime under Canada lands.

Canadianization on Canadian lands is done under a single regime: the federal government. It does not involve the provincial governments. However, to try to impose a devious regime of Canadianization on an entire industry, presently almost entirely limited to activity on provincial lands, exploiting provincial resources, is no less than economic madness. The federal government can administer PIP, as it has indicated, on federal lands to Canadianize, if it wishes. Surely, this is appropriate action, but it should surely allow the provinces to administer PIP on provincial lands in accordance with provincial policies, provincial priorities and provincial political perspectives which may not be associated with the rapid Canadianization. Why not? Why must the federal government dictate to the provinces that it shall Canadianize their industry on their own resources at a certain rate so that they will be 50 per cent Canadianized by 1990? Why must the government insist on this in order for those companies working in the provinces, on provincial resources, to receive the PIP grants? I find this difficult to accept. As a result, the whole Canadianization program is badly curtailing the oil and gas sector on provincial lands, particularly Alberta. I say again that I have no difficulty if that is what the federal government wants to do with Canada lands. It is a single jurisdiction dictating the development of a massive new industry where they are fully responsible.

• (1600)

Today we have two governments fighting over maximizing their economic take. One is bent on getting due economic rent for its resources. The other, the federal government, is massively bleeding the industry through the PGR tax and incremental taxes. It is partially using such taxes as incentives through the PIP program to force corporate reorganization, corporate refinancing and corporate restructuring of companies developing provincial resources.

The federal government through this legislation is poaching upon provincial areas of jurisdiction. In my estimation, it is severely undermining the very intent of Sections 50 and 51 of the Constitution just patriated. That section is very explicit. It reads:

In each province, the legislature may exclusively make laws in relation to

(a) exploration for non-renewable natural resources in the province;

(b) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(c) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy. . . .

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(a) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(b) sites and facilities in the province for the generation of electrical energy and the production therefrom,

How can a province maximize its take from its own resource and have freedom in relation to taxation when the federal government comes in in a massive way with a big hand and takes a major portion at the front end? This taxation is only possible after the federal government gets its take. If there is nothing left, the provincial government gets nothing. This section in the Constitution tends to be meaningless. The federal government can make it meaningless. I find that contradictory to the very intent of this section and in fact contrary to the patriated Constitution.

The federal government is trying to impose its political philosophy on the provinces in the development of provincially-owned resources. That is wrong. It is unconstitutional in accordance with the new Constitution. Surely Saskatchewan can nationalize all it wishes and Alberta can promote free enterprise regardless of ownership all it wishes in the development of resources without the hand of Big Brother in Ottawa forcing its political philosophy and direction on the provinces.

This is basic to the patriated Constitution. It is very basic to Sections 50 and 51 of it. I find that a very serious anomaly in this area. The constitutionality of this legislation must be tested in the courts at the earliest possible time.

I repeat, I have no dificulty with the federal government Canadianizing the industry on federal lands. It is a single jurisdiction. It has every right to do that and to do it as it wishes. However, when it involves itself in Canadianization of provincial lands, it must respect provincial authority and the provincial constitutional rights which those provinces have in connection with their resources.

I can understand the desire of the national government and its philosophy in imposing the Canadianizing requirement on industries involved in renewable resources and industries involved in non-renewable resources such as oil and gas where it has sole jurisdiction, like Canada lands. With renewable resources such as electricity, governments all across the nation, with the exception of Alberta, have got involved because that goes on forever.

To force that on the provinces with regard to provincial non-renewable resources is unacceptable, particularly when some of them have a lifetime of only five or ten years. Why would a government want to Canadianize companies having a resource if it wants to do additional exploration and it only has a five to ten-year lifetime on that resource? Surely it would want to Canadianize a renewable resource industry such as fisheries, forestry, hydroelectricity, but why Canadianize something with a very finite lifetime? I find it difficult to understand. The only explanation I can give is that it has not been fully thought out. It must be examined more fully.

Why would a government or any political philosophy generate such economic instability to Canadianize an industry involved in non-renewable resources which have a very finite lifetime? If the government wants money, surely it can tax the industry to its heart's desire. If it wants to control and discourage capital outflow, it can tax dividends as heavily as it wishes and make them non-tax deductible.

A government with restrictive conditions imposed on the Canadian subsidiaries of multinational companies will have these overseas branches stripped from them at the earliest opportunity. Instead of having Canadian companies with a multinational effect throughout the world, we will have Canadian companies with little association with world industry, with a limit in terms of technological interchange and exchange.

Multinational oil and gas subsidiary corporations in Canada are good citizens. They employ only Canadians. They reinvest most of their generated cash flow in Canada. Many do massive research in Canada such as the Syncrude project, Suncor and the heavy oil Cold Lake plants. The world knows that in Alberta and Canada we are at the forefront of technological development in heavy oils, oilsands and in many other areas, in drilling, for example. The world runs to Alberta to get our technology, so no one can say research is being done outside the country in this particular industry. It is done in Canada. We are the experts in this area. If the South Americans want heavy oils, they come to Alberta to get the technology. One cannot say we must Canadianize if we want research to be done here.

• (1610)

I can understand policies which limit the corporate size of Canadian subsidiaries of multinationals to prevent massive accumulation and concentration of assets because a diversity of small companies is always healthier than just a few major ones in a particular industry. I can understand a government, whether it is provincial or federal, withholding licences and

permits from foreign-owned corporations. I can also understand—but I reject—the myriad government controls and regulations imposed on the oil and gas industry, although much too often they are excessive and expensive. If governments control, regulate, monitor, tax heavily and restrict corporate growth, what earthly reason is there for Canadianization, or even nationalization, of a corporate entity producing non-renewable resources which have a finite lifetime? We can do anything we wish with the companies or industry now. We can destroy them overnight, as is being done in western Canada. What earthly reason is there for trying to Canadianize something which has a very finite lifetime? I find it difficult to understand the reasoning. It is only because a few politicians hunger and thirst for power without ever really having earned the right to it or knowing what the industry is all about. There is a massive design and desire to control what belongs to the people in any event. The resources belong entirely to the people.

I have worked for multinational corporations. I know the mood in many of them. I worked for General Electric in Peterborough, and I have never seen greater Canadian attention and greater Canadian realization than I have witnessed and experienced in some of the multinational corporations. Surely we must control them and regulate them, but surely we must not drive them from this nation. We need capital, we need technology and we need multinational corporations to develop the energy industries of this nation.

I can understand that the federal government would wish to Canadianize the oil and gas industry to a certain degree on Canadian lands, but I cannot understand why the federal government extends this Canadianization policy to the development of non-renewable resources like oil and gas on provincial lands without provincial consent or even desire. I have no difficulty understanding why the Government of Saskatchewan would work hand in hand with the federal government to increase Canadian content, but if there is a different political philisophy in Alberta, Manitoba, British Columbia or Newfoundland which calls for somewhat different behaviour with respect to the oil and gas industry, surely this government must permit that. Why must this government force its political philosophy on all the provincial governments in this nation? That is being done through some of this legislation, particularly this bill and, indeed, the PIP legislation. Why is it being done? For what purpose? It is because of a political whim.

This legislation must be revised at the earliest opportunity. It must be revised through sound political thinking, and I think there is such thinking in the party across the way. It just has to assert itself. There is that kind of thinking on all sides of this House, and it has to assert itself.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

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

(*Division No. 169*)

YEAS

Messrs.

Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Corriveau
Côté (Mrs.)
Cousineau
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fleming
Flis
Foster
Fox
Frith
Garant
Gendron
Gimaïel
Gingras
Gourde (Lévis)
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Irwin
Isabelle
Kaplan
Kelly
Lachance
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacGuigan
Mackasey
MacLaren
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson—108.

Canada Business Corporations Act

NAYS

Messrs.

Andre	Friesen	Mitges
Baker (Nepean-Carleton)	Fulton	Murphy
Beatty	Greenaway	Murta
Blackburn	Gurbin	Nickerson
Blaikie	Halliday	Nielsen
Blenkarn	Hawkes	Nowlan
Bosley	Heap	Oberle
Bradley	Howie	Orlikow
Broadbent	Huntington	Parker
Cardiff	Jarvis	Patterson
Carney (Miss)	Jewett (Miss)	Reid (St. Catharines)
Clark (Yellowhead)	Kempling	Robinson (Burnaby)
Clarke (Vancouver Quadra)	Kristiansen	Roche
Cooper	La Salle	Schellenberger
Crombie	Lewis	Scott (Victoria-Haliburton)
Crosby (Halifax West)	Lewycky	Skelly
Crouse	MacKay	Stevens
Dantzer	Mazankowski	Taylor
Darling	McCain	Towers
Fennell	McCuish	Waddell
Fraser	McDermid	Wenman
Fretz	McGrath	Wright
	McKenzie	Yurko—70.
	McLean	
	Mitchell (Mrs.)	

• (1640)

[*Translation*]

During the vote:

Madam Speaker: Is the hon. member rising on a point of order?

Mr. Rossi: Madam Speaker, the hon. member for St. John's West (Mr. Crosbie) came in too late for the division.

Madam Speaker: The point of order may be raised after the division.

After the vote:

Madam Speaker: The motion is carried. The bill is therefore referred to the Standing Committee on Energy Legislation.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

Madam Speaker: The President of the Privy Council, on a point of order.

Mr. Pinard: Madam Speaker, a number of members on this side of the House were witness to the fact that the hon. member for St. John's West (Mr. Crosbie) was not in his seat when the division started, and since this has happened before, when there was a request to nullify a Liberal member's vote, I feel that all members should be treated the same. The hon. member may have been late, or perhaps he just got back from Gabon, but whatever his reason, he was not in his seat when the division started and his vote should not be recorded.

[*English*]

Madam Speaker: I did not see the hon. member for St. John's West (Mr. Crosbie). I did not realize he was allegedly late for the vote. I ask the hon. member to tell me whether he was in fact late.

Some hon. Members: Oh, oh!

Mr. Crosbie: Madam Speaker, I plead the fifth amendment!

Some hon. Members: Oh, oh!

Mr. Nowlan: Of the new charter!

Some hon. Members: Oh, oh!

Mr. Crosbie: Madam Speaker, I have a complaint. There is a conspiracy to keep me from voting in this House. I was a little late. The count had started but it had not proceeded very far.

Some hon. Members: Oh, oh!

Madam Speaker: Therefore, the hon. member's vote should not be counted.

* * *

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed, from Wednesday, April 7, consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, we are continuing with this marathon that we started the week before Easter. We are not beginning debate on the seventh bill dealing with energy. The bill we have before us this afternoon consists of amendments to the Petroleum Administration Act. The act will be renamed the Energy Administration Act and formal authority is being sought for several oil and gas pricing and compensation initiatives.

First, this bill will establish a new ceiling of $75 per cubic metre for the petroleum compensation charge on refiners and importers and broaden the scope for payment of compensation to include new domestic oil.

Second, it will establish a new oil export charge ceiling of $350 per cubic metre and provide us with authority to share one-half of the revenue from this charge with the producing provinces.

Third, it will establish the Canadian ownership special charge and the Canadian ownership account and ensure the charge cannot be raised above its current level without additional legislation.

Fourth, it will establish the transportation fuel compensation recovery charge on marine and aviation fuel used by carriers in international transportation with a ceiling of $350 per cubic metre. It will establish authority for and terminate the special compensation charge which had been established at the time of the breakdown in our negotiations with the Government of Alberta.

[*Translation*]

The basic elements of this legislation, Mr. Speaker, are directly related to the main goals of the National Energy Program. They include expanding the application of the petroleum compensation charge, which will enhance the effectiveness of higher prices for new oil as an incentive to undertake exploration and development operations. This promises to strengthen the energy security of Canadians and promote industrial activity in western Canada. The increasing importance of Petro-Canada is another vital element of the energy program that has been incorporated in this bill. Previously, a major step was made in this direction when the Crown corporation acquired Petrofina Canada, while the Canadian ownership special charge covers the major part of the cost of this acquisition. One of the main goals of the National Energy Program is to end our dependence on foreign oil by 1990. We shall honour this commitment, while maintaining a fair and realistic pricing system that will be acceptable to both the oil industry and the general public.

• (1650)

[*English*]

Our oil and gas pricing schedule, as created in consultation with the provinces, reflects the sense of realism and fairness which characterizes our energy program. Our pricing system has three essential advantages over the regime proposed by the previous Conservative government in 1980. It ensures that prices rise gradually and predictably so that consumers and the Canadian economy in general are given time to adjust. It ensures oil pricing fairness on a national level by providing a blended price to all regions of the country, and it results in a consumer price which has been and will continue to be lower than that paid by people of most other countries.

The Conservative government proposed in 1979 to pay one price to producers of oil in Canada except synthetic oil, regardless of the cost of developing and producing different types of oil. Moreover, the price was directly linked to 85 per cent of the international price, whatever the international price might be, thereby directly exposing Canadian consumers to the uncertainties of international oil prices regardless of the consequences to the country's economy.

[*Translation*]

This kind of pricing system would have forced Canadian consumers to spend several billion dollars more on already discovered oil and old oil, and to keep paying higher prices although at the time the oil was discovered, production costs were much lower. In addition, under the same system, production of new oil in Canada would not have been as profitable as it is elsewhere. I think people will find that our pricing system is entirely different and more sensible.

[*English*]

Our pricing system provides producers with the kind of return on investments they need to get on with the job of finding and producing oil for Canada—no more, no less. Returns on existing oil production have not been increased appreciably. However, returns from our new oil reference price created by the energy agreement with Alberta compare favourably with returns offered anywhere else in the world. This price applies to all companies developing new oil anywhere in Canada. This regime provides the Canadian economy with the certainty and stability needed to plan sound economic development in the 1980s.

At the wellhead prices for old oil, that is oil discovered before December 1980, will rise gradually and predictably at a fixed schedule to no more than 75 per cent of the international price. Unlike Conservative budget proposals, this price is not fully linked to the world price. It reflects the fact that this oil was relatively easy and certainly less expensive to develop than oil discovered recently. The substantially higher new oil reference price will be paid to producers of oil discovered after December 31, 1980, to producers of synthetic oil and new frontier production.

This reference price will provide a powerful incentive to producers to develop new oil supplies. It will never exceed world prices. Also, in the event that world prices rise sharply, the new oil price has a provision for phasing in increases, thereby protecting Canadian consumers.

[*Translation*]

Prices for recently discovered conventional oil, imported oil, frontier oil and synthetic oil are weighted in order to set a price that will apply in all areas of Canada. Today, the weighted price, that is, the average blended price for all oil produced in Canada and imported oil is 70 per cent of the world oil price. Oil that may be sold at the new reference price, plus imported oil, account for 36 per cent of the weighted price. Although this percentage may increase during the period covered by the energy agreement concluded with Alberta, we expect that the lower price for conventional oil will still constitute the major part of the weighted price when the agreement expires in 1986, thus keeping the weighted price below world levels. Our blended price, or average price if you prefer, which will apply to all imported or Canadian oil, will guarantee not only that Canadians will pay much lower prices than consumers in other countries, but also much lower prices than they would have had to pay with the Progressive Conservative budget.

[*English*]

The opposition continually attacks our pricing system on the basis of gasoline prices at the pumps. Its spokesmen never bother to point out to the general public that the Government of Canada does not control retail gasoline prices. We establish the price refiners pay for the crude they buy. This is the blended price. As I indicated, it stood at about 70 per cent of the world price in January of this year. If we included only the price of the old oil or oil discovered in Canada and exploited before December 31, 1980, we would have a price for old oil which is 54 per cent of the international price.

The integrated or blended price for all oil produced in Canada stands at the present time at about 70 per cent of the world price. After refiners purchase their crude at the blended price several costs, many of which are not under our control, are added to the price. For instance, they include the cost of refining and transporting oil to markets. They include profit margins for refiners and retailers and, very significantly, they include retail sales taxes. These retail sales taxes in turn include a constant 9 per cent in federal taxes, and then from zero to 40 per cent in provincial taxes depending upon the province—zero per cent in Alberta, 40 per cent in Quebec, and various levels of taxation according to the provinces.

[*Translation*]

Obviously Mr. Speaker, Canadians are in a good position because our blended price is still only 70 per cent of world prices and will remain much lower over the next four years. It is interesting to note the substantial at-the-pump tax in some provinces, including those provinces which pretend to be concerned about the impact of rising energy costs on their economy. In this regard, I would once again point out that Quebec has the highest sales tax in Canada, namely a 40 per cent sales tax on gasoline at the pump and this tax means gasoline prices in Quebec are the highest in Canada.

[*English*]

But even with substantial provincial taxes, the price of gas at the pumps continues to be half what it is in most European countries. It is rather difficult to compare Canadian and American prices because of differing sales taxes in the two countries and varying prices throughout the United States. I would invite my hon. friends to have a little patience. I will answer all their arguments, including those questions they will ask in the next few days.

• (1700)

I would like to deal with the comparison between Canada and the United States and explain it quite clearly on the record. I would point out that before sales taxes—I have talked about those sales taxes before—gasoline in the United States cost 36 cents a litre while in Canada at the present time it is only 29 cents a litre. That is a difference of 7 cents. However, it is clear that this substantial price advantage offered to consumers by our blanket pricing system is eliminated in many provinces through retail sales taxes imposed by provincial governments. I have indicated that provincial sales taxes vary in this country from zero cents in Alberta to 13 cents per litre in Quebec. The highest sales tax in any state in the United States goes up to 4.5 cents a litre, about three times less than the highest tax in a province in Canada. In effect, this means that you have a significant difference at the pump due to large differences between provincial taxes in Canada and state taxes in the United States.

Obviously, I do not challenge the right of provincial governments to impose such taxes. But I want to make it clear to the Canadian public that it is the provinces, not the Government of Canada, that are taking away the benefits offered by our blended pricing system in those provinces where they have very high sales taxes indeed.

The petroleum compensation charge is an integral part of the blended pricing system. It is the charge that will be used to ensure that the producers of new oil receive the new oil reference price for their production. This ensures that producers receive a fair price for their oil.

The petroleum compensation charge also ensures fairness among regions in Canada. As we know, certain parts of Quebec and all of Atlantic Canada depend upon high cost imported oil to meet a substantial portion of their energy needs. The Government of Canada has taken steps to ensure that these regions will soon have access to domestic oil and gas production but these efforts will take a few years to come to fruition. Since 1974, it has been the policy of the Government of Canada that no region in Canada should have to pay substantially higher oil costs because an accident of history and geography has made them dependent upon imported oil.

Currently, the largest portion of the petroleum compensation charge is used to compensate refiners in these regions for the difference in the international oil price they must pay and the price paid by refiners in other parts of the country who have access to less expensive domestic production.

[*Translation*]

Mr. Speaker, Canada has benefited greatly from the petroleum compensation charge which, since its introduction by our government in 1974, has cushioned the Canadian economy and Canadian consumers against the shock caused by the sudden major increases of world oil prices throughout the seventies. Since 1974, this charge has been used to pay $13.7 billion in compensation to those regions of Canada, namely Quebec and the Atlantic provinces, which, because of their geographic location and their history, have had to rely in varying degrees on imported oil to meet their energy requirements. This is what our government means by equity and this is what we have really done for consumers in this country, especially those in eastern Canada who were in a very unfavourable position. These moneys have been spent to ensure that Canadians across the country will pay similar prices for the oil they need.

[*English*]

This bill contains a major provision relating to an important goal of the National Energy Program, that of vastly expanding the opportunities for Canadians in the petroleum industry.

We are seeking formal authority for the Canadian ownership special charge which provides the means to allow the Government of Canada to expand its ownership in the oil and gas industry. Revenue from the charge which is placed in the Canadian ownership account is currently being used to help defray the cost of Petro-Canada's purchase of Petrofina slightly more than a year ago. In future, revenue could be used to finance additional purchases on behalf of Petro-Canada, the government or other Crown corporations created for the purpose of expanding public sector involvement in the oil industry. But I want to make it clear that no future acquisitions will be financed from this account without Parliament

having the choice to debate the matter through the negative resolution procedure.

It is clear that the Canadian people support an aggressive public sector presence to promote projects that will make a major contribution to energy security and encourage the Canadian private sector to get involved.

Some commentators in the House, and outside, have complained about these charges in aggregate. It is not so much that they quarrel with the purchase of each charge, but they say that the cumulative effect on consumers is excessive. A fair-minded observer, however, would recognize that Canadians support these measures as an investment in securing our own energy future. Each charge in this bill serves a specific purpose related to one of the golas of the National Energy Program. They are the means whereby the government can carry out the major goals of the National Energy Program for the benefit of all Canadians.

In that respect I was interested to read today the most recent report by the Canadian Petroleum Association on the proven reserves, especially after having heard all the moans from the Conservative benches during the last few weeks. It is interesting that this report that was made by the Canadian Petroleum Association—not by the government—indicated that in 1981, the year about which our friends on the other side complained so much, we have had an increase in established oil reserves in Canada for the first time in many years. An increase, Mr. Speaker, when our established reserves had been decreasing each previous year.

In 1981 a very significant increase was also obtained in our established reserves in oil and gas. This happened after the National Energy Program had been proclaimed and started to come into effect.

I would also stress that some of the charges indicated here contain an increase in the maximum that is set for those charges. This does not mean that the government is increasing those charges to that level. This provides a ceiling under which the charges can be varied according to the needs. For instance, each month the National Energy Board reviews the petroleum compensation charge and my department reviews how much we need to pay the refiners for imported petroleum. When the petroleum which is imported decreases in price, the charge decreases. If the price of imported petroleum increases, the charge obviously has to increase to pay the difference between the Canadian price and the imported price.

This is the reason we need to have that flexibility, to enable us to vary the charge every month, for instance. Similarly, this applies to the export charge on oil that we export to the United States. We need the flexibility to vary this charge. This is the reason this bill provides for possible increases in the level of those charges.

• (1710)

This bill represents a very fundamental part of our National Energy Program and I commend it to the House. I urge all hon. members to give their strong support to the bill.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, it will be interesting to see how many Liberals stand up and debate this bill and how many stand up and vote for it when it comes time to vote. This bill represents the recognition of the Liberals violating every single promise they made during the 1980 election campaign. They said re-elect the Liberals and they would provide cheap gasoline and heating oil for Canadians. They said: "Re-elect the Liberals and you will get to pay over $2 a gallon for gasoline."

Mr. Lalonde: Cheaper than you!

Mr. Andre: The United States deregulated the oil industry. The United States has world prices. They do not claim they charge less than world prices. The people in the United States are paying world prices. However, if one lives in Windsor, one pays more for gasoline than if one lives in Detroit. If one lives in Vancouver, one pays more for gasoline than if one lives in Bellingham, Washington.

Mr. Lalonde: Provincial sales tax.

Mr. Andre: If one lives in Canada under this great government, one pays more for gasoline and heating oil than if one lives in the United States, which is at the world price and does not claim anything else.

Mr. Lalonde: Provincial sales tax.

Mr. Andre: For some reason, the government there is expected to tell the truth. For some reason, it is held to account for its promises.

Mr. Lalonde: Compare Calgary and Montana.

Mr. Andre: This minister says, "Oh, but look, crude oil is cheaper; we do not pays these western producers as much for the oil as Americans pay their western producers." We know why, of course. On October 22, 1981, in his speech in Sherbrooke, Quebec, the minister said that a greater threat to national unity than Quebec nationalism is the growing wealth of Alberta, and that it was necessary for him to show his teeth.

Some hon. Members: Shame, shame!

Mr. Andre: So he did. He showed his teeth. He is putting those companies into receivership and forcing them into bankruptcy, left, right and centre. He is doing this constantly. However, he says that he is doing it to save the consumers.

Well, what has he done? Sure, the price of crude oil is cheaper, but how does that affect the consumer? We do not buy crude oil at the pump. We do not put crude oil into our furnaces. We do not put crude oil into our cars. We use gasoline, diesel fuel and heating oil. So after the crude oil, what comes next? There is the PGRT, the NGGLT, the PCC and the COC; there is the special levy, and I forget the initials, the federal excise tax, the federal sales tax; and yes, on top of all of those six or seven federal taxes, there is a provincial tax as well.

The minister says: "I cannot help it that our gasoline prices are higher in Canada. It is those rotten provincial governments; they have put on a highway tax". However, he did not mention the seven taxes which the federal government has put on. He has produced more blooming taxes than there are initials in the alphabet. The petroleum compensation charge alone amount to 74 cents a gallon.

Does Your Honour remember the outrage, the indignation and the screaming about 18 cents per gallon? "Oh, terrible! Eighteen cents per gallon of gasoline! My goodness, that is awful! The poor consumers of Canada! Re-elect the Liberals and there will be no 18 cents a gallon excise tax!" Oh, no, there will be a 24-cent petroleum compensation charge and a 4 cents a gallon ex-Canadian ownership charge, and I do not know how much a gallon for the rest of those charges which are laid on. Therefore, the net result is that when one goes to fill up a car with gasoline here in Ottawa, in Montreal, or anywhere else, one is paying more than one would be required to pay if one lived in the United States, and the United States is at the world price.

The minister proudly announced that he would beat those westerners into place, by cracky. He said they would not sell their crude oil to the rest of Canada at world price. They would sell it at less than world price to show what a big, strong, tough man he is. However, the poor consumers will have to pay on the way. Honesty is not a long suit for Liberals.

One of the charges in this bill does not affect the consumer in the direct way it should. It should in fact reduce the consumers' bill, but it does not, again as a result of the broken promises, violation of commitments and chicanery of this government. That is the oil export charge which is levied by the bill. It states that since Canadian producers cannot charge world prices for their crude oil, which is the type one uses in a furnace, the government wants to charge world prices when the oil is sold to the Americans. Therefore, the government put on an export charge to take up the difference.

I would like to go over a little history about where that export charge came from and the way in which successive Liberal ministers have used, abused and deceived Canadians about that charge. That charge arose in early October of 1973, to be precise, when we had a minority government. The inflation rate was about 5 per cent. Outrageous! The New Democratic Party said: "By cracky, if you do not bring down inflation, we will defeat your minority government." So in a speech to the House on September 7, 1973, I believe, the Prime Minister (Mr. Trudeau) said: "I will bring down inflation. I will put a price freeze on oil, bread and milk. I will save you from inflation by having western Canada subsidize you." That was the genesis of the Western Canada Concept: it arose from his speech on September 7, 1973. Yesterday, the minister had the temerity to say that separatism is a result of western politicans. Separatism is the result of himself and his colleagues—

Some hon. Members: Right on!

Mr. Andre: —saying that the west shall subsidize and maintain the Liberal party in power.

Some hon. Members: Oh, oh!

Mr. Andre: Now, as circumstances would have it, in October 1973 there was a war in the Middle East and OPEC put on an embargo and the price of crude oil shot up. We were frozen in Canada. Obviously, eastern Canada, which imported crude oil, could not be expected to pay what was then considered to be a very high level of $8 a barrel for crude oil while those relying on western Canada would get theirs for $4. So at the insistence of Mr. Robert Stanfield, the Hon. Robert Stanfield, the then leader of the opposition, and at the reluctance of the Prime Minister, a one-price crude oil system was brought into this country and an export tax was put on to capture that difference between the Canadian price and the American price.

The then minister of energy, Hon. Donald Macdonald, said to the producers: "Do not worry; we have put this export tax on, but it is our intention to give it back to you because it obviously belongs to you." Well, the bill for subsidizing the imports started to rise, so this very fair-minded person in the Liberal Party, Donald Macdonald, said on November 21, 1973: "Gee, we cannot give you the money. We need it for subsidization. We will split it with you, 50-50. We will keep 50 per cent to help subsidize imports and we will give 50 per cent back to the producers since it is obviously theirs." Six days later, between Christmas and New Year, when there was sure to be no press attention, the Hon. Donald Macdonald said: "I am sorry, we will keep it all".

It was from that point that the west-east battles, the federal-provincial battles in terms of western Canada, began. First, the federal government was quite willing to exploit a weaker region of the country in order to remain in power. Second, it was quite prepared to break its promises as quickly as it made them if it felt it could get away with that and it served its purposes. That export tax was going into subsidization of imports. In that way the west was making its more than fair share of contributions to a uniform energy price across the country.

• (1720)

That money was not enough. In the 1975 budget the then minister of finance, the hon. John Turner, said that we had to have an excise tax on gasoline to help pay for the imports of crude oil. Therefore, a nine cents a gallon tax was put on to help pay for imports.

Then along came the Minister of Energy, Mines and Resources (Mr. Lalonde) who said we are going to have a blended pricing system. He abuses the petroleum compensation charge, and he increased it illegally; I will get to that in a moment. He said that henceforth the moneys collected from the petroleum compensation charge would be used to pay for subsidizing imports.

What happened to the excise tax on gasoline and the export tax? Last year those two taxes amounted to $1,414 million.

Were they used to subsidize imports? No, they went into the general treasury. The consumers were already paying an excise tax and, indirectly, an export tax. On top of that, the petroleum compensation charge was collected in sufficient amounts to totally subsidize all imports.

In its very sneaky, dishonest, immoral manner the government put into general revenues taxes which were supposedly collected to maintain the one-point system. One can say so what, the government needs money. What bothers me more than the money is the downright dishonesty of the minister. I will give an example of what I mean. On March 23, 1982, in the Public Accounts Committee we heard testimony from the assistant deputy minister of energy, mines and resources, Mr. A. D. Hunt. These are his exact words:

> The petroleum compensation charge revenues are used to compensate domestic classes of petroleum—

That is, Syncrude.

> —as well as to pay compensation for imported oil.

Mr. Hunt, the assistant deputy minister, said that imported oil is fully compensated by the petroleum compensation charge. The Minister of Energy, Mines and Resources appeared on "Canada AM" on April 2, 1982, at 7.50 a.m. I suppose he thought no one would be listening who would catch him at his less than truth. He was asked by Miss Pamela Wallen:

> The taxpayers in this country pay more than $6 million a day to subsidize oil imports yet now, to solve a problem, we have to increase our exports?

The Minister of Energy, Mines and Resources replied:

> Now whatever we export is charged, there is a tax export charge and the revenues coming from that export charge help in reducing our cost for the imported oil.

That is an absolute falsehood. What the minister said over public television when Miss Wallen asked him an embarrassing question is absolutely untrue. Truth to this minister is whatever facts he happens to believe suit his political purposes. That is the truth as far as he is concerned.

The net result of all of his chicanery, all of these taxes and all of these broken promises, is that right now in Canada we pay over $2 a gallon for gasoline, $1.35 of which is taxes. Sixty-seven per cent of what we pay at the pump is taxes.

Mr. Blais: Mr. Speaker, I rise on a point of order. I am afraid the hon. gentleman has used unparliamentary language. I did not call it to your attention before because I wanted to be sure by reading Beauchesne and Erskine May. We are used to the hon. gentleman's diatribes and language that stretches propriety, as well as his allegations that are usually unfounded, misleading and, in my view, not worthy of this House. However, on three occasions in his speech he used the word "dishonest" applicable to members of this government, either present or past.

The use of that term is completely unparliamentary. I suggest that the hon. member not only abstain from using it, although he has used it on numerous occasions, but also withdraw his use of it in the recent past. In future he should refrain from using that term, in effect attempting to inflame public opinion in a very unparliamentary way.

The Acting Speaker (Mr. Ethier): Order. The minister is saying that the word "dishonest" is unparliamentary when addressed to a member. I did not hear that. I did not hear him say a certain member was dishonest. If that was said, it is the privilege of the member to request that the word be withdrawn. I did not hear the hon. member for Calgary Centre (Mr. Andre) call a particular member dishonest. The member can say that in his opinion the government acted in a dishonest way, but it is hard to ask that it be withdrawn if the words are not directed to a particular member.

[*Translation*]

Mr. Blais: On the same point of order, Mr. Speaker, I shall simply reserve the right to look at the blues and to inform the minister, because I understood the hon. member to use the term "dishonest". He used it two or three times in talking about the action taken by the Minister of Energy, Mines and Resources (Mr. Lalonde). I do not want to waste the time of the House, but I simply want to remind the hon. member that he is a parliamentarian and that he should respect the rules of this House.

[*English*]

Mr. Andre: I will have to examine the blues. I certainly do not want to use any unparliamentary language, but the thoughts behind those words are factual. If the sensitive Minister of Supply and Services (Mr. Blais) believes that the accusation is untrue, when he reads this I also ask him to read the statement made by the minister on "Canada AM" and I ask the minister to correct the wrongful information that he transmitted across the country. I ask him to be equally concerned about the truth as he is about the use of language in this House to try to describe the behaviour of the government of which he is part. He accuses me of inflaming. Unless there is some recognition soon by himself and by what the Prime Minister has called the "trained donkeys on the bankbenches of the Liberal Party"—and, by the way, that is a quote from his book, so hon. members opposite cannot accuse me of using unparliamentary language or being unkind; it is a quote from Pierre Elliott Trudeau's book—of what is happening and what hon. members opposite are doing by blindly—stupidly, I maintain—voting in favour of what the Minister of Energy, Mines and Resources keeps proposing to this House, they will leave carnage across the country.

• (1730)

It might be that the Minister of Supply and Services thinks I am being inflammatory, but 1,700 people were at a meeting of the Western Canada Concept in the Fraser Valley last night. Why were they there? They were there because of what I have just been talking about. They were there because of promises and deceits, dishonesty and statements by the minister that they know to be untrue. This continuous propaganda barrage through multimillion dollar advertising campaigns—

Mr. Blais: Mr. Speaker, I rise on the same point of order. If there was any doubt in Your Honour's mind prior to the last expressions used by the hon. gentleman, surely that doubt must now have been dissipated. The hon. gentleman has been in this House since 1972. I have observed him since that time—

Mr. Andre: And learned nothing.

Mr. Blais: —and the accusations he is making are made as if he were looking into a looking glass. I have heard him use hyperbole of the worst kind with the precise view in mind of exciting in western Canada the kind of behaviour which resulted in the meeting which took place last evening.

Some hon. Members: Order.

Some hon. Members: Hear, hear!

Mr. Andre: Mr. Speaker, the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall) informed me—and I hope I am not breaking a confidence—that there would be only one speaker for the Liberal party on this bill. There seems to be some pent-up need on the part of others to participate, and I welcome their participation. If the minister would like to give a speech on this bill, I hope he will read the bill first because, if he did, he might be a little less critical of the remarks I have been making. He would be less critical if he was aware of the issues. However, if he feels a need to speak, I certainly hope he takes advantage of the opportunity the House of Commons provides. If he feels his speech would contribute to a reduction in the feelings of frustration, anger and rage which cause people in the hundreds and thousands in western Canada to look at separatism as an answer, and if he can allay their concerns and cause those meetings to decrease in number, then I would welcome that speech. I sincerely would, but I am afraid that is not likely to occur.

So far the only answer from the government is an advertising campaign which brings more people out to such meetings. They know why they are angry, and when they see ads on television with geese flying into the sunset and the government saying "We have to inform you", the implication is: "Look, you dummies out there, you don't know what is going on. If you watch these ads, they will make you know what is going on, and then you won't want to join the WCC." The $70 million the government is spending on advertising is not just money down the drain; it is contributing to the membership of the WCC, but the government does not seem to understand.

There were marvellous promises made. There was no way the party opposite would allow an 18 cents tax increase. Hon. members opposite said: "Vote Liberal and we will keep the price of gasoline down". Vote Liberal and pay more than $2 a gallon for gasoline. We pay $1.35 in taxes alone. We have to listen to the minister say he is keeping our prices below the world level. What do we have to do to get a minister to tell us the truth? Can we expect truth out of our national government?

Mr. Kelly: Can we expect it from you, Harvie?

Mr. Andre: This is what causes people to think that perhaps the WCC is the only alternative, and that is the tragedy.

Mr. Kelly: Get out of the gutter.

Mr. Andre: Let me tell hon. members about the competence of this government which fills us full of hope. Item two of the long list of taxes attached to this bill is a transportation fuel recovery charge. Let us remember that all this is to help Canadian consumers! Canadian consumers are going to pay less than world price! Let me read from the Vancouver *Province* of Sunday, April 11, 1982:

> A special tax imposed by the federal government on diesel oil burned by Canadian ships engaged in international trade has raised the cost of fuel well above the prevailing U.S. price, the Council of Marine Carriers claims.

I suppose that is propaganda designed to enrage and inflame feelings of separatism, according to the hon. member who was mouthing off and is now silent. I suppose that is what that is all about. We are protected from the world price unless, of course, we happen to drive cars and need gasoline or if we happen to have ships which burn diesel fuel.

Mr. Kelly: This garbage passes for insight out west, but not here.

Mr. Andre: I referred to automobiles and ships. What about aircraft? Let us see what the geniuses and marvellous people who bring us "cheap energy" are doing in relation to aircraft fuel. According to the *Edmonton Journal* of April 11, 1982:

> Canadian airline and oil industry officials are shaking their heads in disbelief at a complex new fuel tax system now being proposed by the federal government.
>
> A direct tax on aviation fuel used for international flights has been withdrawn following complaints by other countries that the tax violated bilateral air agreements.

What we are asked to approve in Bill C-103 is a tax the government cannot impose because it violates International Air Transport Association agreements. However, the government has collected it, so we now have to pass a law to legalize a tax collected previously which the government was not allowed to collect. Can hon. members believe that? And the government says "Vote for us and we will keep prices down"!

Let me quote from this article again:

> "I think they (federal officials) are out of their minds," said Gordon Lindsay of the Air Transport Association of Canada.
>
> "This is the most complex thing I've ever seen pulled on a tax."

The article goes on with equally complimentary comments about the competence of this government, to which those—to use the description of the Prime Minister—"trained donkeys" say, "Aye, sir, aye, we approve; we think you are wonderful and doing just a great job."

Mr. Smith: Thanks, Harv.

Mr. Cousineau: Don't be so generous.

Mr. Andre: Then the petroleum compensation charge is a dandy. That was brought in originally to set up a special fund to subsidize Syncrude production to domestic levels. We passed an act in this House, with relative dispatch, which provided that there shall be collected on every barrel of oil in Canada sufficient funds to subsidize the Syncrude price down to world levels, or production from any other tar sands plants which might come along. It was somewhat like unemployment insurance. It was a special fund. It did not go into consolidated revenue. It was not a tax. It was not preceded by a Ways and Means motion, which would have been required if it was a tax. It was a special fund to take care of the Syncrude situation, which arose out of an agreement between various provinces and others which participated. The government decided to raise more money to subsidize imports. It was not getting enough from the export tax. An excise tax could have done it, but in the election campaign the Liberal Party made a big thing about excise taxes, so it could not use excise taxes. The government had to invent a new tax. It has the same effect. It still hurts when you pay it out of your jeans when you buy gasoline, but the government would not use the horrible words "excise tax." It was the petroleum compensation charge. One of the geniuses—one of the "Tanzanianizers"—in the Department of Energy, Mines and Resources discovered that perhaps the government could use this petroleum compensation charge. Lo and behold, on July 10, 1980, the minister comes tramping in and lays down a piece of paper, saying: "This is a notice of ways and means; effective midnight tonight you will now pay more for the petroleum compensation charge".

• (1740)

I raised a point of order and asked: "How can you do that? How can you just lay down a piece of paper and suddenly start collecting money, since the bill you purport to amend by that ways and means motion was not a tax bill in the first instance but a special fund?" Madam Speaker said: "That is a legal problem; I cannot deal with it, sorry."

We then sought legal counsel and were told: "You are right, it is illegal; they are not supposed to do that". We asked: "How much would it cost to pursue this?" The reply was: "About $200,000." We just do not happen to have $200,000 to spare in order to require the government to keep the law. That is all we are asking—that the government obey the law.

Finally, in Bill C-103 the government is trying to catch up and make legal what is illegal. This time it introduced a notice of Ways and Means, and so suddenly something that was not a tax is defined as a tax. How that magic transformation occurred I have no idea. I asked legal counsel for the Minister of Energy, Mines and Resources, Mr. Elwood, how that could be. He replied; "Just because there is a procedural imperfection, that does not mean it is not a tax." Just because there is a procedural imperfection? It is as if he were saying: "Look, you turkey, you Member of Parliament, you are just a sausage factory. You are supposed to spit out whatever we geniuses decide. You should not be asking us to obey all of these little procedural niceties in the House of Commons." That is simply unbelievable, Mr. Speaker. And we are supposed to live in a parliamentary democracy!

I recommend that members examine a letter I received from the Standing Committee on Regulations and Other Statutory Instruments which is signed by the two chairmen, Senator John Godfrey, a Liberal, and the Hon. Perrin Beatty, a Conservative. It states that the government is currently breaking the law in regard to the export tax, that it is collecting more than it is authorized to collect by law. What do you do with a government that refuses to obey the law, Mr. Speaker? Some people feel that you must go to Western Canada Concept meetings. Unfortunately, that is what they feel. Is that not sad?

This business about the petroleum compensation charge has not stopped yet. The government collects the equivalent of 24 cents per gallon now, or about $3 billion per year. Now it wants us to give it authority to allow that to be raised to $7.5 billion per year without having to ask the House for permission.

An hon. Member: How much is that per gallon?

Mr. Andre: That is 48 cents per gallon. The government wants us—not us, but the "trained donkeys"—to turn over to the executive the right to levy taxes of up to 48 cents per gallon. That is almost a victory, Mr. Speaker. I am almost smiling about it because in the original version of Bill C-94—

An hon. Member: Bill C-98.

Mr. Andre: Well, on this one they were asking for authority to raise 70 cents per gallon. The minister says: "Ah, but this is just to subsidize imports and will not be abused." I would remind him of what one of his predecessors, Mr. Macdonald, said about the export tax. He said that it would be used for import subsidization. But not any more, Mr. Speaker; it is for another purpose. I would remind him of what the Hon. John Turner said about the excise tax on gasoline. In his budget of 1975 he said that it would be used for import subsidization. Where is it going now? It is going into other revenues.

The minister stands up and says: "Don't worry about that 48 cents per gallon, about that $7.5 billion. We won't abuse it; we will just use it for import subsidization." To that I say: "Listen, when two of your predecessors gave us a line like that and then had it flipped around, why in blazes would we believe you now?"—unless, of course, one was a trained donkey.

It is absurd that we are asked to give the government authority to collect that kind of tax without ever having to come back to this House. It is an incredible principle that we should be asked to turn over to the Crown the authority to raise taxes at will without ever getting the approval of Parliament. That bears no resemblance to parliamentary democracy; it bears a closer resemblance to a dictatorship.

Related to that and just as offensive is this Canadian ownership charge. That is a sneaky little deal, another sneaky little tax which amounts to four cents per gallon or $800 million per year. It is being used to pay off the purchase of

Petrofina. Petrofina is a company whose shares were trading at about $40 until some people who were lucky, or got to know somebody, bid them up to about $80. Then along came Petro-Canada and paid $120 per share for them. I would like to know who those people were who bid them up from $40 to $80. In the early summer of 1980 they were worth $40. At that time a few other oil companies were trading around that price but they are trading around $20 now. We can fairly say, therefore, that had Petro-Canada not bought Petrofina for $120 per share, one could probably buy a share today for about $20 or $25. The government only paid about four or five times what the market shows the company is worth.

That is not declared in the blue books and the estimates in a way that might alert the public to what is happening so that people could make a judgment. The government does not want to have people looking at the record, apparently. It does not want spending to go up because it wants the minister to be able to claim that it is holding expenditures down. So this sneaky little Canadian ownership charge is created in a sneaky little account which is outside the regular government accounts and the money pours in. That means that the minister or his appointees at Petro-Canada have $800 million per year to play with and buy companies.

What a joy that is! What a great job they have! We do not know what they are paid. We do know that some get free mortgages, such as Mr. Phelps, if they happen to work for the minister and we know that his salary is augmented. But we do not know what all these people are being paid. All we know is that every time we fill up our automobile tank at the pump, four cents per gallon goes into a little pot for them to play with. Apparently we do not have any right to know; we are only Members of Parliament elected by the citizens of Canada and that does not give us any right to ask questions about how $800 million per year is being spent or should be spent.

That $800 million is almost a victory, Mr. Speaker, because originally the minister asked for the authority to raise the amount to $4.5 billion a year. He wanted to be able to add 28 cents per gallon on his own say so as a tax to be used by him and his Crown corporations, Petro-Canada or others. He wants the authority to create a whole bunch of others in order to buy whatever he wants. Well, a lot of people made money on those Petrofina shares. You can imagine how many wealthy speculators there would be if the same people had $4.5 billion a year to spend buying up whatever they can. Mr. Speaker, it is absolutely immmoral, improper, dishonest, and only a trained donkey would vote for it.

• (1750)

Then there is the special compensation charge which was thought up by the genius who wants to Tanzanianize Canadians. It is exactly the same as the petroleum compensation charge, but they had to call it "special" because the minister was playing his political games. When there was a cutback in Alberta's production he called it the Lougheed levy; the rest of the country called it the Lalonde levy. It was a gimmick, but it has been collected and, even though it has come and gone, here we are six months later being asked to legalize something which was illegally put in place and which no longer exists. What kind of trained donkey would allow himself to be abused that way?

Finally, Mr. Speaker, we have the petroleum compensation payments, the spending part of the petroleum compensation charge. They are collecting now in the vicinity of $3 billion; that is, 24 cents a gallon at the pump. Talking about cooking the books and everything else, that item is listed in the blue books as a negative expenditure. Can you believe that? How do you get government spending to decrease, because each year the number gets bigger? Last year it was up 22 per cent. What you do is invent a negative expenditure which results in it being up only 16 per cent. That is what they have done with this!

In any event, we are taking 24 cents a gallon from every Canadian who buys gasoline, heating oil or diesel fuel and that money is being used to subsidize oil imported from Mexico, Venezuela and Saudi Arabia. At the same time non-subsidized oil produced by Canadians is shut in to the extent of 300,000 barrels a day because of this program to subsidize imports. We are subsidizing Pemex and Aramco while Canadian producers—western Canadians I admit, but Canadian producers—are shut in. It is costing one company, Oakwood Petroleums, 100 per cent Canadian owned, a million dollars a month.

When we ask the minister about that, he says: "Well, I am asking them to cut back." This shut-in production, Mr. Speaker, means hundreds of small service companies owned by Canadians do not have any work. You do not need to service a well which is not working. They are going bankrupt left, right and centre. The smart ones left for the United States last year, but the minister says he is proud of his National Energy Program because it is Canadianizing the oil and gas industry. Well, those who are still here are card carrying members of the WCC; they consider Canadianization a dirty word. That is sad, Mr. Speaker. It should be a marvellous word; it should fill us full of enthusiasm and we should be driving towards majority Canadian ownership and giving these junior Canadian companies the opportunity to participate in this tremendous growth. But in the incompetent and stupid way this program is being administered, these people are being driven out of business.

I have not mentioned, Mr. Speaker, what that 300,000 barrels of shut-in production are costing the Canadian economy. It costs us what, $20 million a day to import that same amount. We have to borrow that money so we have to keep our interest rate higher than the United States. What does that do to the dollar? Has it raised our inflation and interest rates by 1 per cent or 2 per cent? It is pretty hard to tell, but it has for sure raised both. Yet these people will still vote for that program and say to the minister he is doing a good job, even though he has driven hundreds of businesses into bankruptcy, even though consumers are unnecessarily paying 24 cents a gallon for gasoline, heating oil and diesel fuel. All this despite the fact the minister's own officials—the smart ones, not the Tanzanianizers—are telling him it is a disaster, change it. But

he says: "Oh no, you do not change things; that means recognizing we may have made a mistake. I cannot do that, there might be some political cost. Why should I admit a mistake and get egg on my face just because there happens to be a few hundred companies going out of business in western Canada?"

Mr. Waddell: Why don't you say something positive so they will think that western Canadian politicians might have something to say occasionally? Then maybe they would listen.

Mr. Andre: The NDP member wants me to say something positive.

Mr. Waddell: Right.

Mr. Andre: We know that as the little red rump of the Liberal Party, this hurts him as much as it hurts them. The only positive thing I can say about this is to plead with you to defeat this legislation and serve Canada well.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Smith: I rise on a point of order, Mr. Speaker. It would appear that due to a typographical error in the instructions which the Table has received, Bill C-108 was called rather than Bill C-103. I would seek the unanimous consent of the House that the debate which has occurred so far on this bill be deemed to have applied to Bill C-103 rather than Bill C-108.

The Acting Speaker (Mr. Ethier): Is it agreed that Bill C-103 will be deemed to have been introduced, rather than Bill C-108?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

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

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

HOUSE OF COMMONS

Thursday, April 22, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

SUGGESTED EXPANSION OF COMMITTEE'S REFERENCE—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the headlong rush to Canadianize the oil industry and indeed somehow every other industry in the country has resulted in a massive outflow of Canadian capital to the United States and elsewhere. This capital outflow has caused massive foreign borrowing at rates running as high as 2.5 per cent and today 5 per cent above American rates. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House directs that while the Standing Committee on Finance, Trade and Economic Affairs is studying the profits and interest concerns of banks, the reference be extended to include an examination of how the National Energy Program, the Foreign Investment Review Agency and the bills now before the House that militate against foreign investment have contributed to the excessively high interest rates in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL UNITY

EFFECT OF CENTRALIST POLICIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas the Minister of Energy, Mines and Resources has again been publicly blaming the rise in western separatist sentiment on unspecified western politicians, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That, bearing in mind that there are none so blind as those who will not see, the Liberal government re-examine its centralist policies especially as they relate to energy, budgetary measures and the pursuit of socialist doctrines, to find out the real root cause of western alienation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL DEFENCE

STATEMENTS MADE BY UNITED STATES AMBASSADOR TO CANADA—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On Saturday in Vancouver, and in Calgary on Monday, the United States Ambassador to Canada, Mr. Paul Robinson, in public addresses called on the Canadian government to buy warships, send another brigade of Canadian troops to Europe, purchase missiles for the F-18 fighter aircraft, and increase this country's defence budget beyond the 18 per cent per year planned for the next two years. This is unsolicited advice on the spending of taxpayers' money and a clear interference in Canadian affairs and policy making by the representative of the United States government. In light of the government's investigation of Sir John Ford's mild comments last year on the Constitution, comments that were not even made in public, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House condemns the direct interference in Canadian affairs by the U.S. Ambassador and calls on the Secretary of State for External Affairs to ask the ambassador for an explanation of his behaviour and public remarks in Vancouver and Calgary, and that he protest to Washington this interference in Canadian affairs by its envoy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR ESTABLISHMENT OF NATIONAL POTATO MARKETING BOARD—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that the potato producers of Ontario and in my riding of Grey-Simcoe are undergoing very difficult financial times, mainly because they have had their product undercut below cost by almost 50 per cent due to the dumping of

potatoes in Ontario by the maritime potato producing provinces, mainly Prince Edward Island, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That Agriculture Canada take all necessary steps to establish a national potato marketing board to assure potato producers across Canada of a just and adequate return on their investment and at the same time guarantee consumers a continuing supply at a fair and just cost.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

BANKS AND BANKING

PENALTIES IMPOSED FOR PREPAYMENT OF MORTGAGES—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that most banks and financial institutions impose substantive penalties for the early retirement or prepayment of mortgages and short-term loans, and in light of the fact that this constitutes usury of the highest sort in today's financial climate, I therefore move, seconded by the hon. member for Hamilton West (Mr. Hudecki):

That the Minister of Finance immediately undertake such legislative or regulatory action as may be necessary to remove or restrain substantively the imposition of penalties for the retirement or prepayment of home mortgages and short-term loans by banks and financial institutions.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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KENT ROYAL COMMISSION

IMPLEMENTATION OF RECOMMENDATIONS—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Kent commission recommendations on newspapers are long overdue, and while the government drags its heels while more and more papers fall into fewer and fewer corporate hands; whereas Commissioner Kent indicated a need to limit the concentration of newspaper ownership but his proposals have so far fallen on deaf ears; whereas the public was invited to the original hearings but newspaper publishers, the group with a vested interest in seeing the Kent commission sabotaged, have met with government officials on several occasions to discuss the recommendations; I therefore move, seconded by the hon. member for Skeena (Mr. Fulton):

That the minister of multiculturalism allow more public input into the Kent commission process, and that the government stop dragging its heels and get the Kent commission proposals before the public as soon as possible.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, whereas on Monday last the Prime Minister (Mr. Trudeau) was in Vancouver, and on Tuesday separatists held a meeting in the Lower Mainland attended by at least 1,500 people, the largest crowd attracted by the WCC to date, I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That the Prime Minister stay away from British Columbia as his every visit adds high priced Liberal gasoline to an already hot separatist fire.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CORN COMPETITIVE FORMULA PRICING ARRANGEMENT—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, it has been reported that it could cost the government $100 million a year to subsidize the domestic price of barley in eastern Canada under the corn competitive pricing formula. Recognizing that this subsidy is totally unnecessary since other programs already exist to move subsidized feed grains into this region, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the Minister of Agriculture immediately abolish the corn competitive formula pricing arrangement and allow feed grains sold in Canada to be priced at the going export rate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

TRANSPORT

USE OF FUNDS FOR BRITISH COLUMBIA FERRY ROUTES—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity which I am sure the Minister of Transport would want to support. In view of the fact that in April, 1977, the B.C. Subsidy agreement for replacement ferry service was signed between Ottawa and British Columbia, and in view of the fact some $45 million has been given to British Columbia in these past five years under the agreement, and since the member of the provincial legislature for Prince Rupert, Mr. Graham Lea, was refused the right to an emergency debate on the continuation of the agreement by the Socreds earlier today in Victoria, despite rumours that these funds are to be diverted to Pier B.C. and B.C. Place, I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That this House call on the Minister of Transport to intervene in this matter and renegotiate the agreement, providing all particulars to the transport committee, and ensure that these funds are spent on northern B.C. routes as they were originally intended, keeping in mind, of course, that B.C. received only $11 million last year, while the east coast received $128 million.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

Madam Speaker: The hon. member for Perth.

Hon. Bill Jarvis (Perth): Madam Speaker, the hon. member for Etobicoke Centre and I have questions for the Minister of Industry, Trade and Commerce, who, I understand, is on his way to the chamber. Perhaps you might recognize us later in question period.

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• (1415)

ADMINISTRATION OF JUSTICE

RELEASE OF MATERIAL RECOMMENDED BY McDONALD ROYAL COMMISSION

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I have a question for the Solicitor General who is just taking his seat. Since we must assume the Solicitor General is aware of the recommendation in the McDonald commission report, even those which have so far not been published, and can also assume that the Solicitor General is aware that one of those recommendations which is still not published which states that those who were involved in Operation Ham should have available to them all material that would help them in the preparation of their defence, and bearing in mind that one of the officers is now on trial, is the Solicitor General planning to release this material?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, one of the hon. members opposite recently issued a press release in which he commented on McDonald's reference to this background material which should be made available. I checked that and discovered on reading it—and the hon. member should have been able to discover it himself as well—that the reference was to material which was not public at the time that the third McDonald commission report was prepared, and which is now public. In other words, the material which the McDonald commission recommended be made public was in fact made public, is public, and is available for the use of the accused in that trial now going on in the province of Quebec.

EXTENT OF RELEASE

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, is the Solicitor General suggesting to me that all the material connected with the McDonald commission has been released, or is there a great deal of it being withheld because it would place some of his colleagues, past and present, in great difficulty—perhaps with the law—but certainly with Parliament for having evaded responsibilities which are manifestly theirs?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the McDonald commission report was edited—

Mr. Munro (Esquimalt-Saanich): Edited?

Mr. Kaplan: —and it was edited with the concurrence of the commissioners to delete matters which dealt with national security and international relations. But the reference which the McDonald commission itself made for giving material to members of the force, was to this background material, and what the McDonald commission was referring to was Part V, Chapter 3, of the second report. Part V, Chapter 3 of the second report has been made public. The recommendation which the McDonald commission made for giving access to material to accused members of the force has been fully implemented.

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AGRICULTURE

STATUS OF CANADA-NOVA SCOTIA AGRICULTURAL DEVELOPMENT AGREEMENT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Agriculture. I gave the minister notice over the noon hour of my intention to ask this question. I hope he got the letter. It was very short notice, but I know the minister is aware of the issue. What is

the present status of the Canada-Nova Scotia agricultural development agreement which has been in limbo now for almost a year and a half? The minister's own officials advised Nova Scotia agricultural officials that the agreement had to be processed by many federal officials before it came to the minister to be presented to the cabinet. Can the minister tell us where it is at the present time?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, it has received, as the hon. member stated, very serious consideration. One of the big problems, of which I am sure the hon. member is aware, is the priority the province of Nova Scotia gives to agriculture. It was number three on its ratings list for the cost-shared programs of the federal government and the province. I think part of that problem has been rectified. We hope to present something to the province of Nova Scotia in the not too distant future. There are still discussions going on and we hope it is going to be the kind of program which the province wants.

Mr. Nowlan: Madam Speaker, I thank the minister in part for a part answer.

STEPS IN PROCESSING AGREEMENT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I am really trying to find out what priority the Government of Canada has in agriculture for Nova Scotia. The province has done its work. As I understand it, the minister's own officials said that the matter has to go through senior management of Agriculture Canada, then to deputies of the Department of Agriculture, and then be presented to the economic and regional development committee. We appreciate that with the re-organization of cabinet this has caused delay. Specifically, can the minister tell us whether the matter has gone through those different levels of senior management of agriculture and/or cleared the deputy ministers, and has the minister finally presented it to the responsible committee for approval?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member is partly right again. First, the matter goes through the minister's office for approval. I approved the program for discussion some time ago. That is where it is at at the present time. I hope it will be in its final discussion stages in the not too distant future so we can present it. I realize it is an important program but, as I said earlier, if the province of Nova Scotia had given it top priority, as we give agriculture top priority in Canada, it would have been approved. For instance, the one for New Brunswick is ready for approval right now because that province gave it top priority.

• (1420)

THE ECONOMY

EFFECT OF HIGH INTEREST RATES ON INFLATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of State for Finance. He will know that the recent report of the Conference Board of Canada indicated that, as a result of the high interest rate policy of the federal government, rates of unemployment will continue to increase, consumer spending will decrease, and business investment will continue to decrease in Canada for the rest of 1982, well into 1983, and perhaps beyond that. Is the government's high interest rate policy intended eventually to reduce the rate of inflation in the country?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I may remind the hon. member that the views expressed by the Conference Board are a little more complex than the simplified version he had to give because of the nature of the question period. Furthermore, the government is not pursuing a high interest rate policy; the hon. member should understand that interest rates in Canada are high because of very strong inflationary pressures. In addition, as a result of the dependence of our economy on the economies of our trading partners, high interest rates prevailing elsewhere affect our economy as well. If the hon. member supports the government's anti-inflationary policy and inflationary pressures continue to decline, he will find the Conference Board agreeing that interest rates will go down. Another conclusion is that this year will be seen as a period of transition to 1983, when an upswing in investment is expected, with more jobs and thus a drop in the unemployment rate.

An hon. Member: Hear, hear!

[*English*]

QUERY RESPECTING POSSIBLE EFFECT OF INCREASED PRODUCTIVITY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, on a number of occasions the Minister of Finance has indicated that the present monetary policy pursued by the government is intended to be a major step in the fight against inflation. If inflation is defined as when there are too many dollars chasing too few products, or when spending increases more rapidly than production, would the minister agree that while Canada and other nations have been attempting to reduce inflation by reducing spending, another approach to combating inflation would be to increase significantly the amount of production in the country?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in his first question the hon. member referred specifically to the Conference Board, and I am going to refer him to the Conference Board. There he will find the

answer to his question, since the Board is advising the government to maintain its policy of restraint as expressed in the fiscal plan set forth in the budget, and it is by maintaining the restrictions in the government's fiscal plan that the fight against inflation can be made yet more effective so that it will remove uncertainty among investors, thus increasing investment and creating jobs and consequently bringing about a drop in both the unemployment rate and our interest rates.

[*English*]

IMPACT OF FOREIGN CORPORATIONS

Mr. Nelson A. Riis (Kamploops-Shuswap): Madam Speaker, despite the minister's response and his continual reference to the Conference Board of Canada, while other countries are pursuing a monetary policy in their efforts to reduce inflation a country such as Canada has another alternative, and that is to increase production in the country. Why is the government not taking immediate steps to reduce the idle capacity in our economy which currently stands at 25 per cent, and refusing to require corporations like Toyota and Honda to source and assemble automobiles which they sell in the country, right here in Canada?

• (1425)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, as far as the question about negotiations with other countries on automobile manufacturing is concerned, the minister responsible for International Trade is always available to answer this type of question. Regarding the general economic situation and our production capacity, I have already made it clear to the hon. member that as long as we have a climate of uncertainty which is, in fact, caused by high interest rates, investment will drop and consumer spending and consumer demand will drop as well, so that idle production capacity is due to this climate of uncertainty. If we really want consumer demand to pick up, we must get rid of the uncertainty caused by high inflation rates.

* * *

[*English*]

DISASTERS

SINKING OF "OCEAN RANGER"—INVESTIGATION BY UNITED STATES AUTHORITIES

Mr. Doug Lewis (Simcoe-North): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. The minister will know that my colleagues from Newfoundland and Nova Scotia have continually questioned the government with respect to the *Ocean Ranger* tragedy. Last evening, nine weeks from the date of the tragedy, Canadians watched a television news report from the United States covering the U.S. Coast Guard hearings in Boston. This House welcomes their concern, but I suggest to the minister that Canadians find it offensive that Americans have acted promptly to determine why so many Canadians lost their lives when the Canadian inquiry will not even start until October. Does the minister not find that delay to be unconscionable and offensive?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government of Newfoundland and the Government of Canada have set up a joint royal commission to investigate this tragedy. This has been agreed to by both governments and supported by all parties in this House. The royal commission is chaired by the Chief Justice of Newfoundland, accompanied by five prominent Newfoundlanders. At the present time the commission is at work gathering information and conducting studies. As a matter of fact one member of the commission is present at the hearings in Boston. I would suggest to my hon. friend that it is not appropriate to ask me to reflect upon the members of such a prominent commission.

CANADA-UNITED STATES CO-OPERATION

Mr. Doug Lewis (Simcoe-North): Madam Speaker, while Canadians are obtaining offices and hiring staff, the Americans have been able to get their inquiry under way. Was there ever any attempt to hold a joint inquiry with the U.S. Coast Guard so this matter could be acted upon immediately, since there will be lives at risk at sea next winter and the commission will not even be off the ground?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first, it has been determined that there will be full co-operation between the Canadian and the United States governments in this regard. Any information that we have is accessible to our American friends, and vice versa. As far as the internal investigation by the American Coastguard is concerned, it is being followed very closely and, obviously, when it comes up with recommendations they will be public and it will be up to the government to make sure that those recommendations which we find acceptable are put into effect without having to wait for the report from the royal commission. But again, our royal commission is one with a broad mandate and it wants to carry out a very full investigation, not only of the *Ocean Ranger* tragedy but also of practices aboard drilling rigs and platforms offshore. I think we should give that commission the necessary time to do its work.

SEARCH AND RESCUE—PETITION FOR BETTER SERVICE IN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a supplementary question to the Minister of National Defence. The minister will know that the joint inquiry will not get under way until October. According to press reports it may be three to four years before it reports. The minister will also know that yesterday in the House, a petition bearing 72,000 names was presented asking for

increased search and rescue capabilities in Newfoundland, specifically two search and rescue vessels to serve the offshore and fixed wing aircraft support for rescue helicopters. Is the minister, on behalf of the government, prepared to act now before more lives are lost?

Hon. J. Gilles Lamontagne (Minister of Defence): Madam Speaker, I read the petition tabled by the hon. member yesterday very carefully, I note that it was signed by some 72,00 Newfoundlanders who want to see improvements to search and rescue capabilities in Newfoundland. I can assure you that we have examined its intent already. My department is currently re-evaluating all the dispersement of our search and rescue capabilities on the east coast with the view to determining how we may improve the search and rescue capability in Newfoundland, without unduly depriving other areas of Canada due to the displacement of helicopters and fixed wing aircraft stationed there. I assure the hon. member that we are looking into it as we have much concern for their petition and we do want to see this matter resolved.

• (1430)

REQUEST THAT FIXED WING AIRCRAFT BE STATIONED IN EASTERN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, would the minister now give the House an assurance that the necessary navigational equipment, specifically radar equipment, is being placed on the three rescue helicopters in Newfoundland? They do not have that equipment at the present time. Will he also give the House an assurance that fixed wing aircraft will be stationed in eastern Newfoundland at all times in order to maximize the effectiveness of the helicopters and provide some element of protection for offshore workers and fishermen?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I cannot assure the hon. member that there will be fixed wing aircraft in Newfoundland. I think we must first consider the evaluation done by my department of the entire SAR program to ensure that we do not deprive on area, and further that we do not cause shortfalls in other areas on the east coast. However, as far as equipment is concerned, I have mentioned it to the hon. member, in fact I wrote to him about it, and I believe there was what we call a late show on the subject, as well, when we gave him some additional details with respect to this matter. All of our helicopters are being updated with our SARCUP program. At the moment we are spending over $26 million. As far as the long-range radar improvement to instrumentation is concerned, this will be carried out. I will do what is possible to see that Newfoundland is equipped with one of these new helicopters, at least by the end of this summer.

AUTOMOTIVE INDUSTRY

EFFECT OF BUDGET PROVISIONS

Hon. Bill Jarvis (Perth): Madam Speaker, I am now advised that the Minister of Industry, Trade and Commerce will not be in the House today, and I therefore direct my question to the Minister of State for Small Businesses and Tourism. During the period in which last November's budget was being prepared I am sure it was evident to the Department of Industry, Trade and Commerce that the Canadian automobile industry was heading into its third consecutive year of reduced sales, because there had already been many thousands of automobile workers laid off even prior to that November budget.

Can the Minister of State for Small Businesses and Tourism advise us whether the Minister of Finance was aware that the budget's provisions, which would adversely affect an already severely depressed industry, could not be borne by that industry without adding many more thousands of automobile workers to the jobless list?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I think it is too easy to set up a cause-and-effect relationship between the budget and reduced sales of cars produced in Canada. I think the problem is a much broader one, namely, the state of the Canadian economy, and that because of high inflation and the general economic slowdown, Canadian consumers are buying fewer cars than they did in the past. Therefore, Madam Speaker, I think it is a bit simplistic to establish a causal relationship between the budget and the problems of the automobile industry.

[*English*]

ESTIMATED LOSS OF SALES

Hon. Bill Jarvis (Perth): Maybe I could help the minister with that causal relationship, because the government took an already depressed industry and clobbered it with the capital cost allowance provisions in the budget.

The Minister of State for Small Businesses and Tourism will be well aware of the thousands of lost sales and thousands of lost jobs, because the head of one car rental firm alone said that with respect to his industry 50,000 new vehicles would not be purchased because of the budget provisions, and that is just the car rental industry. Added to that, of course, are the fleet purchases and the individual purchasers of cars who take advantage of capital cost allowance. Now, instead of buying new cars, those lessees under contract are extending existing leases on old vehicles.

Having regard to the capacity of the Department of Industry, Trade and Commerce to monitor the automobile industry, can the minister give us his estimate of the loss of new car and truck sales which is directly attributable to last November's budget provisions?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I do not have that information.

[*English*]

CAPITAL COST ALLOWANCES

Hon. Bill Jarvis (Perth): Madam Speaker, I would like to ask a final supplementary question. Yesterday, as the minister will be aware, the Minister of Finance made his fifth retreating announcement, that is, an announcement resulting in the thirty-second or thirty-third individual change to the budget. Having regard to the estimated 30,000 automobile workers directly employed by that industry who are now on permanent or temporary lay-off, and having regard to the additional 20,000 to 25,000 who are now jobless and who had been employed by dealerships across the country, I wonder if the Minister of State for Small Businesses and Tourism is in a position to advise us whether the capital cost allowance provisions of the budget are on the priority list for future budget changes. If they are not, I wonder if he could explain why they are not.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, it is not up to me to tell the House whether there will be budget changes and what those changes will be.

* * *

[*English*]

INDUSTRY

EFFECT OF BUDGET ON CONSTRUCTION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is supplementary to those of my colleague, the hon. member for Perth, directed to the Minister of State for Small Businesses and Tourism. The Canadian Construction Association has advised the government that the budget proposals relating to capital cost allowances have a particularly negative impact on the construction industry in comparison to most other industries. Since the industry is desperately suffering from the high interest rate policy of the government, and currently has some 153,000 people out of work, would the minister state whether he is concerned with this problem and, if so, whether he is likely to propose yet another budget change to the Minister of Finance?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I just said that it was not up to me to provide information on possible budget changes, since that is the responsibility of the Minister of Finance.

In his question, the hon. member implied that the capital cost allowance no longer exists. I would like to point out that in his November budget, the Minister of Finance actually extended the application of this allowance.

[*English*]

REASONS FOR GOVERNMENT POLICY

Hon. Michael Wilson (Etobicoke Centre): The minister obviously does not understand the problem because there is a very serious problem relating to this industry, particularly as a result of the budget. That was the answer I was expecting from the minister.

My supplementary question also concerns the construction industry. This industry will be bearing an additional tax load because of the changes in the sales tax from the manufacturing to the wholesale level. These sales taxes on the construction industry will not change, but will remain at 5 per cent, whereas other industries will see a reduction of one percentage point. Why is the government deliberately attacking this particular industry through the capital cost allowance changes and the sales tax changes, particularly when there are so many people in that industry who are out of work?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I do not really understand the hon. member's question, and I do not see why, in referring to the transfer of sales tax from the manufacturing to the wholesale level, the hon. member does not want Canadian goods to be treated the same as imported goods.

Mr. Baker (Nepean-Carleton): The minister does not understand!

* * *

[*English*]

EMPLOYMENT

NEGOTIATION OF AGREEMENTS WITH ONTARIO

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my questions are addressed to the Minister of Employment and Immigration. There have been rumours floating around northern Ontario that the minister is about to enter into an agreement with the province of Ontario for a temporary measure to alleviate unemployment being suffered by miners in northern Ontario. I want to ask the minister three questions, and the first is whether or not it is his intention to agree to extend the fisheries and forestries agreement, signed with the province of Ontario, to include unemployed miners? Has he been in negotiations with his opposite number in the province of Ontario, the minister of natural resources? If those negotiations have in fact been going on, how quickly will any recommendations be implemented?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I can confirm to the hon.

member for Kenora-Rainy River that the Minister of State for Mines and I have been holding discussions with officials of the government of Ontario concerning the extension of Section 38 provisions, relating to job creation, to the mining industry. We have reached a basic agreement that that industry could be covered under Section 38 funds. We are now developing specific projects and proposals which will be reviewed by provincial officials, officials from my ministry and from the mining industry. They will be announced in due course. We have received several very good applications which I think will be able to provide some relief in the unemployment situation to the mining industry. We will keep Members of Parliament informed as those individual projects are confirmed.

* * *

• (1440)

PETRO-CANADA

REQUEST THAT SHIPBUILDING CONTRACTS BE PLACED IN CANADA

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Petro-Canada television ads are urging Canadians to use PetroCan products because "It's Ours".

Some hon. Members: Hear, hear!

Mr. Reid (St. Catharines): Yet, here we are, with over 1,200,000 unemployed, while PetroCan continues to place orders offshore in foreign yards in amounts in excess of $200 million for drill rig construction.

Mr. Baker (Nepean-Carleton): Now clap.

Mr. Reid (St. Catharines): Press releases indicate that Husky Oil, a subsidiary of Nova, will be having three, perhaps four, offshore supply vessels built in Korea. Since we have in Canada both the capacity for ship and floating equipment construction, and the manpower to do the job, why are these jobs not done at home? Why do we let contracts slip out of our hands and place orders ourselves outside Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Petro-Canada has been very active in expanding the possibilities for Canadian industry to provide supplies for the oil and gas industry. For example, two service ships have been ordered from Marystown, Newfoundland, recently. An order was placed with Marine Industries in Sorel quite recently by Petro-Canada. There has also been an expansion at the Petro-Canada refinery in Montreal worth about $150 million. There are certainly many things that Petro-Canada is doing to encourage Canadian suppliers. At the same time, obviously, Canadian suppliers have to be competitive. Whenever orders can be placed with Canadian suppliers who are competitive and can meet delivery time, I am sure Petro-Canada will encourage Canadian manufacturers first.

Mr. Reid (St. Catharines): Madam Speaker, we well know that with the size of PetroCan, it is having some work done at home.

QUERY RESPECTING SUBSIDIES

Mr. Joe Reid (St. Catharines): Madam Speaker, my supplementary question is directed to the Minister of Transport. The marine industry estimates that $33 billion worth of work is to be done in floating equipment and ship vessel construction within the next ten years. What steps will the government or the minister's department take to ensure that Canadians get those jobs, not a PetroCan share but a fair share of that $33 billion? Will it go so far as to cut off subsidies for ship construction offshore?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I listened to the answer given by the Minister of Energy, Mines and Resources. I could almost say ditto to what he said. We, the ministers responsible for Crown corporations, are good Canadians. We do our job well. When we see a Crown company procuring material abroad, we intervene to find out if maximum efforts have been made to procure in Canada. It is only when we are convinced on matters of technology, delivery dates or things of that kind, are we satisfied that Canadians are not awarded contracts. That is the only way we can do it. There are other preoccupations, for example, building a port facility or a refinery on time. These must also be taken into account in the decision-making process.

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TRADE

CANADIAN LUMBER EXPORTS TO UNITED STATES

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is to the Minister of State for International Trade. Just two days ago the United States International Trade Commission filed its report on "Condition Relating To The Importation of Canadian Softwood Lumber Into The United States" with the U.S. Senate Committee on Finance, a topic of serious concern to our number one export industry. The report does not accuse Canada of subsidizing our lumber exports and is, in the view of most objective reviewers, both factually correct and fair.

My concern arises from the fact that a ranking member of the Senate Committee on Finance used his privileged access to this important report to issue a widely publicized statement which is, even according to American sources, a misrepresentation of the report's tone and content and is thus unfairly to Canada's interest. Will the minister comment on the report and advise this House what action he and his colleagues are taking to correct the misrepresentation being spread in the United States, and thereby protect Canada's legitimate interest?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, on April 19 the United States International Trade Commission made its report to the Senate Finance Committee. They have not commented on that report up to this time. They are now analysing it and possibly will comment in a couple of days.

REQUEST THAT MINISTER MAKE REPRESENTATIONS TO UNITED STATES

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, Senator Packwood, the senator I referred to, due to his privileged access to that report, even before parties which made major submissions to those hearings had a chance to get a copy, made statements totally at variance with the facts exemplified in the report. I urge the minister to get together with his colleagues, consult both industry and labour, and make some representations to the United States because Senator Packwood said he feels that, based on the study, the timber industry could petition the ITC and Department of Commerce for possible imposition of trade duties on Canadian lumber products sold in the United States.

I talked today with the IWA in Portland. They take a completely opposite view. So do the industry people to whom I have talked. Will the minister consult his colleagues and the industry and make immediate representations in an attempt to correct the mistaken impression now being so widely spread throughout the United States?

Hon. Ed Lumley (Minister of State (International Trade)): As the hon. member knows, Madam Speaker, we have been following these discussions very closely, in Ottawa, Washington, and on the west coast of the United States. The situation is well in hand as far as we are concerned. Because one senator has allegedly made a specific comment, I do not think that will have the dramatic effect the hon. member thinks it will have on the U.S. Senate Finance Committee or on the United States Special Trade Representative who is ultimately responsible to Congress and the administration for actions in this regard.

* * *

PIPELINES

ALASKA GAS PIPELINE—CONSTRUCTION OF YUKON SECTION

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. The minister knows that the Alaska gas pipeline project was to have been completed at the end of this year. He also knows it is not even started yet. There is some very disturbing news coming out of Alaska. For example, Senator Frank Murkowski now thinks that the project will be indefinitely delayed. My question to the minister is quite simple. When will this project start? When will construction of the Yukon section of the gas pipeline begin?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as soon as private enterprise in the United States has reached a satisfactory agreement with financial institutions. As my hon. colleague knows, the government of Canada has taken all the necessary steps to meet its commitments. The government of the United States has also taken steps to remove all legal and administrative obstacles to the project, and at the present time, everything depends on the promoters and financiers who are to put together a financing framework that will be acceptable to all parties, not only to distributors but also to the natural gas producers in Alaska.

[*English*]

PROVISION OF JOBS IN CANADA

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the minister advised us earlier that there are about 220,000 man-years of desperately needed work in connection with this project, work that would go to Canadians from coast to coast, work in construction and manufacturing in the steel industry. I asked this question not too long ago. I ask it again. What has happened to those iron-clad guarantees that this work would be made available to Canadians? Are we to take it from his earlier answer that the Government of Canada is leaving it completely in the hands of American financiers and not doing anything to get this project to proceed?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in my previous reply to the hon. member I already indicated that the Canadian government had taken every action it could be expected to take, and that furthermore, the government had made a number of representations to the American administration and Congress. As a result of Canadian pressure, Congress and the administration have taken all the necessary steps to provide for the realization of this project by the private sector in the United States. At present, the last stage is in the hands of the private sector.

* * *

• (1450)

[*English*]

CORPORATE AFFAIRS

INVESTIGATION OF CONSOLIDATED COMPUTERS INC.

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the President of the Treasury Board, who will recall that only a short while ago the House was startled to learn of a $125 million write-off that the government had to take with respect to Consolidated Computers Corporation. Would he indicate to what extent he has investigated this loss and when he will be tabling any report that may be available setting out what exactly went wrong in this debacle?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, anything the hon. member from York-Peel might say on this subject would be appreciated—since he had the problem on his desk during the whole time that he was president of the Treasury Board under a previous administration.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): It is there still, for two years now.

Mr. Johnston: Appropriate action is being taken, Madam Speaker.

GOVERNMENT GUARANTEE TO CANADAIR

Hon. Sinclair Stevens (York-Peel): Madam Speaker, this supplementary question is again to the President of the Treasury Board who must feel that our brief seven months in power are more significant than his two years in that office. Let me ask the President of the Treasury Board a further question, concerning Canadair, which as he knows has now been guaranteed, through this House, to the tune of $1,350 million. Can he assure the House that Canadair is viable, that a profit will be made, that the guarantee will not be called upon and, in any event, will he indicate whether he has checked with the Comptroller General of Canada who, only in August of 1980 indicated in a statement filed with the Standing Committee on Miscellaneous Estimates of this House that if Canadair was wound up at that time it could cost the government up to $400 million? Is that still the figure, or may we assume that it is much higher, now that we have increased the guarantee to $1,350 million?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I believe that hon. members opposite have had ample opportunities to question the minister responsible, the Minister of Industry, Trade and Commerce, on all matters relating to Canadair, and I suggest that the hon. member reserve his question for that minister in the committee.

* * *

AIRPORTS

MIRABEL—FUTURE OF EXPROPRIATED LAND

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Communications who is also responsible for reporting to this House on the Mirabel Airport peripheral lands. Yesterday he made a statement that he would have an answer in the first week of May on what is going to happen with that land. At the same time he denied that that land would be available to the farmers of the region. I would like the minister to explain to the House what the government's position is with regard to that land and with regard to the farmers who are still on that land?

Hon. Francis Fox (Minister of Communications): Madam Speaker, as the hon. member well knows, questions in this House should be directed to the minister responsible for a certain area. In the case of the peripheral lands at Mirabel, the minister responsible is the Minister of Public Works, to whom the Société immobilière du Canada, which administers those peripheral lands at Mirabel Airport, reports. Obviously the question should be directed to that minister, and the hon. member knows that pretty well. He is simply indulging in some cheap political exploitation.

Mr. Murphy: Madam Speaker, I would say that the cheap exploitation is of the farmers in that region. If you want the Minister of Public Works to answer the question, that is fine and dandy.

GOVERNMENT ACTION

Mr. Rod Murphy (Churchill): Would the hon. Minister of Public Works tell us what he is going to do for those farmers?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I was not in the House yesterday, so I did not hear that question. I assume that the hon. member is referring to an incident that took place recently concerning some farmers who had been renting lands from the company established by the Government of Canada. That is an issue that really stems from a legal relationship, a civil relationship between the residents in the area and an agency of the government. I assume that that matter is before the court and I would think that that is an appropriate forum for it.

* * *

AGRICULTURE

PROTECTION FOR FARMERS IN CASE OF GRAIN EMBARGO

Mr. Jack Murta (Lisgar): Madam Speaker, I would like to direct a question to the Minister of Transport in his capacity of answering questions for the minister responsible for the Wheat Board, and also since the relevant civil service body comes under his particular jurisdiction in connection with this question.

About two weeks ago the Secretary of State for External Affairs made a speech in Winnipeg in which he said that Canada is prepared to use food as a major foreign policy tool in its relations with other countries. Specifically, he went on to say that Canada would use grain embargos against countries threatening world peace. If this is the general policy of the government at this particular time, as enunciated by the Secretary of State for External Affairs, would the minister responsible for the Canadian Wheat Board indicate whether his group, the grains group within the Department of Industry, Trade and Commerce, or any other group, is giving any thought to putting a mechanism in place whereby the farmer will not be adversely affected if in fact the government moves in the direction of a grain embargo?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am too old and too experienced to try to answer this question without verifying first what it is that the Secretary of State for External Affairs said and what it is that the minister of state responsible for the Wheat Board said. It seems to me rather to confuse the situation by accepting the interpretation given by the member for Lisgar, because I have no indication, and I do not think there is an indication, that the government has been practising politics with the sale of grain in the post or in recent times.

CONTINGENCY PLANNING

Mr. Jack Murta (Lisgar): Madam Speaker, my question to the minister is not that the Canadian government has been practising politics in terms of grain sales. It is that if we find ourselves either forced to or willing to go along with a grain embargo imposed by some other countries, obviously the group of people most adversely affected are the producers. Since the Secretary of State for External Affairs has indicated that Canada would be prepared to use food as a political tool to go along with other countries, if in fact we should be requested to do so, is the government giving any consideration to putting in place a mechanism whereby the farmer himself would not be caught with falling world grain prices as happened some years ago?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, when it did happen, and I am talking about an embargo in the case of the Soviet Union, for example, the federal government was led at the time by the Right Hon. Leader of the Opposition and took the responsibility to compensate the farmers for what they had done for an overriding state objective of international policy. That promise, made by the then government, was honored by the government that came after it. However, may I take notice of the question and have a friendly discussion with the two other ministers mentioned and see if I can come up with a reasonable answer that will be satisfactory to the hon. member for Lisgar.

* * *

NUCLEAR ENERGY

PROPOSED DUMPING OF RADIOACTIVE SOIL IN ONTARIO

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. What is the status of the government's plans to dump radioactive soil at Base Borden?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, if I remember correctly, an injunction was requested by a number of citizens and subsequently granted by the court. The government has taken no further action and we are respecting the injunction.

[*English*]

FUTURE OF PROPOSAL

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, counsel for the Atomic Energy Control Board has indicated that he does not intend to contest the injuction. Is the minister saying that this decision was not made with his knowledge and consent, and is he saying to the House that the proposal to move the radioactive soil to Base Borden is still alive?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, counsel for the Atomic Energy Control Board has indicated that the government does not intend to contest this injunction, and that is the government's position as I said before.

* * *

[*English*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the report of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Wednesday, April 21, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

* * *

• (1500)

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, may I ask the government House leader what the order of business will be for the remainder of this week and as far as he can take us into next week?

Mr. Pinard: Madam Speaker, the business for this week and next week will be Bills C-103, C-108 and C-93.

[*Translation*]

Consequently, next week we shall continue the debate on the energy bills. There are two bills left, and we should be able to refer these to committee by the end of next week, at the latest. If debate is completed earlier, we shall resume the debate on second reading of Bill C-93, a measure to give the government authority to borrow funds.

[*English*]

Mr. Nielsen: Can the government House leader give us any indication when the next allotted day will be designated by the government?

Mr. Pinard: Madam Speaker, because of the House order dealing with the study at the second reading stage of the energy bills and the aspect of the time block involved, it is difficult, as the hon. member will understand, for me to state today that there will be or there will not be an allotted day next week; but I can assure my hon. colleague that if the government plans to have an allotted day next week, I will raise the matter with the hon. member first and give him sufficient notice.

Mr. Nielsen: I have one last question, Madam Speaker. We are prepared to give unanimous consent today to a reference to the Standing Committee on Justice and Legal Affairs of the matter which has been raised often by the hon. member for Vancouver Centre; that is, the matter of street soliciting for the purpose of prostitution, including Section 195.1 and Section 171 of the Criminal Code of Canada. Is the government prepared to bring forward that reference today? We are prepared to consent to its passage immediately without debate.

The second reference I understand the government might be prepared to move is one which would extend the life of the subcommittee on Latin American affairs. We are prepared to give our unanimous consent without debate to the extension of the life of that subcommittee as well.

Miss Jewett: Well, high time.

Mr. Pinard: Madam Speaker, on the first point raised by the hon. member for Yukon, we were ready to propose the reference to the Standing Committee on Justice and Legal Affairs. However, I had consultations and it seems it is too early for my colleague in the New Democratic Party to give his consent today, so we might have to come back later with this.

Some hon. Members: Shame.

Mr. Pinard: I am told that a member of the NDP is not ready to give his consent at this stage.

In so far as the second question is concerned, I welcome the offer made by the opposition. I understand that the hon. member for Labelle will move the appropriate motion later on today, with a few corrections that will make it very clear that the committee will not be able to travel when the House is sitting.

Mr. Nielsen: Madam Speaker, I think there was another alteration to the reference of the subcommittee on latin American affairs, and that is that that committee would be reporting in a final way to the House on the completion of its extended mandate. Would I be correct in that assumption?

Mr. Pinard: I recall having read the long order of reference. My colleague is right in saying that there was an agreement to delete two words, and I think the deletion of those two words would have the effect the hon. member just mentioned.

Mr. Murphy: Madam Speaker, on the second last question raised by the Conservative House leader, I, as the acting House leader for the New Democratic Party, just saw the reference a few minutes ago. Our House leader is not in the House. Our critic is not in the House. We cannot, of course, give unanimous consent without the necessary foreknowledge. I asked the assistant to the government House leader two days ago if there was business to be brought forward, and I was told there was nothing, so I assumed there was nothing.

Mr. Pinard: Madam Speaker, I apologize to the hon. member if he was not consulted. The consultations did not involve myself but the Minister of Justice and his parliamentary secretary, and it was reported to me that the justice critic for the New Democratic Party, the hon. member for Burnaby, telephoned and wanted us to know he does not feel he has had sufficient time to consider this matter. He wants further consultation. That is why I said what I said.

Mr. Murphy: Madam Speaker, the hon. member for Burnaby did call, after we received this notice just a few minutes ago. He did not have it in front of him and did not have a chance to check with anyone. That is not the way House business should be done. We believe there should be a committee on this matter and we have said so in the past; but we believe that with respect to any House business all parties should have equal notice and a chance to study matters.

Mr. Pinard: Madam Speaker, I can confirm for the House that both opposition parties were given notice at the same time, but I can understand that my hon. colleague may need a delay. I do not quarrel with that at all. If need be, we will come back with the same proposal tomorrow. This will probably allow the time required by the New Democratic Party justice critic.

Mr. Nielsen: Madam Speaker, I simply want to concur in the remarks made by the government House leader. I was indeed consulted by the Minister of Justice during the question period orally, and upon his oral request I gave that consent immediately. It was not until some time later that I received a written copy of the intended reference to the Standing Committee on Justice and Legal Affairs.

Since the matter has been one of concentrated attention in the House, since all opposition parties have been eager to get the matter referred to the standing committee and since the motion is very plain in its terms, I appeal to members of the New Democratic Party to give consent to that motion's being put now so that reference could be made to the Standing Committee on Justice and Legal Affairs.

Mr. Fulton: Madam Speaker, I would just like the record to be clear as to what has gone on in the House here today. Yesterday in the Standing Committee on Justice and Legal Affairs the hon. member for Burnaby moved that a subcommittee be struck to look into this precise matter. The Minister of Justice came over and sat down beside me briefly during question period and asked whether we would give unanimous consent. I called our justice critic, who had been given no notice of these terms of reference. The jiggery-pokery of the

hon. member for Yukon is interesting. He says the New Democratic Party is holding this up.

Madam Speaker: Order. This period is for an exchange of information on government business, not to engage in debate.

[*Translation*]

Mr. Dubois: Madam Speaker, I would like to remind my hon. colleague who referred to the member for Burnaby (Mr. Robinson) in connection with the Committee on Justice and Legal Affairs, that the committee was not sitting yesterday and therefore the member for Burnaby could not possibly have presented a motion.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. GREENAWAY—FISCAL AND BUDGETARY POLICY

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, it is my duty to present a petition signed by 184 concerned citizens of Quesnel, British Columbia. The purpose of this petition is to protest the government's present fiscal policy and its November 1981 budget proposals. The nature of the petition is to urge the government to move boldly into new economic and budgetary plans which would reduce unemployment and bring us out of our deepening recession.

The petitioners hope that in your examination of this petition you will find it in order and that you will exercise the discretionary powers vested in the office of the Speaker to allow discussion and referral to committee at the earliest possible time in order that the flaws in the November budget and the government's economic program may be corrected.

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, it is my honour to present a petition from about 560 residents of the city of Toronto calling upon Parliament to request the Prime Minister (Mr. Trudeau) to refuse to allow the testing of Cruise missiles on Canadian soil.

* * *

• (1510)

FARMERS' CREDITORS ARRANGEMENT ACT

MEASURE TO AMEND

Mr. Ralph Ferguson (Lambton-Middlesex) moved for leave to introduce Bill C-653, to amend the Farmers' Creditors Arrangement Act.

Some hon. Members: Explain.

Mr. Ferguson: The purpose of this bill is to update, amend and expand the Farmers' Creditors Arrangement Act. In view of the fact that many farmers in Canada are caught in a cash flow squeeze, particularly those who are not able to recoup their production costs from the marketplace, and in view of the fact that many of these farmers are in danger of losing their farms, this bill will provide a mechanism whereby those farmers may not be forced off their land without due recourse. While many provinces have subsidies on interest rates and offer other programs, these are sadly lacking in Ontario in particular and this bill is urgently required.

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

* * *

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

CONCURRENCE IN TENTH REPORT OF STANDING COMMITTEE

Mr. Maurice Dupras (Labelle): Madam Speaker, I move that the tenth report of the Standing Committee on External Affairs and National Defence, presented to the House on Thursday, April 8, 1982, be concurred in.

All parties have discussed the issues raised in this report and I understand that it would be the disposition of the House to concur in it should it be amended by adding on the second page, after the words "August 1982", the words "provided that the House is not sitting"; and, two lines further down on page 2, to eliminate after the words "prepare a" the words "further Interim".

Madam Speaker: This can be done only with the unanimous consent of the House. Does the House consent to the presentation of this motion?

Some hon. Members: Agreed.

[*Translation*]

Madam Speaker: Does the House agree that the report be concurred in as read?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,498, 3,499, 3,731, 3,968, 4,049 and 4,155.

Order Paper Questions

[*Text*]

ASSISTANT DIRECTOR OF SECURITY ON PARLIAMENT HILL

Question No. 3,498—**Mr. Cossitt:**

1. Has anyone in the Department of the Solicitor General or in the RCMP been approached, directly or indirectly, in any way for recommendations or suggestions for a person to be appointed Assistant Director of Security on Parliament Hill and, if so, what are all the details?

2. Is it the policy of the government to promote the employment of former RCMP officers to security positions within the Parliament Buildings?

3. Is it the policy of the government to promote the eventual abolition of all uniformed and un-uniformed Protective Staff on Parliament Hill and to have the operation taken over by the RCMP?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): In so far as it concerns the Ministry of the Solicitor General and the Royal Canadian Mounted Police:

1. There has been no official approach to them for a recommendation or suggestion for a person to be appointed Assistant Director of Security on Parliament Hill. They do not know if any person was approached unofficially for a personal opinion in this matter.

2 and 3. These matters fall under the jurisdiction of the Speaker of the House of Commons. Questions concerning them should be made to the Speaker.

RCMP ESCORTING PERSONS IN PARLIAMENT BUILDINGS

Question No. 3,499—**Mr. Cossitt:**

1. Did members of the RCMP at any time in the past six months enter the Parliament Buildings as escorts for visiting persons such as King Hussein?

2. Did they receive permission to do this and (a) if so (i) from whom had they requested such permission (ii) by whom was it granted (b) if not, by whom was it refused?

3. Is it government policy that the RCMP take over providing protection for visiting dignitaries within the Parliament Buildings and, if so, what are all the details?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Ministry of the Solicitor General (Royal Canadian Mounted Police) as follows:

1. Yes.

2. Yes. (a)(i) The Sergeant-at-Arms. (ii) The Sergeant-at-Arms. (b) Not applicable.

3. This matter falls under the jurisdiction of the Speaker of the House of Commons. Questions concerning it should be made to the Speaker.

TAXES ON PROPERTY OWNED BY NCC

Question No. 3,731—**Mr. Baker (Nepean-Carleton):**

1. What was the grant in lieu of taxes for 1981 in respect to property described as lot 35, plan 470, of the city of Nepean referred to in a letter dated January 20, 1982 to the tenant of the National Capital Commission, File Reference GNO A-6-62?

2. What are the municipal taxes and rates payable by the commission and/or the tenant of the property?

3. Does the grant in lieu of taxes fully pay the municipal rates and taxes assessed against the property and, if not, for what reason?

4. Does the commission charge the tenant any rates or taxes in respect of the land and, if so, on what basis?

5. Is there alleged to be owing an excess tax charge of $855.62 due for 1981 and, if so, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. $1,013.87.

2. $1,013.87.

3. Yes.

4. Yes in part. The terms of the lease between the commission and the tenant of the property specify that the tenant is responsible for taxes in excess of the 1967 base year namely in excess of $158.25.

5. Yes. There is an amount of $855.62 due from the tenant for 1981 taxes based on the above 1981 payment less the 1967 base year. ($1,013.87—$158.25)

TRAVEL BY SOVIET DIPLOMATS

Question No. 3,968—**Mr. Cossitt:**

With reference to the answer to question No. 1,558 which stated in part that "It is not in the public's interest" to divulge whether or not records of Soviet diplomatic travel movements are monitored by any branch of government for more than two years (a) what are all the reasons that the government considers it not to be in the public's interest (b) what is the name and job designation of the highest-ranking official who made such a decision and on what date was the decision made?

Hon. Bob Kaplan (Solicitor General): (a) It is the policy of the government neither to confirm nor deny whether any individual or group is the subject of an investigation.

(b) The answer to question No. 1,558 was signed by the Solicitor General and was answered in the House of Commons on February 1, 1982.

CNR PERSONNEL

Question No. 4,049—**Mr. Corbett:**

Is it the policy of the Canadian National Railways to force (a) supervisory personnel into early retirement (b) senior supervisory personnel to accept positions of lower rating until their retirement?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows:

(a) No. However, if an employee's job is redundant due to technological, organizational, or operational changes; changes in administrative procedures, services, or volume of business; or budget requirements; and such employee cannot be fitted into another position, then the employee may apply for early retirement.

(b) In some circumstances, a senior supervisory position may become redundant due to the reasons mentioned above and the officer could elect to accept an alternative position, if available. In such cases the employee's pay, is ordinarily held at the same rate as that prior to the person's accepting a lower alternative position.

PURCHASES OF CHINA

Question No. 4,155—**Mr. Mazankowski:**

1. In 1981, what purchases of (a) formal china dinner service settings (b) family china (c) breakfast china tray sets did the Department of External Affairs make from Josiah Wedgwood and Son Ltd. of Willowdale?

2. How many sets were purchased and what was the cost per set?

3. Of what were the sets composed and of what quality were they?

4. Were other pieces purchased and, if so, what were the pieces and what was the cost?

5. What was the purpose of the purchases?

6. Were tenders offered?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. In 1981, the Department of External Affairs purchased from Josiah Wedgwood and Son Ltd. of Willowdale, Ontario: (a) seven sets of formal china dinnerware service settings; (b) ten sets of family china; (c) Nil sets of breakfast china tray sets.

2. The department purchased: (a) five sets of formal china dinnerware service settings, crested, at $6,689.15 per set; two sets of formal china dinnerware service settings, not crested, at $5,350.75 per set; (b) ten sets of family china at $1,239.50 per set; (c) Nil sets of breakfast china tray sets.

3. The sets were composed of: (a) eighteen place settings of the Carlyn pattern of superior quality; (b) twelve place settings of the Conway pattern of medium quality; (c) Nil.

4. Numerous replacement pieces, i.e. cups, saucers, bowls, plates, etc. were purchased for a total dollar value of $4,278.75.

5. The purpose of the purchases was to provide appropriate china to enable Heads of Post to carry out formal entertaining responsibilities.

6. A departmental committee, including officers from our protocol division and other senior officers, selected the specific patterns after viewing several other manufacturers' china.

[*English*]

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed, from Wednesday, April 21, consideration of the motion of Mr. Lalonde that Bill C-103, to amend

the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Madam Speaker: The hon. member for Vancouver-Kingsway (Mr. Waddell).

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I thought we were starting debate on Bill C-103.

Madam Speaker: Does the hon. member seek the floor? He has it.

Mr. Waddell: Madam Speaker, at the end of the sitting the other day the hon. member for Calgary Centre (Mr. Andre) was speaking. I believe he was stopped in the middle of his speech and he has not risen to continue speaking. If he is not going to continue then I am rising as the first speaker.

Madam Speaker: The hon. member has the floor.

Mr. Waddell: I rise to speak on this bill which was to be named the Petroleum Administration Act but will now be renamed the energy administration act. It is a bill that deals with energy taxation in Canada and it should really be renamed the "mugging of the consumers act" or perhaps even the "legislation of thievery at the gas pump act".

Mr. Huntington: You are absolutely right.

Mr. Waddell: It robs and plunders the poor Canadian consumer. It loots the consumer at the gas pump. That is what the bill does and we should make no mistake about that.

While the daily press hung on every moment of the bell-ringing, since we started the energy debate there has been very little interest in it and very few news stories. That is too bad because both the Conservative party and the New Democratic Party have offered some telling points about the whole energy scheme and the Canadianization of the industry and will make in this debate today some comments about taxation. The government has not shown much interest and has put up few speakers in reply. I am sorry that press reporters and commentators have not given the subject the kind of in-depth analysis it deserves.

These bills will affect Canadians in crucial ways and in many respects will change the whole energy industry and the country in very important ways. This is not an energy security bill; it is a taxation bill which will sock it to the Canadian consumer and refill the coffers of the government. Most of the money will go to a government that negligently emptied its coffers through its mismanagement and incompetence.

Mr. Mazankowski: You put them in.

Mr. Waddell: Let me deal with that matter of putting the government in. It was the Canadian people who put it in, and now the Canadian people have to judge—

Mr. Mazankowski: You aided and abetted them.

Mr. Waddell: —whether it is living up to the promises it made. In fact, it is following the Conservative energy policy, which we objected to in the first place, of high taxation at the pumps. That is what the Conservative energy policy was.

Mr. Munro (Esquimalt-Saanich): It was 18 cents at the pumps.

Mr. Waddell: Let us make no mistake about that. My friend to my right will have an opportunity to speak on this and I want to hear them.

Mr. Mazankowski: They will talk sense.

Mr. Waddell: Let us make it quite clear that if you analyse what the Clark government policy was—

Mr. Munro (Esquimalt-Saanich): It was 18 cents.

Mr. Waddell: —and what the Crosbie budget was, you will find that there were to be dramatic increases in energy prices over the third, fourth and fifth year of that so-called agreement with Alberta. The energy prices that the Conservatives were going to bring in were higher than those proposed by the Liberal government. I think the Canadian consumer is at the point of saying "a plague on both their houses".

These tax measures are not the type that the New Democratic Party believes in. They are something like a sales tax which is a regressive tax. Low income people, poor people, ordinary people have to spend more of their incomes on the necessities of life, such as food, lodging, heat, light and transportation, than people who have more money. I will go into more detail on these taxes that the government proposes through this bill and our criticism of them in a few minutes.

• (1520)

These taxes are already hurting the ordinary person and they are going to hurt more. People are asking why we have to pay more for gasoline here than we do across the border from Vancouver or Windsor. Well they should ask, because I think people feel that this thievery I spoke of is compounded by two things. First of all, there was a shameless promise in the last election by this government, supposedly to appeal to Ontario and eastern Canadian voters where apparently elections are won or lost—southern Ontario to be specific—that somehow the Liberal Party had the key to keeping energy prices low. I think it is pretty clear now that was not exactly what they had in mind. They certainly have not done it.

The second reason I think people are upset is that these prices are going up at the same time as the government proposes to give away an unprecedented amount of money to the oil industries. You know the oil industry, Mr. Speaker: "Give us more money and we will find more oil." Of course, when we do that they then want to export the oil. That has been the historical pattern in Canada and Canadians know it.

If you were to ask the person on the street they would say yes, we have given the industry a lot of money and they end up pressuring for exports, and an acquiescent National Energy Board and government allow the exports. We have just passed a bill which authorizes $6.5 billion in PIP grants to the oil industry. I know there are certain segments in the industry, the small producers, who are now hurting and both I and my party have some sympathy for them. But in general this industry is controlled by the multinationals; by Exxon of New York, the largest company in the world, Royal Dutch Shell, and Texaco and Gulf of the United States. Some of that $6.5 billion will go to them.

That money, Mr. Speaker, is coming out of the pockets of Canadian consumers. It goes back to the government and then to the oil companies. This is the Liberal idea; they call it recycling.

Mr. Mazankowski: NDP socialism.

Mr. Waddell: That is not NDP socialism.

Mr. Mazankowski: What are they doing in Saskatchewan?

Mr. Waddell: When the member gives me a chance I will point out how we will do it. It is Liberal Canadianization, Mr. Speaker, and I invite the hon. member to study the speeches of his own energy critic so that he can understand what that is. This Canadianization program, which involves taking money from us at the pumps and giving it back to the oil companies by way of PIP grants, is a sham and a fraud. It is a legal means of holding up the Canadian consumer at the pump and on his heating bill. There are alternatives and I hope in the course of my speech to point them out.

This act, Mr. Speaker, does essentially six things. It raises the oil export charge ceiling and confirms the charges imposed since May, 1979. It gives authority to turn over 50 per cent of the resulting revenue to the producing provinces. Secondly, it establishes a transportation fuel compensation recovery charge. Third, it implements changes to the petroleum compensation charge, thereby enabling the implementation of a blended price system for oil. Fourth, it establishes the authority for and termination of a special compensation charge relating to the cut-off of Alberta oil last year. Fifth, it ends the petroleum compensation board and continues and expands its function in the Department of Energy, Mines and Resources. Sixth, it establishes the Canadian ownership special charge and the Canadian ownership account.

The operative word in those six items is the word "charge". We are going to be charged at the gas pump, on our heating bills, and we are going to be charged for planning. I now want to analyse each one of these charges and give the NDP position on them, and I invite my friend over there from Alberta to listen and give a reasoned response. I know that is asking a lot of him, but he just might rise to the occasion.

Firstly, the petroleum compensation charge is a mechanism whereby the blended price of oil is developed. It is a charge at the pump and is used to compensate refiners who import more expensive foreign oil. We have to import oil because we are self-sufficient in all forms of energy except oil. The question, I suppose, is why? The reason is that in the early 1970s we

exported one-half of our daily production, which was then called surplus. The oil industry told the National Energy Board, which in turn told the Government of Canada, that we had enough oil for 300 years. Then the OPEC crisis came along, and the oil industry then said: "Oh, we have enough oil for 11 years." They misled the Government of Canada, and now today we have all those television ads by oil company executives saying: "Trust us, we will look after you." The Canadian people do not believe that because they have been burned already, and every time they go to the pumps and pay this compensation charge they should keep that in mind.

The pattern, Mr. Speaker, and it is an historical one, is simple. The industry says we have a shortage, we need more money. They are given tax advantages like the super depletion allowance, they are given $6.5 billion in grants, and then they say we have lots of oil and now we have to export it. They then lobby the government and the government allows exports. We then have a shortage again, and how do you get rid of the shortage? You guessed it: we need more grants, more allowances. That is the pattern and it has to stop. If we were the Government of Canada we would stop it. We would stop taking money out of the consumer's pocket and recycling it back to the industry. The system is stupid, it makes no sense and has to be changed. That is the reason we must import foreign oil and pay for it.

Certain refiners in Canada are currently being overcompensated anywhere from $7 to $12 a barrel because they are buying cheaper oil on the spot market, whereas the compensation under this legislation and the existing system is based on the average world price of oil landed in Montreal. While the payments may average out for the industry as a whole, nevertheless certain refiners are receiving a windfall. There should be a more accurate system of calculating the compensation, or paying additional compensation where needed. In other words, we must compensate refiners for their actual costs.

• (1530)

I was looking at an article printed in "Quorum" and appearing in various newspapers. The article was written by W.A. Wilson. The heading of his article reads:"Oil subsidy should draw Tory, NDP wrath." I wonder whether this Mr. Wilson exists. I wonder where he lives. In the House of Commons for the last three weeks, the hon. member for Calgary West (Mr. Hawkes), myself and several other Conservative members have been asking questions in the House of Commons and have been before the Standing Committee on Public Accounts dealing precisely with this question. It makes me wonder where the journalists are these days when it comes to analysing issues.

This matter has been raised in the House of Commons. The government has been pressed on this. Therefore, I do not know where Mr. Wilson gets his information. Perhaps he is not around here in Ottawa and does not follow what happens in the House of Commons. If he were here, Mr. Wilson would know that the charge allows some refiners to buy foreign oil for less than the cost of Alberta oil. That is what the opposition has been saying. This procedure has resulted in shut-in oil production of 50,000 barrels per day in western Canada. That amount of shut-in oil could rise to 300,000 barrels per day. I know about this because I visited Saskatchewan recently. I talked with people in Saskatchewan and with the Saskatchewan government, who have brought pressure to bear on Ottawa to change the system of the petroleum compensation charge so there would not be shut-in oil in Saskatchewan. Crudely put—and pardon the pun, Mr. Speaker—this petroleum compensation system is really crazy. So far the government has asked only eastern refiners to give preference to western Canadian oil. The government has not shown any teeth on this.

Last night hon. members heard the Conservative critic, the hon. member for Calgary Centre, rant and rave about many things. He talked about the Western Canada Concept which causes people in the west a great deal of difficulty. I suggest hon. members opposite take a close look at this very legitimate grievance of western oil producers and western business. Frankly, I think the minister could react much more strongly on this issue.

I think the principal causes of the problem are twofold. First, there has been a substantial decline in oil consumption in Canada as well as in the United States. Second, there has been a signing of long-term contracts with the federal government's encouragement during the period of Lougheed's oil cutback. In effect, this deal has now boomeranged on the province of Alberta, of which some people think the minister is taking advantage. It is sort of "Lalonde's revenge", if you like. The deal also resulted in the difficulties out west and there is a great deal of pressure both on the minister of energy here and the minister of energy in Alberta to do something about them.

Those are probably the reasons we are into the shut-in oil situation. There will be pressure to alleviate the shut-in problem by exporting western Canadian light crude. There will be pressure in western Canada to export. The government should resist that pressure. Instead, it should take steps to make sure that Canadian oil is used in place of imported oil because that makes better sense. How do we do that? We could lower the petroleum compensation charge so there is more incentive to use Canadian crude oil. This would also result in cheaper gasoline at the pump. We could expand the capacity of the present transCanada pipeline system to allow more western oil to reach eastern markets. This suggestion would fit in with the long-term plan to bring in Beaufort Sea oil by pipeline to eastern markets.

The Minister of Energy, Mines and Resources (Mr. Lalonde) was quoted in Ottawa's paper, *The Citizen*. The article's heading says: "Lalonde blames separatism on Western politicians". The minister of energy, from a west end Montreal riding, I understand, is reported to have said that western politicians are distorting facts and in fact not doing their job correctly. In spite of some early provocation today, I have not stood up and ranted and raved in any way. I have tried to analyse this petroleum compensation charge and I have set out

some concrete suggestions for improvement. You cannot say that western politicians are not doing their job. I just heard one of my constituents in the gallery agreeing with me.

The issue is costly to consumers. The present rate of compensation to importers is $17.32 per barrel. Who is paying that amount? The Canadian consumer, of course. The present petroleum compensation charge per barrel of oil consumed in Canada is $6.30. This means the consumer is paying 18 cents per gallon of gasoline for this charge. The cost of compensating purchases of foreign oil appears as appropriations in the Main Estimates. I invite members to look them. If hon. members do that, they will see that in the period 1980 to 1981, the amount set out is $3.16 billion; in the period 1981 to 1982, the amount is $5.16 billion; and the amount budgeted for 1982 to 1983 is $2.97 billion. That money does not come from thin air. It comes from the Canadian consumer who pays it at the gas pump. It comes from Canadian consumers when they pay their heating bills.

This is a bad situation and it must be changed. On behalf of the New Democratic Party, I will propose amendments at the appropriate stage to deal with this problem. Let not Mr. Wilson and his colleagues say that opposition politicians are not prepared to deal with the problem. Let not the minister of energy say that western politicians do not take their duty to bring concrete suggestions to this government seriously. For a change, let this government listen and bring in some of these changes.

The second charge is the transportation fuel compensation recovery charge. I know that this is a very difficult bill and I am trying to go through it to make everything as simple as I can in order to explain to the Canadian people who are watching and listening to us throughout the country what these things mean. They are understandable. I explained the petroleum compensation charge because we have to import foreign oil. I explained that we had to import foreign oil because we exported all our oil years ago. I have told the people how much all this costs, but I think people know that because they pay for it at the gas pump every three or four days.

What about the transportation fuel compensation recovery charge? That is a real mouthful, Mr. Speaker. On behalf of our party we object to this recovery charge being applied at this time. It is a transportation charge on aircraft, ships and so on. It should not be applied to the marine and shipping industry in Canada at this time. We advocate that Canadian water carriers be exempted from this charge since rail, air and road transportation in many ways is also exempted. The charge would bring fuel prices to world levels. Exemptions should remain until the government is committed to developing a Canadian flag merchant marine, until the government requires a minimum of 40 per cent of our international trade be carried in Canadian vessels and until shipping between Canadian ports is restricted to Canadian vessels.

We say the charge on Canadian vessels is discriminatory. In other words it should not apply to Canadian ships. Also that clause of the bill allows the federal government to set prices for offshore oil and oil in the territories. We believe this should be done by negotiation with the concerned territorial and provincial governments, with a view to arriving at revenue-sharing agreements as was done with western provinces.

• (1540)

The Prime Minister (Mr. Trudeau) appears to have rejected co-operative federalism. He said recently that co-operative federalism was dead. It was a tragic mistake for the country and for the Liberal Party, the party of Pearson and of co-operative federalism. As he throws co-operative federalism out of the window, I suggest he risks ultimately throwing his own party out of the window. The Liberal Party has chosen to be a federal party, simply a national party, only interested in winning power on the national level. The Liberal Party appears to be dead in the west. As the Prime Minister picks fights with more and more provinces and throws out co-operative federalism, he runs the real risk of ultimately destroying any power base his party might have. That is not my problem; it is the problem of the party opposite and of the country.

Canadians are fed up with provincial premiers bashing the federal government and the Prime Minister bashing provincial premiers. If there is any message in the Prime Minister's confrontation with Mr. Levesque in terms of the reaction of Canadians, it is that they would like both of them to cool it. It affects the energy field. We recall that when we debated the Petroleum Administration Act in the House, the federal government imposed an oil price on Alberta before reaching an agreement with the province. Under the terms of the act as it then was, we were allowed a six-day debate. It was a good debate, but the problem was that the government did not listen to what opposition members said. If it had, it would have understood before making the deal with Alberta that there was a problem with some small oil and gas companies and with respect to the position taken by Canadian consumers. The clause in the bill which allows the government to set prices unilaterally for offshore and the north should not be implemented. Prices should be set after consultation with offshore provinces and the two territorial governments. I propose to bring in some amendments to the bill to cover that area.

Clause 16 in effect allows the federal government to set prices unilaterally for crude oil where agreement cannot be reached with the concerned provinces. We agree in principle that the federal government ought to have the final power to do this. I say this as a westerner. I believe in provinces having control of their resources. We have moved to have that included in the Constitution, but for a strategic commodity like energy it makes sense, if ultimately there cannot be an agreement with a province, for the federal government to have the final power.

What did the federal government do in this bill? With Clause 19 on page 12 it removed the opportunity for Parliament to debate such action. Again, this will hurt co-operative federalism. The government does not have any representatives from oil producing areas in the western part of the country. I

see the Minister of Employment and Immigration (Mr. Axworthy) entering the Chamber. I am talking about west of the Winnipeg city limits. Since the government has no western representatives, it should be very careful when dealing with gut issues in western Canada. But the Minister of Energy, Mines and Resources, who I call the six-foot Napoleon, blames separatism on western Canadian politicians! Clause 19 of this very complicated bill is important in terms of retaining co-operative federalism.

Next I should like to deal with the oil export charge. It was established in 1974 to ensure that when Canadian oil was exported the federal government received the difference between the domestic price and the rapidly rising export price which would have normally accrued to the exporter. The reason for this charge still holds true. There should be no price incentive to export domestic oil while Canada continues to be a net importer of oil. The governments of Alberta and Saskatchewan do not currently share in the export tax revenue, but because the federal government is committed to an equitable revenue-sharing system, the new act gives it authority to offer exporting provinces 50 per cent of the revenue gained through the export charge as of November, 1980. This is an example of co-operative federalism. We have no objection to it and we support it.

Another charge is the special compensation charge. Clause 39 contains a special charge on petroleum products levied from March 31, 1981 to September 21, 1981, to pay for extra imports of oil due to the decision of the Alberta government to cut back oil production during the bitter energy negotiations between the province and the federal government last year. This charge is no longer in effect because of the September, 1981 agreement. Since it is a *fait accompli*, the fact that it has been removed, we in the New Democratic Party do not have any objection to the clause.

However, I would not want to let the occasion pass without castigating the federal and provincial governments for their intransigence in the negotiations. When one thinks about it, that little example of co-operative federalism between Premier Lougheed and the Minister of Energy, Mines and Resources cost Canadian consumers an extra $1.85 per barrel, or 6 cents per gallon, for gasoline over that period. Again, when politicians bash each other, ultimately the poor consumer suffers.

I heard the hon. member for Calgary Centre talk about the Western Canada Concept obtaining support in my province. For example, last night 1,200 people attended a meeting to protest. There are alternatives upon which ordinary Canadians can insist. They can insist upon better government. This unnecessary spat was a poor example of government that ended up costing consumers 6 cents extra per gallon for gasoline. By the way, the total collected by the federal tax was over $460 million. This was $142 million more than needed to pay for the extra imports. Did the government give back the $142 million to Canadian consumers? Obviously it did not. It overcharged us and then pocketed the rest of the money into general revenue, to be used for us but really to be spent on some rather strange things.

The next charge is the Canadian ownership special charge. Revenue from the Canadian ownership special charge and from increases to the natural gas and natural gas liquids excise taxes will accumulate in the Canadian ownership account and be used to increase participation by the federal government in the petroleum industry. As I have said many times in the House, the New Democratic Party believes in government participation in the industry. That is why people like David Lewis and Tommy Douglas who represented this party moved for the establishment of Petro-Canada in the early 1970s. We believe that Petro-Canada must be put in the driver's seat to deal with multinational oil companies. Logic demands that this be done.

• (1550)

I quoted in the House an article by Geoffrey Simson who wrote in *The Globe and Mail* about the system which exists in Norway. There is no problem in Norway where Statoil is in the driver's seat from where it can direct the industry and its development. This does not preclude private sectors participating in the energy industry, but they are given a clear direction as to what course the industry should follow in order to have energy security and job availability for people in that country.

While Canadians should be pleased to see Petro-Canada signs going up, they should not be misled. As was pointed out to the Standing Committee on Energy Legislation yesterday in questions I put to the vice-president of Petro-Canada as well as to the minister, the number one oil company in Canada is Imperial Oil, which is owned by Exxon in the United States. The number one Canadian oil company is not Petro-Canada, it is Dome Petroleum. Petro-Canada is number five.

We should not be misled because Petro-Canada is not in the driver's seat; nor has the federal government any intention of putting it there. During the committee hearing today I asked the former Canadian ambassador to the United States whether he would confirm what he said in his speech in the United States. Speaking for the Canadian government, he said that it would not make Petro-Canada the dominant player. That is government policy. As a matter of fact, if hon. members review the bill carefully, the Canadian ownership special charge has been reduced from a possible maximum of $4 a barrel to $1.15 a barrel. There have been similar reductions in the natural gas tax maximum.

This is a significant retreat from the October, 1980 budget and the National Energy Program. The government had indicated in both policies that in its pursuit of expanding the role of Petro-Canada or other Crown corporations in the energy field, it was prepared to raise the necessary funds for takeovers by this special levy. Since the levy is at its maximum, it appears there will be no more takeovers in the near future.

An hon. Member: Good.

Mr. Waddell: I heard some hon. member to my right say good. Well, if we do not have a takeover now or in the near future, we will never gain control and set a direction for our oil

industry in Canada. This Liberal Canadianization program, with its PIP grants, Canadian ownership rates and amendments to the Canada Business Corporations Act, is convoluted, complicated and ultimately unworkable.

The most simple, straightforward and efficient method—and one which Canadians would understand—for accomplishing Canadianization is to use that $6.5 billion which will be given away to take over a major oil company like Imperial Oil. We would then have 50 per cent of the industry under Canadian control. We would not have to wait until 1990.

There is support for this idea. Mr. Robert Laxer of the Committee to Canadianize appeared before the committee this morning and produced a Gallup poll which indicated that 70 per cent of Canadians, I believe, wanted to make Petro-Canada the dominant player in the industry and to take over one of the foreign majors and, as well, to advance the target of 50 per cent Canadian ownership by 1990 to 75 per cent ownership by 1985. The only way to accomplish this is by taking public ownership of one of the majors. A move such as this by the government would be supported by Canadians.

I realize that the government is faced with a Conservative party which literally hates Petro-Canada and wishes to destroy it. This sentiment is quite evident when you listen to Conservative members in committee and in the House. We should continue with the thrust of the National Energy Program and not back off from it as this government is apparently doing. An example of government backing off is shown when it proposes to reduce its original maximum tax of $4 a barrel to $1.15 a barrel.

I will let other members deal with this issue but I would like to make two points in conclusion. I recently spoke to a clothing manufacturer in Vancouver. His clothing prices have not risen recently. I also talked to a small gas producer who told me that his prices have not gone up. Therefore, where is this inflation coming from? Why are the prices going up? The answer is that they are going up through government taxes, which I think is obvious. Statistics Canada recently said that the latest oil price increase was a key reason for another rise in the cost of living. The consumer price index indicated that the cost of energy-related items such as gasoline and home heating fuel rose by 5.4 per cent during March as the impact of the January increase in the wellhead price of crude oil hit at the consumer level. Prices are rising and inflation is increasing because the government is raising these energy taxes so frequently.

I suppose some members could say that you have to collect taxes in order to provide services. The Prime Minister constantly says this to us every time we ask him a question. While it is true that taxes must be collected, there are other means of taxation. A proper proportion of corporate income tax is never really collected from the oil companies. As a matter of fact, an average Canadian family with two children which earns $25,000 pays more in tax in percentage terms than the oil companies do. This situation is scandalous. Collecting taxes at the pump is a regressive form of taxation because it applies to average Canadians who pay a greater proportion of their income for food, heating and transit. That is why these taxes are unsatisfactory. There are other ways to collect the money. I believe that the Liberal government stands indicted in the eyes of Canadians for having promised cheap energy prices and then delivering an energy pricing regime which is exactly the same as that which the Conservatives were going to introduce.

Finally, I conclude by replying to some of the remarks made by the hon. member for Calgary Centre who is the Conservative energy critic. Incidentally, I notice that hardly any Liberal members have spoken to this energy issue—

[*Translation*]

—and especially the francophone members from Quebec! The Quebec members never take part in discussions on energy legislation.

[*English*]

I think that is scandalous. I hope that the Conservative member from Quebec will speak because we never hear from a Quebec member. Are they not interested in this Parliament? We never hear them speak about energy and I suggest that they do so. They are here just to vote, that is all. With the exception of one or two Liberal members, they are not interested or informed.

The hon. member for Calgary Centre spoke of his concern over western separatism. We all share that concern. This country seems to be coming apart in terms of regionalism. However, when I listened to the hon. member, it was like a scene from Macbeth: strutting and fretting his hour upon the stage, signifying nothing. There was much strutting and fretting, but very few positive suggestions.

• (1600)

I am a western MP. I have seen this country and it is a wealthy and magnificent country. It is crazy that this country should break up or that this country should have Quebec separatism or western separatism. It is nonsense. There must be some reason for it. The reason is that we are not getting good government policy. There are better ways of dealing with our differences. There are great things ahead for this country if all the people work together. What a great struggle it would be to patriate our energy industry as we patriated our Constitution! What a magnificent challenge it would be! That is the kind of thing we could do. The people of Canada like Petro-Canada and they would support such a move. The polls are there, the statistics are there and the feeling is there to illustrate support. Other countries have shown what can be done. No country worth its maturity would permit its energy industry to be as foreign-controlled as our energy industry.

What do we hear every day? We hear the Conservatives raising arguments to give more money to a basically foreign-controlled industry. We hear the Liberals, who brought in a National Energy Program at the last gasp of the Trudeau administration, but they have broken off from it and have not proceeded. We could do it better and more simply. I say to the Canadian people out there that we could take some of the

money that we are about to give away to oil companies through Bill C-103 and use it to put into our own company, Petro-Canada, in which we are all shareholders. We could use it to expand Petro-Canada and to put Petro-Canada in the driver's seat. We can develop oil. We have oil in Canada. We have it in Hibernia and in the heavy oil sands. We have more heavy oil on the Saskatchewan-Alberta border than there is in Saudi Arabia. We have it. We have everything in this country.

On Saturday morning I am going back to my constituency. In my store-front office I see many people with problems. Many are immigrants and most are ordinary people. They are not sophisticated people. They do not understand all of these different taxes and they do not understand the cut and thrust of this debate in the House of Commons, but they understand that this is a magnificent country. That is why they came here. They understand that this country has the resources, but they do not understand why these politicians and this government cannot develop it for real energy security for Canada. That is the thrust of my speech today.

Some hon. Members: Hear, hear!

Hon. George Hees (Northumberland): Mr. Speaker, this bill proposes that the government should be given the right to increase the price of gasoline at the pump by a very considerable amount, following the increase of 28 cents per gallon at the pump which its taxes have brought about during the past two years. This is a ridiculous proposition. As we all know, during the past year there has been a world overproduction of oil, and this has caused world prices of oil to fall sharply. The taxes which the government has been adding to the price of gasoline at the pump during the past two years were supposed to pay for the increasing subsidy the government has been paying on the one-fifth of our oil requirements which could not be supplied by Canadian sources and must be bought from offshore. The subsidy was necessary so that all Canadians could enjoy the Canadian price. However, if the cost of the foreign oil we are subsidizing is falling, the taxes needed to pay for the subsidy should be decreasing also, not increasing. In other words, the price we pay for gasoline at the pump should be coming down at it has been doing in the United States and in most other countries, not going up.

For the government to seek the right to increase taxes to pay for a subsidy which is decreasing is simply ridiculous and should be refused by every hon. member of this House. I, most certainly, will be voting against this bill.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I want to take this opportunity to make a few points concerning this particular bill. At the outset, I should say that when one looks at the contents of this particular piece of legislation, one immediately finds that it is really not an energy bill or a petroleum administration bill. It is indeed a taxation bill. Quite frankly, all Liberals should hang their heads in shame while asking us to approve this measure, because it could more appropriately be called "an act to facilitate a massive tax grab", rather than a bill aimed at providing energy security.

The bill is entitled, "An Act to Amend the Petroleum Administration Act", and it will have the effect of changing that title to read "The Energy Administration Act". The only thing that is administrative about it is the fact that huge taxes will be collected from the consumers of Canada, many of which are questionable, many of which are unwieldy, and many of which are very damaging and detrimental, not only to the economy but, indeed, to the petroleum industry of Canada as well.

There are essentially six different varieties of confiscation included in this particular measure: an oil export charge; a tax on transportation fuel; a petroleum compensation charge, a levy to a maximum of $12 per barrel which will be to cover the import oil compensation; there are provisions for retroactive authority to cover the special compensation charge. The bill covers a tax to fund the Canadian ownership charge. It provides the government authority to amend the pricing terms of the Syncrude agreement. It all amounts to a massive tax ripoff at the expense of the Canadian consumer. It is clearly another of those examples of a dramatic increase in the level of indirect taxation.

The effects of the budget and the provisions enshrined in this piece of legislation will be to double the level of indirect taxation on individual Canadians. It really also demonstrates the stupidity of this government's energy policy when Canadian consumers are being asked to pay taxes of the order of 20 cents to 25 cents a gallon to subsidize oil which is imported at world prices from the OPEC countries, from Saudi Arabia, from Venezuela and Mexico, while western Canadian production is shut in, throwing people out of work, creating bankruptcies, business failures and business cutbacks, causing people to lose their homes and causing communities which have thrived on the vitality of the oil industry in the west to falter.

One must examine this situation in the light of whether it is simply an act of stupidity or whether it is a deliberate attack upon the people of Canada. My colleague suggests that it is malicious. Many people in western Canada firmly believe this is an attack by the federal government on western resources. It is nothing more than a deliberate mischievous attack upon a resource, the economy and the livehlihood of western Canadians. It is drying up economic opportunities which western Canadians felt were on the horizon. The eighties were to have been the decade of tremendous growth, development and opportunity in terms of broadening the economic base and increasing the manufacturing and processing sectors so that more and more Canadians who were born, raised and educated in western Canada could fulfil their potential and their dreams. They could make their homes, establish their businesses and fulfil their careers with a sense of satisfaction and fulfilment.

• (1610)

The deliberate attack by this government in terms of its proposed National Energy Program, taxation policies and budgetary policies enshrined in October, 1980 and November,

1981 have caused a sense of hopelessness and despair, frustration, anger and outrage. This is causing a deep sense of alienation and aggravation in western Canada.

It is within that environment that we are now witnessing a growing tide of western separatism. Only if one lives there and speaks to the people can one sense their frustration and anger. Only then can you get a full appreciation of it. This is why we are seeing attendances at rallies of the Western Canada Concept in the thousands, at least in the hundreds.

I understand that in British Columbia in the last two or three days there have been massive rallies in some of the smaller communities with attendances of well over 1,000 people. They are simply information meetings. Frankly, Mr. Speaker, you and I know that those people who are attending these meetings are there for more than simply information. They are looking for an avenue or a mechanism to vent their frustration and anger.

I am pleased that the Minister of Employment and Immigration (Mr. Axworthy) is in the chamber. While his constituency does not penetrate the deep west, as it is in Winnipeg, I am sure he has had reports of what is occurring. I invite him to read the editorial pages and to contact his friends in the Liberal Party and other parties to talk about this very important issue. He is in a position of influence within cabinet. I implore this minister and his colleagues to realize that something must be done in order to remove this kind of feeling, which is taking off like wildfire. It will require more than simply a gesture; it will require some fundamental shifts in government policy. We cannot afford division, discord and disharmony in this country and expect it to function in a way that all regions and all citizens have a similar opportunity to achieve their full potential.

We have a situation where we now import in excess of 500,000 barrels of oil a day at world prices, $40 a barrel. At the same time, we are told that during the month of April something like 300,000 barrels of oil a day will be shut in in the province of Alberta. Simply put, we are buying oil at $40 a barrel from offshore sources and leaving 300,000 barrels of potential oil shut in in the province of Alberta. This would cost the domestic consumer $23.50 a barrel. It simply does not make sense.

We are not asking for a handout. Nor are we asking for a policy that favours the west. We want a commonsense policy. How silly, ridiculous and stupid can this government be? This is simply a matter for good common sense.

In the province of Saskatchewan and in some areas of Alberta heavy oil and low-producing wells are located. I am told that in Saskatchewan there are some 8,500 producing wells, 5,500 of which produce less than 20 barrels a day. We are therefore talking about small amounts from individual oil wells. However, the labour component is very high. The labour component in terms of collection devices, the distribution system, makes this oil production entity very important to western Canada in terms of providing jobs, strengthening the business community and vitalizing it. Those production facilities are very labour-intensive. That business has literally dried up.

The New Democratic Party supports the general thrust and objectives of the National Energy Program. I find that rather strange. It is the general objectives and thrust of the National Energy Program that have literally destroyed the oil industry in Saskatchewan and virtually destroyed the heavy oil and the industry which produced the very light crude in Alberta.

This is why we do not have on stream a Cold Lake heavy oil facility, a heavy oil upgrading facility onstream in the Lloydminister area or an Alsands project onstream. This is because of this government's failure to recognize the realities of the oil industry. There is certainly not much experience in this cabinet in Ottawa with regard to what it takes to make an oil well produce, get the oil out of the ground, refine it and put into the gas tanks of the consumers.

We are very heavily reliant on imports to provide our source of supply. That is further eroding the value of the dollar. It is further eroding our balance of payments, contributing to high interest rates, destroying confidence in the economy, increasing the outflow of Canadian investment capital, reducing employment opportunities and straining the patience of Canadians. In a letter to the Minister of Energy, Mines and Resources (Mr. Lalonde), the Independent Petroleum Association of Canada pointed out the serious difficulties facing the oil production sector in western Canada. Madam Speaker, I would like to quote from this letter which is dated March 5, 1982. It says:

• (1620)

> The Independent Petroleum Association of Canada (IPAC) is gravely concerned with the deteriorating market for all Canadian crude oils. Many of our members have been drastically hurt as a result of the loss of production income which seriously affects financing of exploration and production programs.

We all know that the exploration has been reduced by anywhere from 25 per cent to 30 per cent in the year 1981. That is another one of the major job-producing sectors of the petroleum industry. That will be reduced by a further 10 per cent or 15 per cent this year.

It goes on to say:

> Many factors impact on the determination of market demand for Canadian crude oil. IPAC is concerned with the effect of the Oil Import Compensation Program, which subsidizes imported crude oil.
>
> For example, our analysis indicates that refiners import foreign heavy crude oil at a net cost of $9. to $12. per barrel less than comparable quality Canadian crudes due to the subsidy.
>
> The inordinately high subsidy paid by Canadian consumers is effectively encouraging crude oil imports, while precluding the production of domestic crude oil. Canadian producers are therefore being forced to shut in their production due to lack of markets. Any subsidy program that encourages foreign crude oil imports, at the expense of Canadian production, requires immediate correction.

Immediate correction, it says. This was dated back on March 5. Over a month has elapsed and nothing has been done. This situation deteriorates further day by day and nothing has been done to correct it. That is absolutely shameful. That is why the Liberal members opposite, who have been asked to vote in support of this measure, should hang their heads in shame.

The second reason why they should hang their heads in shame is over the betrayal of their leader to uphold the election commitment that was taken during the last election campaign. I have many quotes here, Mr. Speaker, which bear repeating. It really makes a farce out of the whole campaign process. It is little wonder, when the leader of the country was out appealing to Canadians to support him because he was going to keep oil prices down, that he had his followers, who were running for office, doing the same thing; but when they got into office they turned around and really socked it to the consumers.

Look at what the Prime Minister (Mr. Trudeau) said in Toronto on February 8, 1980:

> So right from the start, right from the very beginning of a new Liberal government, you will know that the cost of gasoline will not rise by 32 cents a gallon this year. With the 18 cents gone, we will negotiate an oil pricing agreement with the provinces for a price increase of less than $4 a barrel. That would mean less than the 14 cents increase in a gallon of gasoline that the Tories are bringing in this year.

He went on to say in Kamloops, on February 6, 1980:

> Liberals would do things differently. First of all, that unfair and unjust 18 cents a gallon gas tax, that 25 cents a gallon diesel tax would not be reimposed. They're unfair, they're unnecessary and they're gone, as far as we are concerned.

Then there were his remarks at Prince Albert, Saskatchewan, on February 5, 1980:

> For firsts, we will not reimpose the 18 cents a gallon or the 25 cents a gallon tax. That's inequitable, it's damaging to the economy and as far as we're concerned it's gone. And we will work out with the producing provinces, Alberta, Saskatchewan, British Columbia, a "made in Canada" price for oil and gas and that means a price that will not, as the Tories would have it, that will not automatically be pegged to world prices.

He goes on and on and on. What happened, Mr. Speaker? The fact of the matter is that in that first year there was an increase far in excess of the 14 cents promised. It was more like 28 or 29 cents a gallon. We all know what has happened since then. To date we have had 15 different price increases in the price of gasoline. The tax increases alone in 1981 exceeded more than 32 cents a gallon, almost double the 18 cents that we had proposed. In fact, the latest statistics that I have, show that the national average price of gasoline per gallon in 1979, at the time that this government defeated our government, was $1.14 a gallon; today it is roughly $2 per gallon. Included in that $2 is a provision for a series of taxes which total 60 cents a gallon. That is, 60 cents a gallon of the $2 goes directly into federal government coffers. That is a very good chunk of the total price one pays at the pump.

What is happening, Mr. Speaker, is that in effect, while we have a domestic crude oil price of $23.50, roughly 65 per cent of the world price, we are paying more than the world price at the retail level. What is becoming increasingly disturbing is the fact that while we have prices at the pumps on the increase here in Canada, our counterparts in the United States are finding their prices falling. As a matter of fact, we understand that in the city of Seattle the price of gasoline is roughly 13 cents a gallon lower than what it is in Vancouver.

The Liberal members across should hang their heads in shame because of the betrayal of the election promise. They have no intention of fulfilling it. This Prime Minister had no intention of doing so, and his major spokesman, his Minister of Finance (Mr. MacEachen), had no intention of fulfilling that election promise. They betrayed the Canadian people with this sleazy tactic. It was sleazy. It has been used as an instrument to divide and to drive a wedge into confederation. I know what they were saying during the last election campaign: "Oh, we are not going to pay that excess tax to build up the coffers of Lougheed's trust fund." That is what they were saying. They were saying: "We cannot afford to make the government of Alberta super rich; we do not mind their getting a fair price, we do not mind their getting rich; but we cannot afford to see them getting super rich."

Well, what they did in the course of their campaign, and what they have done since they formed the government, is divide and further erode the sense of partnership, the sense of togetherness in this country. In effect, they have driven a wedge into confederation. I say to my Liberal friends opposite that they should hang their heads in shame when they are asked to stand and vote in support of this particular measure.

My friend who has just entered the House has been pleading the case for the farmer and I commend him for it. I had a good opportunity of sitting in committee when he challenged the Governor of the Bank of Canada on the high interest rate policy. I know he does it with deep concern and conviction. I would ask him to consider doing something similar to his Minister of Finance and his Minister of Energy, Mines and Resources in respect of the price of diesel fuel—60 cents per gallon in federal tax is being paid by every farmer every time he fills his diesel tractor or combine.

That 60 cents is far too much. There has always been relief for the farmer because he is a producer of food. We have always supported a cheap food policy. We know that the farmers do not have the luxury of passing on these additional costs to the consumer because many of their products are sold on the export market. But 60 cents a gallon is far too much for the farmer to pay in the form of a federal tax. That is another massive revenue grab. For the average farmer in western Canada it means that he has to dig out of his pocket roughly $4,000 to pay into the federal government coffers for that 60 cents a gallon tax that they have imposed upon farm fuel prices. That is grossly unfair. I am sure he would consider it grossly unfair, but I have not heard him say anything about it. It is not the Governor of the Bank of Canada that has imposed this but his own colleagues, the Minister of Finance and the Minister of Energy, Mines and Resources.

Let us look at fertilizer, Mr. Speaker. The price of natural gas has a direct impact on the price of fertilizer. They tell me that the federal tax component on production of fertilizer works out anywhere from $25 to $40 a tonne and by 1985 that will increase to about $72 a tonne. That is some 35 per cent of the total cost. That, too, is unfair because the farmer does not have the opportunity of passing that cost on.

• (1630)

We in western Canada also have a grossly unfair pricing structure for fertilizer. The fertilizer manufactured in western Canada and exported to the United States is selling at a price level of between $30 and $60 per tonne less in the United States than it is in Canada. The Minister of Agriculture (Mr. Whelan) said yesterday that that is the free market system working. When he acknowledges that the excessive amount of fertilizer produced in Alberta and Saskatchewan has to be sold in the United States at competitive prices, that simply demonstrates to me that there is not a free marketplace, that the forces of the free market are not working in western Canada because there is either some price fixing or some kind of monopoly. Competitive forces simply are not evident. If they are not evident, surely the minister responsible for farmers and the production of food and the Minister of Consumer and Corporate Affairs (Mr. Ouellet) have a duty and obligation to look into this matter. If this is the market system at work, there is certainly something wrong. In my view, the competitive market system is not at work, and there should be protection for the producers of Canada. We should not tolerate this kind of price gouging.

The farmer is getting it at every end. He is getting it in fertilizer prices, home heating fuel prices and natural gas prices, and he is experiencing an excessive and exorbitant imposition of tax on the diesel fuel he burns in his tractor. That is unfair and it cannot continue.

I hope some hon. members opposite who represent producers as their constituents will think twice before they vote in favour of this particular measure, or at least bring in an amendment which would provide exemptions and some relief for the farmers of Canada. We can bring in amendments. The government will not allow its members to vote with us, but I invite hon. members opposite to do just that. There is no question that we would support them.

This massive rip-off of consumers is something we did not hear much about during the last election campaign. It is no wonder people are losing faith in politicians and the political institutions of this country. When we consider the stupidity of some policies, the blatant deception which occurred during the last election campaign and the lack of confidence in leadership which exists in this country, we see clearly that it is no wonder that there is a sense of hopelessness and despair and a sense that things will get worse before they get better. Canadians are very despondent and frustrated by the fact that there is no hope on the horizon because of the silly and asinine policies which are in effect. We are not asking for anything dramatic. We are asking for nothing in the way of favouritism. We are just asking for a little commonsense.

We are debating here a Canadian ownership charge, and that brings me to Petro-Canada. Petro-Canada was something which was urgently needed to provide oil self-sufficiency to the country. The creature was created at a cost of some $4 billion. Today we are more reliant on imported oil than we were a year ago, and a year ago we were more reliant on imported oil than the year before.

What has Petro-Canada done? It has taken over going concerns at very heavy cost to the people of Canada. Petro-Canada is involved in places like Tanzania, Senegal, Kenya, Jamaica, Bangladesh, Pakistan and many other countries of the world, but we do not see Petro-Canada doing any pioneering or trail-blazing here in Canada. Petro-Canada has done nothing to improve our level of self-sufficiency. It puts out nice ads. Petro-Canada can hire American advertising consultants to define its trademarks, and so forth but Petro-Canada has become a joke.

No one really expects Petro-Canada to wave a magic wand and provide us with energy self-sufficiency. Petro-Canada has hired a number of bureaucrats and more government appointments have been made. Petro-Canada has become another reward centre for the diminishing number of people who have some sympathy for the Liberal cause. The whole philosophy and attitude of the government is that it should corral revenue so that the government can impose central control, assert authority, determine where growth will take place and in what region, how resources are to be developed, who will get the nod to do such development and who the winners and losers will be. The price we are paying for that kind of philosophy is seen in the growing numbers of people on unemployment rolls, the growing numbers of people who are losing their homes and the growing numbers of businesses closing their doors. Farm bankruptcies are up 50 per cent this year over last year. What is happening is that while the productive labour force is being reduced, the non-productive government labour force is being increased. The March 22 editorial of *The Financial Times* points that out:

> But the policies of the Trudeau government in this recession are having a curious effect: the producers are losing their jobs and the non-producers are cruising through unscathed.
>
> The layoffs announced week-by-week by hard-hit companies are almost all among producers. There are 133,000 fewer manufacturing jobs in Canada than there were a year ago, according to Statistics Canada. Jobs in primary industry have dropped by 41,000. Construction jobs are down 17,000.
>
> On the other hand, the category of "public administration" had 770,000 jobs in February, 26,000 more than four months earlier on a seasonally-adjusted basis.

The article goes on:

> A year ago the federal staff numbered about 329,000. Ottawa expects this to grow to 334,000 by the end of this month. And the government is planning to have 345,000 employees by a year from now. To be comparable, these totals include postal workers.
>
> Not only does the number of bureaucrats grow throughout recessions but it continues to grow in times—such as the present—when the government proclaims that it is following a policy of restraint.
>
> In the past year, for instance, the federal energy department has added 656 new employees, a 17 per cent increase. And that doesn't count the 1,639 employees added by Petro-Canada.

What are companies in the private sector doing? They have to lay people off. Because of the decline in the petroleum industry, a reduction in the work force is necessary. We have a paradox. The government payroll is exploding, and the private sector—the productive sector—payroll is on the decline. Oil companies are being squeezed by falling demand and rising taxes, while at the same time there is an explosion of jobs in

the non-productive government sector. That is essentially what is happening in this country.

As I said in a speech earlier this week, the productive labour force in Canada is reducing. Production in this country is reducing. We have not had any new wealth generated over the last five years, and unless we start generating some new wealth, unless we start encouraging production and productivity and unless we can experience some real growth in this country, we will be in very, very serious trouble. We cannot continue to redistribute wealth. We have to create and generate some new wealth, and that is something this government is not doing.

I want to turn now to what I consider another classic example of stupidity and discrimination, and it has to do with the treatment of fuel tax with respect to Canadian air carriers. We are all aware that there has been a transportation fuel compensation recovery charge levied against our airlines and our ships which are involved in export trade. This primarily affects the ships employed in the coastal trade and service on the Great Lakes. We know that some $50 million in taxes has been imposed on internationally schedule and charter services. Because the tax is discriminatory and has violated bilateral agreements made with other countries, the government decided to rebate some $46 million of export fuel taxes to the foreign carriers that serve Canada but it has refused to treat Canadian carriers in the same way. There is a double standard, Mr. Speaker, and it just does not make sense. The decision places Canadian carriers at a severe financial disadvantage relative to foreign competitors. This threatens the financial health of Canadian airlines at a time of seriously depressed earnings.

• (1640)

This case has a long history, Mr. Speaker. The Air Transport Association of Canada warned the government at the time that this action would be in clear violation of the bilateral agreements. Foreign governments made representations to the Canadian authorities and they finally agreed to the exemption. But it has not been provided to Canadian carriers, Mr. Speaker, so again there is a double standard which works to Canadians' disadvantage.

This bill proposes that a tax of approximately eight cents per litre or 36 cents per gallon be imposed upon the supplier—a sort of income tax on refiners and/or suppliers. It blatantly interferes with contract negotiations between airlines and their suppliers.

Until now, fuel products exported in the east were levied a charge to recover compensation on the originally imported oil. This charge will extend this treatment to the west and will impose it on all Canadian aircraft leaving Canada. There is no reference to the level of the charge to be levied. The export charge on diesel type fuels, called middle distillates, was about $113 per cubic meter while the fuel compensation recovery charge for February was only in the $47 to $68 range. There are differences in the recovery charge for the type of user and point of departure. The charge on the east coast for marine diesel is $78.35 while the charge for the west coast is $47.20 for February.

We have to ask why the bill does not mention that different classes of users will be charged different amounts. The bill should speak to this and the minister should explain the difference between the two costs.

The bill does not speak to the adjustments that have been made to the charge with respect to airlines. The government has indicated that this charge will no longer be levied on aircraft and that they will use the income tax system to capture back the same amount as the charge, yet the bill is silent on this point. A charge of nil for February is insufficient to guarantee that the charge will never be levied again.

There is confusion and discrimination in this, Mr. Speaker. The airlines are not arguing about the fact that the taxes are to be imposed but about the method in which they are being imposed. They believe that this constitutes a gross interference in contract negotiations between the airlines and the suppliers of fuel. This demonstrates again the effects that a myriad of regulations, excessive costs, a variety of taxes, levies and surcharges will have and they have to be coped with in the consideration of this legislation. It is a bureaucrat's and accountant's haven but it is a burden to anyone who wants to live up to the spirit and letter of the law.

We are in the final throes of debating a program which, as I said the other day, will go down in history as the major man-made disaster of the 1980s—the National Energy Program. This series of bills should be considered with a great deal of caution and care and there should be the greatest input possible from the people who will be affected by them, directly or indirectly, and that is the people in the industry. I refer not only to the multinationals and the big oil companies but to the average individual and the average company that is part and parcel of this network that is the petroleum industry in Canada.

This has become a very important and viable industry, Mr. Speaker. While my province and western Canada have an agricultural based economy, in places like Vegreville, Lloydminister, Wainwright, Vermilion, Cold Lake, Leduc, Wetaskiwin, the oil industry, in various forms, is a very important component of the health of the whole economy. It provides an economic spin-off, a tax base and an economic development base. We need all of these in western Canada to provide some security so that our economy will not be dependent on one industry or another.

That component of our economy has been hurt very badly. People who have invested their lifetime earnings in aspects of the oil service, drilling and exploration industry have been hurt very badly. Companies that have been in existence for 10 or 20 years have been forced to lay-off large numbers of people. In some cases they have been forced to close their doors. All this because of a man-made, deliberate policy which is seen as an attack on the west and an attack upon industry.

The agricultural industry and the oil industry have worked hand in hand, Mr. Speaker. Of course, there have been times

when producers have been in royal battle with the oil companies and the exploration and drilling companies about determining a fair value for rights of way, damage to crops and so forth, but essentially the industries have developed side by side.

The Alberta publication "Wheat Pool Budget" recently reprinted an editorial from the Brooks Bulletin which I think is worth putting on the record. It summarizes, in layman's language, the serious and combined impact of the budgets of 1980, 1981 and the National Energy Program. Under the heading "Let's do Something" it reads as follows:

It has been a relatively short time since the Budget and National Energy Program were delivered to the Canadian people. In this time, residents of Canada have gone from the inquisitive to the unbelieving.

In the short span of 16 months, many businesses have gone under—the victims of high interest rates. Many farms and ranches have followed suit.

Today, people meeting on the street no longer follow the customary greeting whith a smile. Now they ask each other how they are surviving.

We have watched helplessly as businesses closed their doors and silently disappeared. We have listened on the phone while well-respected business people tell us they just don't have the funds to pay an account. We have heard about the countless hardships a farmer has mastered throughout his life—until now.

We have watched while our country's once strong economic situation turned for the worse.

As we recently read: "The price of this human misery is unbecoming to our Canadian talent and potential. Clearly our nation is out of touch with reality."

We must do something to pull the federal government's cloak of uncertainty back from the economic window and instil the peace of mind that Canadians only a short while ago enjoyed.

• (1650)

Mr. Douglas Roche (Edmonton South): Mr. Speaker, we have just heard from the hon. member for Vegreville (Mr. Mazankowski) a moving and masterful exposition of the depth of the dangers our country faces. I congratulate him on that speech and, sir, as I speak in the same vein as the hon. member, I hope you will interpret my remarks as coming out of the depth of the west. For indeed, Sir, virtually every member of this House from western Canada feels the same as myself, the hon. member for Vegreville and the others who have spoken in this debate.

In the light of statistical indicators, Mr. Speaker, it is evident the federal government's record on economic affairs is abysmal. But on energy matters the record is horrendous. Energy policies have been constructed out of political expendiency or gross misreading of the economy and the country's total needs. It was political expediency which led the government to embark on the ill-advised policy of shielding the Canadian consumer from the effects of OPEC price increases in 1973. It gave the consumer the illusion that he lived in the best of all possible worlds. The Canadian consumer did not learn to conserve, industry was not helped to adjust to the new reality, and the government did not push for self-sufficiency with the force it should have. Now, finally, the consumer is painfully waking up, and industry has to make adjustments in often tragic ways.

On energy matters, of which this bill is a prime example, the government is still acting in a woefully erroneous fashion. Let me put it plainly: the national energy policy is an unmitigated disaster, not just for my province, but for the whole country. As a Canadian I am truly saddened to see what is happening in my country; not only the loss of jobs, but the fear which is sweeping across the land. Millions of Canadians today fear for their continued employment. What is worse, as the Gallup poll has just shown, a large section of the public fears that if they do lose their jobs, they will not be able to get another one. What kind of society is that?

As an Albertan I am angered at the loss of potential. The national energy policy ignores the needs and aspirations of all Canadians and has its deepest negative effects on Alberta. Of course, Mr. Speaker, I stand for Canadianization, greater control of the industry in Canadian hands. As the Conservative party finance critic, the hon. member for Etobicoke Centre (Mr. Wilson), stated publicly on July 21, 1981, "this is an economic fact of life and the reversal of a process which has occurred in Canada over the past 100 years".

But, sir, Canadianization should not be confused with nationalization. Yet that is what the government is doing. It is softening up the stock market and buying into the industry at depressed price levels. Surely it is open for all to see how oil share prices declined when the NEP was announced. Virtually the only major stock which did not lose was Petrofina, which the government later purchased at a grossly inflated price. Yes, Canadianization should be our goal, but not through nationalization or the strategy this government is following. "Canadian owned" does not and ought not mean "Canadian government owned". The Canadian private sector ought to be encouraged to invest in the energy industry.

This, Mr. Speaker, is why the Progressive Conservative Party in 1979 proposed the Canadian common stock investment plan. Canadians investing in Canada was the object of that plan. Small investors were to be encouraged to participate in Canadian-owned companies. RRSPs were to be encouraged to purchase Canadian stocks. We were even planning, as is well known, to offer shares in Petro-Canada to Canadians at $10 a share, not the $120 which the government is asking for shares in a PetroCan subsidiary. The present government has not even looked at this kind of measure. Instead by imposing a 25 per cent retroactive back-in on federal lands, it has made prospective investors ask: Will our money be safe there?

It is this lack of investor confidence, this basic uncertainty about the Canadian government's intentions, which is causing many firms to sell out and others to move to the United States. Small Canadian firms would rather be involved here in Canada if conditions permitted them to be, but they go to the United States because their policies make energy investment increasingly attractive. We now find that 12 per cent of the oil and natural gas exploration in the United States is being undertaken by Canadian companies, and that is why I, as an Albertan, am angry. Most of the companies which have moved to the United States have moved from Alberta. Two hundred and thirty-one oil drilling rigs have lefts since the NEP was announced, along with 111 service rigs. That is as if in Ontario or Quebec small factories employing 40 or 50 had closed down one by one. Drilling activity in 1981 was up 26 per cent over

1980 in the United States, and it was down by the same amount in Canada.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for La Prairie (Mr. Deniger)—Airports—Future of Dorval and Mirabel; the hon. member for Winnipeg North (Mr. Orlikow)—Bankruptcies—(a) Increase in number—(b) Request that government take action; the hon. member for Brant (Mr. Blackburn)—Foreign Investment Review Agency—(a) Takeover of White Farm Equipment Company by Texas firm. (b) Patents for Canadian-produced combine. (c) Possibility of Canadian control.

[*English*]

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions (papers).

• (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Orders Nos. 22, 35, 1, 48, 28, 43, 5, 54, 34, 83, 71, 89, 36, 94, 88, 49, and 76 allowed to stand by unanimous consent.

DAY CARE CENTRES

Mr. Hal Herbert (Vaudreuil) moved:

That an Order of the House do issue for copies of all questionnaires given to public servants and all studies made by the Treasury Board in 1980 and 1981 in connection with day care centres.

He said: First, I would like to thank the seconder of the motion for enabling me to speak on it. He is not aware of my remarks and has not expressed any approval of what I am going to say, and for that matter he has not expressed any opinion. He has simply, by seconding the motion, given me the opportunity to speak.

I want to make it quite clear that the subject is not day care centres. I want to say, as I have said in this House previously, that the issue is administration, control, government spending, government procedures and for that matter even House procedures. These are the topics I will be discussing this afternoon.

Before departing from the words "day care centre", let me reiterate what I have said previously in this House. I want to see a system of day care centres throughout the public service. I want to see them efficiently operated and I want to see a subsidy program provided, either at the provincial or federal level or at both levels of government so that these day care centres will be accessible to all children of public servants and not just to those whose parents have large enough incomes to afford to pay what I consider to be very high cost.

Putting that aside, let us look at what I consider is the issue I want to discuss this afternoon. Why, as a start, did I transfer motion No. 86 for debate and not allow any further time for the production of the documents asked for in the motion? Simply because I have put several notices on the Order Paper. Notice of motion No. 85 and this one called for documents from the Department of Public Works in connection with the construction program in the last fiscal year ending March 31, 1982.

On February 24, the motion was agreed to. I thought I would be receiving the required documents. I was completely amazed at what was handed to me. I received two sheets of paper which were generalities and were, in effect, a reiteration of what started this exercise, namely a news release dated June 26, 1981. In fact, attached to those two sheets of paper was the news release of June 26, 1981. That was the answer to the motion. That was the answer to what I consider was the order of the House to produce estimates and plans for the day care centre so we could see ourselves what costs were envisaged and what plans were being made.

I brought up this matter in the House and discussed it. The Speaker, and I do not take issue with the ruling, said there was nothing she could do. However, what it does for me is clearly illustrate that a motion passed by this House which becomes an order of the House is valueless. Nothing is produced. Nothing need be produced and there is no means by which a member can ensure the production of documents.

I was particularly annoyed because I had seen certain of the documents. As a result of my comments made in the House and as a result of some pressure I brought to bear on the Minister of Public Works (Mr. Cosgrove), the plans which I had already seen and which I assume are the only plans were produced for me. I was able to review them. They are very extensive. They are very well put together. Along with them I received what purports to be a fairly extensive specification.

I now know why these documents were not tabled. It is because they are in one language only, the English language. I suggest that we have gone past the stage where documents for use on the Hill should be in only one of our official languages. I asked myself how any workman who just happens to be unilingual French is able to understand either the plans or the specifications. But apart from that, I have still not seen any estimates. Being a construction man, I am aware that when one attends to demolition, to all kinds of renovation work, moves libraries, messenger services, does landscaping and

builds fences, some fairly detailed estimates ordinarily should be prepared. What we were given was a global figure.

I eventually got this information in a letter from the Minister of Public Works. The subject of the letter is the day care centre. The issue is not the day care centre itself; it is the way we handle costs. The cost shown for the architectural, mechanical, electrical, structural and outside play areas is $210,000. That is a nice global figure. Next we find fees and miscellaneous costs including management and contingency sums, for another $30,000. That totals $240,000. That figure was produced in a committee hearing as being the cost to public works of doing this work in one of our buildings on the Hill.

Being always somewhat cautious when figures are bandied around in such global fashion, I enquired and found out that there is another cost involved namely the cost of related work including the relocation of the branch library—we would not have had to relocate the branch library if we had not been building the day care centre—the messenger service and the traffic control services, which will be in the order of $80,000. When we are spending $80 billion, I suppose $80,000 is relatively insignificant, but it bothers me. It bothers me because as far as I am concerned when we spend money here it is coming out of my pocket in the form of taxes and I want to see better control.

But that is not the end. We now have $240,000 plus $80,000 which equals $320,000. Loose equipment and furniture will be purchased separately. I do not know how much that will be, I have no idea. But we are now looking at an expenditure in the order of $400,000 for 40 children, or $10,000 per head.

I love children, Mr. Speaker. I want every child in this country to have the opportunity my two children had of going to a day care centre and receiving that kind of advanced training before attending primary school. But to tell me, a construction man, that we have to spend $10,000 per head for every child going to a day care centre is, I suggest, absolutely ludicrous. I object and I object very strongly.

What is worse is found in a letter from the Minister of National Health and Welfare (Miss Begin) who writes:

> According to what I have been told, the day care centre in the Confederation Building will be run by a board of directors independent of the House of Commons administration.

That is probably a good thing. The Minister's letter continues:

> —moderate-income employees, earning $15,000 or $20,000 a year, are far less able to pay the day care fees than a higher-income person.

That is absolutely correct, particularly when one finds that person is ordinarily a single family parent with two children. The cost to that person will be $650 a month for 12 months. We should look at the total. It is absolutely beyond the reach of most employees on the Hill. The minister went on to say:

• (1710)

> I have therefore asked my officials if employees using the Confederation Building day care centre (and similar centres at other places of employment)—

We must remember that this is an example for the country. This is what we will hopefully be able to do throughout the public service as an employer. She continued:

> —might be eligible for subsidies but would be cost-shared under the Canada Assistance Plan.

Then a memo in this connection was attached, and she went on to say:

> As you will see, it is possible for CAP cost-sharing to be available for children enrolled in the centre. However, most federal employees would probably not be eligible for subsidies because their incomes would exceed the levels that have been set by the province of Ontario.

Essentially day care centres are in the provincial sphere of jurisdiction. The province is responsible for the control, the province decides the level to which they will be subsidized, and the province in that regard also sets the amount of participation of the federal government because the federal government pays 50 per cent of whatever the province decides to pay.

To ascertain exactly what kind of organization would be running the centre, I put questions. First I should explain once again that it is not because this is a day care centre which we pass every day; I am looking at examples of the way we operate and the money we spend for what we will be doing in the entire public service. I want it kept in that perspective. If we are to establish boards for every day care centre in different departments of government, apparently this is the manner in which they will be set up, through independent boards. I asked how the board was selected, who decided on the membership, and why there were no men on the board.

We have been fighting so-called discrimination. Normally when we think of discrimination, it is in the terms that women are not considered equal. I object as a male from being excluded from the consideration of what will happen to my children or the children of other people. I have every right to do so. I was not given an answer. In fact, the response was simple: "Ask the board." I asked the board who selected it and why its members were all women. Frankly, I think the whole matter is becoming somewhat ludicrous.

Mr. Blaikie: What was the answer?

Mr. Herbert: I did not obtain an answer, because obtaining an answer here is sometimes a very lengthy process.

Mr. Blaikie: We know that better than you.

Mr. Herbert: I am called upon to speak in the House long before the answer finally comes to me.

This centre, which will be the example in the public service, will be entirely self-supporting. How can we say that it will be entirely self-supporting when the cost is $10,000 per child at the outset? The interest on those moneys alone is at least $1,500 per annum per child. There are public funds involved, and since they will not be recovered, it is not self-supporting at the onset. Therefore, as government policy, why do we not accept that we will be involved in a considerable expenditure of funds and say, in all fairness to the population, that we should add the required subsidies to ensure that the facilities are available to everyone on an equal basis? How can we expect

any of the ladies who work in our cafeterias, or even the men who drive our buses, to have the necessary funds to put their children into this very expensive, very nice, very attractive and very laudable day care centre? They will not have access to it, and on that basis I think it is something at which the government must look. I feel it is discriminatory.

I have raised several points this afternoon. Before we go any further, we must look at our total approach. The memorandum or the communiqué issued on June 26 should be followed up with a reasonably good study of exactly what we are getting into. Having identified what initial costs are involved, we should look at what additional costs will have to be added to construction costs in order to make the centre accessible to all employees. Furthermore, there should be a little more consultation with the province of Ontario. The centre is to be licensed by the day nurseries branch of the Ontario Department of Social and Family Services. This is fine. I suppose it means that they will be responsible for the general overhaul of its facilities to ensure that they are suitable and presumably ensure that it is run according to good standards. I think I have made my point. We have spent a lot of money and we are continuing to do so.

In conclusion, I should like to refer to one item which bothers me somewhat. The procedures by which we operate on a fiscal basis whereby everything ends on March 31, I find irritating. I have discussed, for example, control of costs with the Auditor General. It will be realized that any construction which goes over a year's end finds costs in two different fiscal years. Under those circumstances it is very difficult to put together a package. We must add to that the fact that moneys are coming out of three completely different pockets—one for the construction, one for the moving of library, messenger services and so on, and one for the supply of furniture and various fixtures. One can see that it will probably be at least the autum of 1983 before we as Members of Parliament will see the dollars involved. I do not consider that a very satisfactory procedure. I plead with the President of the Treasury Board (Mr. Johnston) to put the cards on the table, to tell us precisely what is involved and to tell us precisely what is his intention. He should assure us that it is government policy, if it is going into the field of day care centres, to ensure that day care facilities are available to all public service employees regardless of their levels of income.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I commend the hon. member for Vaudreuil (Mr. Herbert) for his concern about accessibility to the day care centre being constructed on the Hill. If I understand correctly, at this point there will be no subsidized spaces in the day care centre, but there is some hope that there might be some in the future.

This is an excellent opportunity to impress upon not only one government member, the hon. member for Vaudreuil, but upon all government members who are present, the need for a national day care act. In this case, if there was an appropriate act, it would provide guidelines for the provision of subsidized spaces in this day care centre as in all other day care centres which exist or come into existence, whether they be in the public service or anywhere else.

• (1720)

Today I would like to take the opportunity to put some facts on the record with regard to day care in Canada and to make some suggestions from the New Democratic Party point of view. In this regard, I would like to refer generally to the analysis of day care in Canada which is found in the annual health and welfare publication, "Status of Day Care in Canada." I would refer particularly to the one which was recently released which has some interesting statistics.

The amount of licensed or supervised day care space increased in 1980 by 16.8 per cent. Non-commercial space increased by 33 per cent and commercial space decreased by 3.7 per cent. This was the reverse from the year before when the growth in space was concentrated in the "day care for profit" sector.

Infant day care centres continue to be the big loser. It is estimated that in 1980 there were 229,000 children under the age of two whose mothers were in the labour force. A total of 3.8 per cent of these children are receiving group care or approved family day care service. As of March, 1980 there were an estimated 531,000 children aged two to six of working mothers. The data indicates that that 15.77 per cent of these children are enrolled in day care services. The conglomerate figures show that of the 760,000 children under the age of six whose mothers are in the work force, only 12.6 per cent of them are in approved day care spaces. This was a marginal improvement over the previous year's figures of 12.04 per cent. The fact remains that fully 88 per cent of Canada's children under the age of six whose mothers are in the labour force are left in unlicensed child care arrangements.

A further breakdown of day care centre spaces reveals that the overwhelming percentage of day care spaces are being utilized by children between the ages of two and six, some 79.94 per cent. Spaces for children under the age of two represent 5.38 per cent of all centre spaces, which is down by 400 spaces from 1979. This represents an acute problem for parents with infants.

Our short-term, low-benefit maternity benefits make day care that much more essential. We passed a resolution at our federal convention in 1979 calling for an increased federal share of cost sharing for infant day care spaces as a mechanism for increasing accessibility to this very important kind of care.

I will now give a few provincial comparisons, for those who may be interested. As indicated in this study, each province has its own mix of day care delivery, as we might expect. Ontario and Alberta are the only two provinces which have publicly owned—that is to say, municipally owned—day care centres. The municipalities in both of these provinces have had an active involvement in the delivery of day care services and, in both provinces, contribute to the cost of day care.

Non-profit day care centres are predominant in British Columbia, Saskatchewan, Manitoba and Quebec. In Saskatchewan, only parent co-operatives qualify for licensing. In Ontario, commercial and non-profit centres are approximately equal in numbers. Commercial centres in Alberta outnumber non-profit centres by two to one. In five of ten provinces, that is Ontario, New Brunswick, Alberta, Newfoundland and Prince Edward Island, one half or more of the spaces are commercial, principally serving the needs of full fee-paying parents.

As I have mentioned, in light of the great need which remains to be met in terms of providing day care services in Canada, we have passed a number of resolutions in our party having to do with this concern. I would like to indicate one resolution for the record which was passed at the federal convention of 1979 which continues to be New Democratic Party policy:

THEREFORE BE IT RESOLVED that the NDP reaffirm its 1971 commitment that an NDP Federal Government would enact a national Child Care Act; commit itself to the philosophy of child care as a public service, and initiate an educational campaign in support of this philosophy.

BE IT FURTHER RESOLVED that in the meantime, as a matter of urgency, the NDP press for:

(1) initiatives on the part of the Federal Government by offering preferential cost-sharing schemes (ie. paying 75 per cent of the capital cost of building child care centres, 80 per cent of the cost of child care staff, increasing the federal part of cost-sharing child care services for infants and handicapped children) thereby increasing the accessibility and quality of childcare;

(2) the encouragement of provincial and municipal governments to make child care a higher budgetary priority and to institute a ceiling on child care fees charged to parents;

The fourth point in this resolution stated:

(4) legislation be passed requiring employers to fund quality day care centres in the workplace.

Policy resolutions are always an indication of rough intention. I believe that these policies which were passed by the national convention of the NDP are worthy of consideration.

I would like to dwell for a minute on a matter which concerns me, not just with respect to day care but to nursing homes and anything having to do with the provision of human services, for that matter. It concerns the ongoing debate about whether or not such services can be provided adequately within the context of profit-making institutions. While we have always had profit-oriented day care centres, we see more of them coming into being, especially now since we see multinational day care corporations such as Kindercare moving into this field. They obviously see it as an area in which they might be able to make money.

I would like to reflect for a moment on some of the drawbacks to profit-oriented day care. First, since fees are limited by what parents can afford to pay, making a profit from day care necessitates cutting back on the quality of day care provided. Another point is that the issue of quality of care is primary given the argument that good quality care cannot be provided on a profit-making basis. For instance, a recent investigation into the expenditures of profit-oriented day care centres in the United States concluded that:

For-profit centres typically spend much less per child than do non-profit centres. According to the 1977 Abt. data, average annual expenditures per child are about 30 per cent lower in for-profit centres than in non-profit centres.

Most of these expenditure savings are made through lower staff salaries. Lower salaries tend to mean less trained and less experienced staff and a higher turnover which disrupts relationships within the day care centre.

A 1979 Toronto survey of 30 for-profit and 91 non-profit centres found that staff salaries were significantly lower in for-profit centres. This same survey found that for-profit oriented centres provided fewer staff benefits, including paid vacation, sick leave, pension plans, life insurance and in the case of Ontario, OHIP payments. In Edmonton, a survey by health inspectors reported that almost half the for-profit centres were not providing adequate care. In Ottawa, purchase of service agreements has just been withdrawn from two profit oriented centres due to misuse of funds.

A further criticism of for-profit centres is that they do not encourage or, in some cases, even permit parental involvement. The special nature of day care in providing care for very young children makes the involvement of parents in the substitute care particularly desirable. Apart from the lack of parental involvement and questionable quality of present centres, the continued growth of for-profit day care, particularly corporate centres, as I have mentioned, raises the possibility of future lobbying activity to lower standards in day care.

• (1730)

I want to say that even though I have outlined many of the inadequacies which arise as a result of operating day care centres according to the profit motive, I would still have some concern even if it could be demonstrated to me that profit-oriented day care centres do provide good quality care from time to time. I am concerned about the long-range trend which is particularly in evidence in the United States, but I am also concerned that it might become a trend here to perceive human services as a new and challenging field for the marketplace. I am concerned that we will see more and more of this as traditional sources of capital and profit move into the Third World, as we try to export pollution and some of the more negative consequences of industrial society, and that here in North America we will see a move toward more commercialization of human services. We will see this through multinational corporations involved in nursing home care and in the provision of day care, and in the provision of health services, so that finally no area of human activity will be left untouched by this particular manner of regard for human life and all things will be turned into commodities in the marketplace.

It would be a mistake to see my concern about profit-oriented day care as part and parcel of the old and sometimes boring debate between those who would like to see something done by the private sector and those who would like to see something done by the public sector. As I mentioned in the energy debate just a few days ago, our debates in this country must transcend those two caricatures, because I am not interested in a broad, monolithic, all-pervasive multinational human service industry. But, neither am I interested in a broad, monolithic, all-pervasive, government-run bureaucratic human service industry either. What we should advocate in

this country is that all day care centres be run as far as possible on a parent involved basis, a community involved basis. We should look to smaller scale, more co-operative, community based enterprises, particularly when we are concerned with something as important as child care. So that is what I have in mind. We need to transcend the debate over which bureaucracy is to run our lives, whether public bureaucracy or private bureaucracy, as it is a sort of rut that we tend to get into here due to certain, long-standing ideological battles.

That is about all I have to say on this matter. I did not want to get into the details of what the hon. member for Vaudreuil (Mr. Herbert) said concerning the day care centre which is now on the Hill; I will leave that for another day. However, I wanted to take this opportunity to put on the record our concern that no leadership is being shown by the federal government in the matter of ensuring adequate child care services for Canadians right across the country. We think the federal government ought to show some leadership in the way it previously did with regard to health care and other human services. This should be done, particularly in light of today's economic conditions when many women must go out to work, whether they like it or not.

A number of factors are involved, including the economic factor. Many times both parents must go out to work simply to make ends meet, not simply because there is any particular moment of liberation. Perhaps there is also the factor of changes taking place in the perception of the role of women in our society. Both of these factors are combining to create the need for more options when it comes to child care.

Those who lament the passing of the traditional perception of the family ought simultaneously to lament the fact that the particular economic system in which we live has brought us to the point where couples cannot afford to have one or the other spouse, whether it be the man or the woman, staying home to provide child care. When we say that the need for day care is compulsory rather than voluntary, I think that although this need is to be regretted, it is necessary. To the extent that it opens up opportunities for women in particular and for married couples in general to pursue different employment alternatives and other courses of action in their lives, I think the provision of day care is a good thing and the need ought to be met on that basis as well.

Mr. Herbert: I rise on a point of order, Mr. Speaker. In view of the fact that the time allotted to the hon. member has not expired, I wonder whether he would accept a question from me.

Mr. Blaikie: Surely.

The Acting Speaker (Mr. Ethier): Is that agreed? It is agreed.

Mr. Herbert: Mr. Speaker, in view of the fact that it is generally accepted that this type of care for children is within the provincial sphere of influence and that federal intervention is either financial, through the Canada Assistance Plan, or, in the present case, as an employer, has the New Democratic Party looked at the jurisdictional problem, particularly considering the fact that there is a variation of treatment from province to province and that all children across this country do not have access to similar centres because of the difference in provincial treatment? Has the New Democratic Party considered the jurisdictional problem and has it come up with any recommendations?

Mr. Blaikie: Mr. Speaker, by virtue of our intention to have a national child care act, we have indicated it is possible this is an area in which there might be joint federal-provincial responsibility; indeed, there already is joint responsibility. As the hon. member for Vaudreuil mentioned once before, certain day care spaces are already under federal responsibility in so far as they are cost-shared under the Canada Assistance Plan. The problem of the federal government concerning that particular type of day care is that it is only available to people who meet the criterion for assistance under the Canada Assistance Plan of being in need or likely to be in need.

What we are saying is that all day care ought to be seen as a necessary social service rather than a welfare or handout provision for certain families. In many cases, the people who now qualify for social assistance or who meet the criterion set by the provinces to show that they are in need or likely to be in need qualify for day care. Of course, people with a lot of money qualify for day care because they can pay for it; but the people in the middle are the ones who really find it difficult and must make difficult decisions as to whether or not they can recover enough money from their jobs to have some left over after they have paid for day care. However, if the federal government provided some leadership and some money, I do not think it would have much difficulty with the provinces in trying to provide some leadership in that area.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, let me say that I am very pleased to be able to speak for just a few moments in this debate on the motion of the hon. member for Vaudreuil (Mr. Herbert), who has a habit of bringing some very interesting motions to the House of Commons. It is interesting that he, being a Liberal, is always bringing motions that an order of the House issue for copies of all questionnaires given to public servants and all studies made by Treasury Board in 1981 in connection with day care centres and other matters. I would have thought as a Liberal he could just open his mouth quietly in caucus and the documentation would flow out. I thought these denial of information requests were something endemic to our side of the House. I now find that the caucus system we hear about is not as open as it should be.

• (1740)

My friend used a phrase in the course of his interesting speech that was important. I followed his speech and, I must say, generally approved. I think I can quote him correctly. He said it was time the President of the Treasury Board (Mr. Johnston) came clean and told us exactly what is going on. That is true.

As I go about my constituency and this general area, in this era when women are trying to break out of occupations heretofore reserved to women, trying to exercise professional talents that have been gained because they have ventured educationally and are prepared to venture otherwise into areas heretofore occupied by men or believed to be the domain of men, I am amazed at the tremendous interest in the provision of day care.

Day care serves two social obligations that are mixed and are not really in conflict. First, there is an obligation to recognize the importance of providing every opportunity to equalize opportunities to the greatest possible degree with regard to participation in the work force. Second, the caring and rearing of children, although it is a primary obligation of the family, is not just an obligation of the family but an obligation of society as well. As society evolves, so must our institutions.

I have not seen copies of the documents and questionnaires which my friend has asked for. I am interested in seeing them. The essence of his motion and the questions he asks is that when dealing with day care in terms of the public service, it must be dealt with on a fair, reasonable and universal basis. There cannot be one system, whether it is here in the House of Commons or anywhere else in the public service, for the well-to-do, or no system or a different system for those who are not so well-to-do. That is the matter which concerns me.

Opportunities for work ought to be equal regardless of the economic status of the person whose family requires day care. They ought to be open in a systemic sense to all of those who require day care.

I congratulate the hon. member for Vaudreuil (Mr. Herbert). I have done this on other occasions. I join him in his request for information with respect to this matter. It is important. Every time one goes around one's constituency, one finds how important this question and issue is, and the solutions we seek.

I repeat, there is a mixed obligation toward the maintenance, rearing and care of children. Although it is primary, it is just not the obligation of the family. The community has an obligation to ensure that in a changing world children are granted proper care. Opportunities must be given to those who without those facilities would not be able to advance equally with others.

I commend my hon. friend. I will not take any more time of the House. I hope that someone on the government side will stand up and say to the hon. member for Vaudreuil, "Here are your documents"; and when he gets them, that he will share them with me.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, it is a privilege to speak this afternoon in the "Hal Herbert hour". I will preface my remarks by pointing out to the hon. member for Nepean-Carleton (Mr. Baker) and the hon. member for Vaudreuil (Mr. Herbert) that no studies have been produced or made public, for the simple reason that no studies were done in 1980, 1981, before or after, by Treasury Board. The absence of these studies should not reflect badly on the department nor on the way in which our fabled caucus works internally behind closed doors.

I wish to divide my remarks this afternoon into three sections. First, in a very general way I will deal with women in the workplace and the relationship of this government to them. Second, I will deal in a general way with day care centres and the reasons for them. Third, I will deal with the experience of this government in handling day care within the jurisdiction of the federal government.

Females in the workplace is a topic that all of us in this House take seriously. We do so because not only are females a large percentage of today's work force, but every study I have ever read indicates they will become an increasingly larger component of the work force in the years that lie ahead. Unfortunately, there are a number of forces that historically and physiologically work against full and complete participation by females in the work force.

The cultural disadvantage that I am alluding to is that traditionally we have reserved the best or highest paying jobs for males. We tend in our promoting practices, consciously or unconsciously, to choose male applicants over female applicants. Physiologically, a woman is disadvantaged, or at least her working life is complicated, by the fact that quite often she has to bear the simultaneous dual role of worker and mother. I wish to state for the record this afternoon that this government and this party is committed to fighting the first cultural disadvantage and to help women reach a satisfactory accommodation of the second disadvantage.

This is a Liberal government, this is a Liberal Party and the essence of Liberalism is to liberate. I would like everyone in this House to know that this government is dedicated to liberation of women in the workplace, whether it be the federal workplace in Ottawa or other federal workplaces across Canada, or in the marketplace in general.

• (1750)

There is evidence of that statement, Mr. Speaker. There is the creation of the Royal Commission on the Status of Women, the creation of the Office of Equal Opportunities which was established in 1971, the announcement by Treasury Board in 1975 of a policy to promote a greater representation of females in the federal work force.

Furthermore, I would bring your attention to the publication of a plan of action in 1979 and to the pronouncement by the President of the Treasury Board (Mr. Johnston) in June, 1981, of the day care policy—to which the hon. member from Vaudreuil alluded earlier in his speech. I would hope that there is no one in this House who would believe that day care is a luxury. All too often when talking privately in a party or a gathering of some sort, we hear people complain about the cost of day care, as if day care were a luxury that we could not afford.

I would argue that day care, far from being a luxury, is indeed a necessity, not only a social necessity but an economic

necessity. That latter statement, that day care is an economic necessity, is a point that needs to be stressed this afternoon and at any time when a debate arises over the need for day care centres.

For example, an employer—or a body like an employer, such as this government is—should recognize that the creation of day care centres on site, in the workplace, has significant economic advantages to that company. For example, day care centres certainly attract employees. A company's ability to get good employees is enhanced if the prospective employees know and understand that there will be facilities at the work site for their children. Day care centres already in operation in the work force prove conclusively that they lead to lower absenteeism.

Absenteeism today is a growing problem in the work force. I have talked to businessmen in my riding about their labour situation. One of the criticisms that I hear most often is that it is hard to get good employees. Secondly, it is hard to keep them working on the job consistently day after day. They may work for a week, for a month or so, take a few days off, come back again and then take some more days off, for any number of reasons. Employers have found that if they can provide day care centres, absenteeism is cut significantly.

I would hope that in the future many of those businessmen who presently complain about absenteeism will understand the attraction of building into their work site day care facilities so that their employees will have a more compelling reason to come to work than they apparently have now.

Continuing in this vein, Mr. Speaker, studies indicate that the presence of day care centres improves employee attitudes towards the sponsoring organization; in other words, employee morale builds up with the introduction of day care centres. Such an increase in morale, of course, brings increased productivity.

How often have members stood in this House and argued that the essence of the fight against inflation ultimately is increased productivity? I am not going to argue that the emergence of day care centres across the marketplace in Canada will suddenly and dramatically decrease inflation. I will argue that widespread introduction of day care centres into the marketplace will be one of the important tools the government and private industry can utilize to help to combat this pernicious spectre of inflation which seems impossible to defeat.

In addition the introduction of day care centres lowers the job turnover rate. Those employers I was talking about earlier who were worried about this persistent problem of employee turnover—here today and gone tomorrow—will find that particular difficulty of doing business significantly reduced if day care centres are introduced in their particular business.

The government, of course, is not directly involved in the placement of day care centres in private industry. The member for Vaudreuil indicated earlier, quite accurately, that we do not have jurisdiction to get directly involved in the day care issue. That we do not have direct jurisdiction in this field does not mean that this government has not played a role in spreading day care services throughout the country. In 1980 alone, through the Canada Assistance Plan, approximately $40 million has been channelled to provinces and to municipalities to help them create and run day care centres within their respective jurisdictions. To some people that may not be enough money but I would argue, Mr. Speaker, that it is an excellent start and I would hope this government in future years will involve itself in even larger amounts.

Getting down specifically to the topic raised by the hon. member for Vaudreuil, I would like to indicate that Treasury Board approved of a pilot project that contemplated the creation, within the federal civil service anywhere in Canada, of three day care centres. I would like to point out this afternoon, lest there be any confusion in the minds of the members present today or to anyone who may read *Hansard*, that the day care centre in the Confederation Building is not one of those projects. It is an independent, separate project undertaken at the inspiration and under the leadership of Madam Speaker, but not Treasury Board, not this government.

Mr. Baker (Nepean-Carleton): Ah, you don't want to take responsibility for that one, do you?

Mr. Kelly: The pilot project which was approved by Treasury Board has had three responses. The departments which expressed interest are Environment Canada, Energy, Mines and Resources, and Employment and Immigration. Of those three, Treasury Board approval has been given to but one, that is, Environment Canada.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, the House will now revert to Government Orders.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

• (1800)

Mr. Douglas Roche (Edmonton South): Mr. Speaker, in the few moments during which I spoke on this bill before private members' hour I began to make a point as to why I and many other members of the House, particularly those from western Canada, are today feeling the anger we do when we see the potential of Canada being so seriously hurt as a result of the

economic and energy policies of this government. Those policies, and particularly the National Energy Program, are literally driving the Canadian energy industry out of the country.

I told you, Sir, that since the National Energy Program was announced, 231 oil drilling rigs have left the province of Alberta and, along with them, 111 service rigs. I mentioned that in the United States drilling activity in 1981 was up 26 per cent over 1980, but that in Canada it was down by the same amount.

Mr. Chénier: Talk about now.

Mr. Roche: During 1982 the decline will be even greater, 33 per cent below the 1980 figure.

Mr. MacLaren: It is down 20 per cent in the United States, and dropping.

Mr. Roche: Oil stays locked up in the ground. An estimated 300,000 barrels a day are locked up. That oil could save Canada $12 million a day. That oil would spell prosperity for the whole country. Instead, we import oil from abroad. We import it from Mexico, Venezuela and Saudi Arabia, and we spend $6 million daily subsidizing the price of that oil. What kind of madness is that? Does the ghost of Kafka walk silent-footed through the bureaucratic corridors into the minds of the policy makers?

When we have Canadian oil left in the ground, why do we subsidize the price of imported foreign oil? We began that subsidy originally so that the consumer in the east would not have to pay higher prices than the consumer in the west. The eastern consumer then, as now, largely used imported oil. Yet today Canadians all over our country are paying more for their gas than the unshielded American consumer who has had to pay world prices ever since those prices started rising. In short, we are being asked to support a wrong-headed policy.

In this bill there is a section on the petroleum compensation charge. It is presently levied at $6.30 a barrel, which translates into 24 cents a gallon at the pump. What we are being asked to do is authorize the government to raise it to double that amount, 48 cents a gallon at the pump, so that foreign producers benefit when our own oil sits in the ground.

That is not all. We are also being asked to authorize a levy of $1.15 per barrel, or four cents a gallon at the pump, so that the government can continue to finance a misguided policy of Canadianization through nationalization, not through the private sector. The present gas price is $2 per gallon. How much higher can the price go? Do Canadians realize that of that $2, $1.35 goes toward taxes? That is a full 67 per cent of the price consumers pay for gasoline. What more clearly demonstrates the suffocating intrusion of government at all levels of our economy than that devastating statistic? I will repeat it; 67 per cent of what the consumer pays for gasoline goes straight to government through taxes.

In 1980 the present Prime Minister (Mr. Trudeau) berated the Progressive Conservatives for suggesting an 18 cents a gallon excise tax increase on gasoline, yet in 1981 federal taxes increased by 32 cents. Surely there are some supporters of the government opposite whose self-respect cannot swallow that. Surely they realize that it breeds in people deep political cynicism, and surely hon. members opposite will have to pay a political price for this mismanagement. In short, the people of Canada keep on paying more, not because the oil companies want them to but because the government demands it.

The increase to the consumer which is the result of the National Energy Program and the federal-provincial pricing agreements has been dramatic. That increase has not gone to the oil industry. What the industry faces now is diminished returns. Last year's cash flow declined by 35 per cent, and earnings declined similarly. Now Shell Canada Resources Limited informs us that investment in western Canada will be $2 billion per year less than in the pre-NEP era. This is not the road to the goal of energy self-sufficiency; it is the road to economic disaster.

Recognizing that the oil industry is in trouble, the Alberta government recently announced royalty rollbacks of $5.4 billion over the next five years. In 1982 alone Alberta will forgo $530 million in royalties. It will further grant $505 million in royalty tax credits to small producers and $250 million to well servicing companies. That is a responsive and positive act by the provincial government.

Now we ask, why does the federal government not take corresponding steps to spur the industry, for example, by lowering industry taxes? I am not asking the federal government to line the pockets of oil producers; rather, I am simply asking the government to look at an industry which is truly troubled, upon which the prosperity of my province depends, and because all provinces are intertwined in today's economy, the prosperity of all Canada is being affected.

The money we spend on imported oil is money which leaves the country. The capital which is attracted elsewhere is capital which leaves the country. This cash outflow keeps the dollar low and interest rates high, and high interest rates mean houses which have to be given up when mortgages come up for renewal and businesses which have to close down and go into bankruptcy. In Alberta, business bankruptcies last year were 39 per cent higher than in 1980. They are higher again this year. Unemployment is rising also. It now stands at 6.7 per cent, when a year ago it was 3.5 per cent.

A few days ago the Edmonton *Journal* reported:

> Alberta's slumping energy industry has cancelled job offers to 27 engineers graduating from the University of Alberta.

Last year 90 per cent of engineering graduates found jobs upon graduation. This year only 50 per cent will be successful.

• (1810)

The *Journal* commented on the Alberta royalty rollback, and stated:

> What started in 1980 as a federal grab for resource revenue from Alberta through the NEP concluded this week with a federal win. Alberta did not give in to industry by retreating on royalties; it gave in to Marc Lalonde.

That is the kind of statement that is finding growing empathy with Albertans. That is a fact of political life that I find extremely worrisome, for it is this fact that is provoking the spectre of separatism.

In the near decade that I have been a member of the House of Commons, I have warned of rising alienation in the west. On February 26, 1973, I spoke of western resentment at being treated as a hinterland by Ottawa. I spoke of the western desire for "an even break". I spoke of the need for economic justice. I said "Western development must transcend politics."

That is a theme that I have pursued during the years. But politics has apparently triumphed over good sense, for public policies have not recognized the reality of the new west. Western needs have not been met and what is worse, public policies are crippling our development, dashing the legitimate hopes of those who believe in free enterprise and know that free enterprise was the way in which the west was first built.

On December 19, 1980, I warned the House that the flame of separatism was growing in the west. I pleaded for tools for western MPs to fight this threat. We did not get any. Again, on June 8, 1981, I returned to the subject. I urged the government "to review its policies before it is too late." Otherwise, separatism might become a viable political force. I warned, that "a great collision of forces is coming unless a new spirit of accommodation is injected into policies and on-going negotiations."

If hon. members opposite will not listen to me, would they at least listen to one of my constituents, Mr. John Allen, who has written to me. His is one of many, many letters of anguish that I have received. After asking why a government that has practically ruined the oil industry in western Canada should now be allowed to nationalize the same industry, he writes as follows:

> The intelligent choice of remaining one strong nation seems to be irrevocably lost through a mismanaged or maybe cunningly mismanaged federal government that has all regional areas at each other's throat, and who will probably never really trust each other again.
>
> If I was the only person who thought this way you might say I was a crackpot, a radical, or someone suffering from paranoia, but nearly everyone I talk to who cares about the west or even Canada as one nation is angered and concerned and at a loss to know really where to turn for help, or what to do to help ourselves.

When Liberal members opposite spoke in the House concerning the threat of separatism in Quebec, the federal government took them very seriously. The government responded and gave Quebec MPs the tools to fight separatism. Why will those very Quebec members, who understand all too well the meaning of separatism, not respond to the demand for government policies that will stop the growth of separatism in another, equally precious, region of our country?

I urge members, and the government, to listen when I say that separatism is on the verge of becoming a viable political force in western Canada. The clock has moved to within a few minutes of midnight. I urge members to rise above partisanship and recognize the danger that confronts our nation. There is a separatist government in Quebec and a separatist party is gaining credibility in the west. This is no time for scoring cheap political points. This is no time for the Minister of Energy, Mines and Resources (Mr. Lalonde) to be accusing western MPs of feeding western separatism. Together, we need to fight that growing force. We need your help. The Canadian dream is threatening to become a nightmare.

How hollow will the Constitution events of the past weekend appear in history if the return of the Constitution to Canada is followed by the corrosive growth of separatism. Energy policies that promote growth, development, jobs and an economic future for everyone are essential. This energy bill penalizes incentive. We must replace it with energy policies that promote incentive. Give us those tools, and western separatism will never have a chance.

I close, Mr. Speaker, by telling you I am not going to give up on Canada. This country is too great. I have too much invested in Canada. My great-grandfather came to this country from Ireland and I am not going to dismiss the heritage that I have received because of problems—problems that come not out of our country but out of the government that is currently administering—and, I say advisedly—mismanaging this great country.

How dare this government continue. We want to achieve the potential that Canada has as we enter the final years of the twentieth century in a new era of technology which could be the instrument to unite and develop this great country.

What we need is a sense of direction, a desire to rebuild, a sense of self-esteem, of our worth as Canadians. We need the tools and the energy which will help us build, not destroy one another.

Some hon. Members: Hear, hear!

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I welcome the opportunity to enter this debate today and comment on the National Energy Program. The effects of that program are far-reaching. They extend far beyond any previous government programs of taxation of the consumer and the oil industry as a whole. It is for this reason that Canadians should look closely at the NEP and question the seemingly endless list of taxes this government is adamant about passing on to hard-pressed consumers. From the consumer who fills up his car or uses oil to heat his home, to the small Canadian-owned energy company trying to keep its head above water, the story is the same. The NEP is slowly killing off the industry, slowly but surely strangling it to death.

• (1820)

In the last couple of years the government has driven billions of dollars of investment out of Canada and raised taxes almost beyond the breaking point. Every time the consumer turns around, the price of gas and fuel oil goes up because of an unwarranted increase in federal taxes. Since June, 1980, consumers have been forced to accept increases of 28 cents a gallon, and through the NEP the government intends to slap on a further 52 cents without ever having to justify or explain the increase. In total, consumers will have to pay 80 cents a gallon in federal taxes, which is an incredible price to ask them to pay.

There is no doubt in my mind the taxes outlined in the NEP are completely unwarranted. We have the petroleum compensation charge, the petroleum and gas revenue charge, the natural gas and gas liquids tax, the Canadian ownership charge, and the federal excise and sales taxes. My God, Mr. Speaker, every time someone fills up with gas or fuel oil they have to pay these extra taxes, after which there is little left in their pockets. These taxes are bleeding the consumer dry and making it difficult for him to meet his other financial commitments. They simply cannot take much more of this heavy and wholly unnecessary taxation.

We have been told time and time again that Canadian gasoline prices would be kept below world prices. They will not exceed 75 per cent of the world price. However, the present situation speaks for itself. That promise, like many others, has been cast aside. While the international price of oil continues to fall because of the oil glut, Canadian prices continue to rise because of federal tax increases. Anyone who drives across the border will see that the price of gasoline is cheaper there, even when the rate of exchange is taken into consideration. Perhaps the answer to why we have all these taxes is that it is just avarice and greed on the part of government which is trying to extract as much money as possible from over-burdened taxpayers in order to finance some dubious government programs which do not have legitimate priority or should not have been included in government expenditures. I am referring, Mr. Speaker, to two glaring examples. The first is the recent loan to Russia of some $600 million at an interest rate of less than 10 per cent to finance the gas pipeline. The other is the loan of some $47 million at low interest rates to Algeria to build, of all things, a monument. This money could have been better used to alleviate the dire straits and financial difficulties of many of our farmers. Our hard-pressed housing industry could have used some of that money. However, because of a twisted sense of priority, these two groups along with others are to be denied.

I firmly believe, Mr. Speaker, that charity begins at home. We should make sure our own house is not wanting before we gallivant across the four corners of the world squandering the taxpayers' money to prop up countries whose ideology is opposed or even hostile to ours.

The National Energy Program is supposed to increase Canadian ownership of the energy industry to the extent of 50 per cent by 1990. We are also promised energy self-sufficiency. Those are worthy goals and hard to disagree with, and have long been supported by our party. However, the NEP has had just the opposite effect. It has done a great deal to force Canadian companies out of Canada, and in so doing push back any hope of self-sufficiency for years to come. In the last 15 months or so some 270 drilling and service rigs left Canada, taking with them the technical expertise which in the 1970s accounted for 70 per cent of our oil and gas discoveries. Many of them will not return to Canada, nor will many of the Canadian entrepreneurs. The jobs they would have created, the secondary spinoffs which are so important to the recovery of our economy, are now being enjoyed by the Americans. Mr. William Mackness of the influential firm of Pitfield, Mackay, Ross estimated that in the first year after introduction of the NEP $17 billion in capital left Canada. With a massive outflow of capital of that kind how is the oil industry supposed to be Canadianized? How is it to survive?

While this is happening Canadians are faced with a very disturbing and unnecessary reliance on uncertain supplies of foreign oil. The government seems to want to leave Alberta oil in the ground to the tune of some 300,000 barrels a day, and to delay exploration for new resources. Again I ask, what has happened to the goal of Canadianization? I believe the answer is quite simple: the oil industry is being taxed to death, just like consumers. In the last year alone the government collected $8 billion in taxes under the NEP. The hardest hit are the Canadian-owned independent oil and gas companies, the companies which are supposed to form the cornerstone of the government's Canadianization program. According to Petroleum Monitoring Agency figures, Canadian-owned companies suffered a 52 per cent drop in income in the first half of 1981. There is no question in my mind that this government is not interested in helping Canadian independent companies grow and flourish in the oil industry. Instead, it seems intent on taxing these companies to death. I ask you, where is the common sense?

I would now like to speak briefly about the petroleum compensation charge. A close look at this part of the bill shows that a program of taxation to pay for foreign oil is an ambiguous plan, to say the least. What we have here is a description of the maximum tax which can be charged to pay for imported oil. At present it is $6.30 a barrel, but the ceiling can be increased whenever the minister wants it to $12 a barrel. The impact at the pump for consumers is another 24 cents a gallon. I do not believe this is what Canadians bargained for or what they want. Again there is no question, in my opinion, that the discretionary power given to the minister is dangerous. Nowhere in the bill is there any provision that ties in with what is charged through the petroleum compensation charge to the quantity of oil that is imported. As it stands, the government has the authority to charge as much as it wants for as long as it wants, and the tax is not tied to the cost and the amount of imported oil.

• (1830)

What the government is doing is demanding a blank cheque signed by the taxpayers of Canada. What nonsense. No individual or businessman would ever do business in this way. To top if off, as of now, the government has more than $1.4 billion in this fund. Yet by this tax the government insists on this form of taxation even with the fund being $1.4 billion in the black.

To me this is greed of the highest order. To make matters even worse, there are no assurances that the moneys raised through the petroleum compensation charge are earmarked necessarily to buy foreign oil. To me this represents fraud of the highest magnitude and is the taking of money from the

Canadian taxpayers under false pretenses, and it should not be tolerated.

I strongly protest the authority of the minister to raise taxes at will. What is needed in this bill is a statement of principles, a clearly spelled out set of principles so as to balance out and equate the level of tax collected under the petroleum compensation charge with the amount of oil that is imported. I do not believe that any government purposely goes out and plans to shut down the oil industry and create complex havoc and uncertainty.

Having said that, I find it extremely difficult to equate common sense with the decision taken by this government in this regard. The reason I say this is that the government, despite good advice from various sources from knowledgeable people all across our land has damaged our economy. It refuses to look around to see the devastation it has created.

I believe that Canadians should pay a fair price for energy while the government moves toward energy self-sufficiency. I believe this is an important and worthwhile objective. But I also fervently believe that the government, through the National Energy Program is creating chaos in the industry and is needlessly over-taxing consumers. What is equally alarming is that we are not moving toward self-sufficiency, especially when we are importing more and more oil. Not too long ago, this government defined a fair or reasonable tax on energy as anything that did not exceed an 18-cent tax. Now that definition has changed where we will be paying at least 80-cents in tax on a gallon of gas as well and an 80-cent tax on a gallon of fuel oil.

The government has introduced many taxes, but there is only one taxpayer, the Canadian people. The taxpayer can only pay so much. You cannot get blood out of a stone no matter how hard that stone is squeezed. A tax rebellion in Canada is not impossible. It can happen here.

My advice to this government is to get its head out of the sand and take a good hard look at the real world. Then, we hope, common sense might prevail again.

Mr. Albert Cooper (Peace River): Mr. Speaker, every time I speak on an energy bill I cannot help but think about just how differently I see energy from the way the government sees it. When I look at it in terms of the area I represent, I think of jobs, of opportunities, of cash flowing through my community and of the spin-offs into other industries in the area, whereas the government seems to think only of energy and of the energy sector as nothing more than a source of revenue, of capital and of being able somehow to deal with the huge deficit it has built up over the years.

I take particular interest in speaking to Bill C-103 because it is one of the bills that flowed out of the hard work done during the ringing of the bells to break down Bill C-94 into workable and debatable pieces of legislation, legislation which could be looked at and considered in some kind of a reasonable format where we could talk about the various elements of it in some detail instead of having to look at the matter in the omnibus fashion in which it was presented to us a few weeks ago. I have a few objections to this bill which stand out in particular. The first one has to be taxes. This bill is really nothing more than a tax bill, a grab for revenues. It is a grab for revenues at a time when people all across Canada are losing their jobs, their homes, their businesses and anything that would allow them any opportunity to pay taxes. But the government is increasing taxes.

The second area of concern that I have with this bill is that more money is being collected through the petroleum compensation charge than is necessary. The government is taking a greater share of taxes than it really needs.

There is a third area that I do not like about this particular bill and that I do not like about this particular government. A certain trend and approach has been developed by this government in the way it governs. We have seen so much ministerial discretion, and so much done by order in council and so much done behind closed doors. As we study this bill we find that is the format, the approach, the method and technique used in this particular bill.

Looking at the first concern I have, the matter of taxes, we find at the present time the petroleum compensation charge already being levied is around 24 cents a gallon. Bill C-103 will allow the government to almost double that amount, to increase the charge by almost another 24 cents a gallon.

At 24 cents that amount is half what was originally intended in the legislation that was before the House before we started ringing the bells. Already the government has taken the time to pause a little because it knows there will be a little more public scrutiny. The public will have a chance to look at these particular taxes. Therefore, from the first piece of legislation which the government introduced at the time of the bells until now it has cut the taxes in half.

The Canadian ownership charge, the charge that was used to enable Petro-Canada to buy Petrofina, has already been levied on consumers at the rate of about 4 cents a gallon. That amount is also to be increased. But once again it has been cut by roughly half of what was originally brought forward in Bill C-94, the bill which caused the ringing of the bells. This Canadian ownership charge when it was introduced was introduced by the minister with the promise that it would be in effect for about a year and a half only. If we take a good look at Bill C-103, we find that there is no mention of a time limit on the Canadian ownership charge. In fact, all indications are that this particular fund will be increased. It is to become the minister's cookie jar. it will be his source of funds to spend at his own discretion. It will be applied in various circumstances to make purchases, to buy shares, to buy bonds, to buy little oil companies and service stations, and to buy any number of things the minister sees fit to buy. He will have his own little fund to use.

• (1840)

Another tax with which we have been dealing is the oil export charge. It can now be set under the jurisdiction of the bill without the advice of the National Energy Board. Once again it is an example of taxes being set behind closed doors or

without the advice of a legitimate board. The National Energy Board will no longer provide advice on this particular charge. The oil export charge and the revenues it brought to the government were promised to be split with the provinces. Producing provinces were to receive one half of those revenues. But when we look at Clause 11 of Bill C-103, we find no mention of that fact or no guarantee and, once again, the terms of the taxes are to be set by order in council.

Let us look at some of the taxes imposed upon petroleum products in the country. There is the petroleum and gas revenue tax which is approximately 12 per cent on all oil and gas production. There is the incremental oil revenue tax which amounts to about $2.50 per barrel this year and will increase next year. There is the federal sales tax on gasoline which is now running at 9 per cent. It is applied the moment a gallon of gasoline leaves the refinery. In addition, there is the excise tax on gasoline of about 1.5 cents per litre. All the way through we see nothing but taxes on taxes on taxes.

In Bill C-103 the government also saw fit to remove parliamentary debate in a large number of areas. Now we will have taxes set by order in council, as I have mentioned, and taxes set behind closed doors, taxes without debate, taxes without discussion by parliamentarians and, therefore, taxes without input from Canadians. There is an exception, that is, the fact that any "major" purchase can be debated in the House of Commons. It sounds good until we start looking into it carefully. Then we discover that the debate is limited to three hours—the minister speaks for 40 minutes, our critic speaks for 40 minutes, and then the critic of the New Democratic Party. What chance will I have as a backbencher? I represent an area which is dramatically affected by energy, but what chance will I have to speak on tax reforms or pieces of legislation which will come before Parliament? It will not be very much. There will not be much opportunity for input. In other words, my constituents will have very little opportunity to have their concerns expressed because we are limited to three hours of debate.

Another item which I find interesting about the bill is that all taxes and charges will be retroactive to October 1980. We find that taxes have already been collected for various charges and levies throughout the bill without legislation. Bill C-103 is the legislation for that but it is a retroactive piece of legislation. If we look at the total federal government tax take, we find that at present it is running about 60 cents per gallon. If we break that down to litres, which everyone is forced to buy in now, it works out to about 13 cents per litre. If we assume that we are working on about 39 cents per litre for gasoline, about 13 cents or roughly one third is being consumed by federal taxes. Approximately one third of the cost at the gasoline pumps is federal taxes.

The government's reason for collecting these taxes is most disturbing. It is motivated by a greed for more revenue in an attempt to cover the deficit which it has allowed to build up over the last decade. It is an attempt to obtain more money to support absurd spending habits, such as loans to Russia, monuments in other parts of the world, and building sewer systems in cities which are sinking. The government is not interested in taking any of this revenue and putting it to work in the country. It is not interested in using it for exploration, the development of the industry, or to create jobs. We know that if one rig is operating it employs approximately 30 people.

A short time ago I spoke in the House on an energy bill. I talked about the number of wells which will be developed in the United States next year. The number is somewhere around 10,000 wells, which will create employment opportunity, and sprinkle capital throughout the economy, locally, regionally and nationally, revenue we will not see in Canada. Instead, the Government of Canada is reaching out and taking taxes. Our consumers are already being taxed to death.

Several comments were made today about the 1980 election promise to keep prices below world levels. In fact, there is an agreement to keep oil prices below 75 or 85 per cent of world price. The difference is really significant when we compare Canada with the United States. United States prices are actually below those of Canada, yet the United States has already gone to the world price. What is the reason for this? Very simply it is taxes. We are not anywhere near 75 per cent of world price per barrel of oil today, yet our prices are already surpassing a number of American cities. For example, in Seattle gas is 13 cents per gallon cheaper than it is in Vancouver. Where are they? They are moving toward the world price and we are trailing far behind. In fact the difference is nothing more than taxes.

Almost daily I receive letters from my constituents referring to the high costs of energy and of heating homes. These costs have escalated rapidly, but if we look at the bill we find that the government has the opportunity to raise the tax per gigajoule of gas by 14 cents from time to time. My constituents are in an area which is dependent upon a large amount of gas to heat their homes. They have already been hit with high taxes, and now they find that from time to time, by order in council, the government can slap on another 14 cents per gigajoule. It is getting to the point where it is difficult for my constituents to drive their motor vehicles. This may not be so significant in Toronto, Vancouver or Montreal because of readily available bus and train services to commute to work, but in an area such as the one I represent people require their vehicles. Since your neighbor is more than two or three miles away in many cases, there is no such thing as a car pool. In my area, a vehicle is a necessity. It is our sole form of transportation for commuting to work or buying supplies. Every small increase in tax which raises the price of fuel dramatically affects people in our part of the country.

• (1850)

Farmers are seriously affected by these taxes because they must fuel to plant their crops and then harvest them. One of the main components of fertilizer which farmers use is none other than natural gas. In fact, farmers need fuel to dry their grain because grain that is not dried brings a much lower price. Fuel is needed wherever you turn, and wherever you turn you must pay federal taxes.

The hon. member for Vegreville (Mr. Mazankowski) who spoke earlier mentioned the fact that if these taxes on gas and fuel are broken down, the cost to each farmer in western Canada is about $4,000 extra per year. This represents federal taxes which go directly into the federal coffers. My constituents are being taxed to death on something which is a necessity. They are being taxed to almost the same extent as they are for luxuries such as cigarettes and liquor—things we consider to be expendable. As well, we are being taxed at incredibly high rates on goods that are absolutely necessary. I believe that what will occur is that the way of life in these regions will change, and it will not be for the better. It will force farmers to pull in their horns and our business people to cut back.

When I commenced my remarks I mentioned that the government has been collecting more petroleum compensation charges than necessary. I will briefly expand on that subject. Statistics Canada figures indicate that the government has been collecting $5,688 billion in oil import compensation. If we review that figure, we find that the government only paid out $4,265 billion. Those mathematics indicate that there has been more collected than expended by $1,423 billion. If that figure is broken down to a tax per gallon, the result is about 7 cents per gallon too much tax. If that is broken down even further and regarded in terms of total tax collected and tax surplus, it equals almost one dollar in every five dollars that is surplus. That is 20 per cent too much which could have gone back into the hands of our farmers, consumers and senior citizens who must heat their homes, drive their cars and do all those things that require the use of petroleum energy.

Why has this happened? First, it has happened because there has been a decline in demand for oil and its related products in Canada. The reason for this decline is that we have begun to purchase smaller cars and better insulate our homes. All Canadians have started to become energy conservation conscious. We have started to think in terms of how we can all personally save some energy and conserve on gas and oil. The undertaking of those conservation methods have resulted in a decline in demand for petroleum products. Canada presently imports about 400,000 barrels of oil per day. Those tax dollars which have been collected through our import compensation charge have been used to reimburse importers.

The difficulty we are facing now is that while our consumption is declining we are continuing to import the same amount of fuel. The resulting over supply affects my region in Canada very seriously because oil is left in the ground. While it is still under the ground there is no possibility for creating jobs or for obtaining revenue nor can there be any economic spin-offs throughout our region. Instead, we are creating jobs outside of Canada. Taxpayers are unnecessarily paying the same amount for these imports, while money is spent outside of Canada at a time when we are creating no wealth and no opportunity to collect taxes from those people who are working and spending money. We are left with nothing.

I would like to deal for a moment with some of the ministerial discretions which are provided for in the bill. At page 8 of the bill under Clause 18.3 which is being amended, it states that, "The Governor in Council may, by regulation . . . " and it goes on. At page 11, the clause to be amended is clause 23.1. Again, the governor in council is given tremendous powers. It is stated:

> Where no agreement is entered into under Section 22 with the government of a producer-province, or any such agreement is terminated by the declaration of the parties, or, in the opinion of the Governor in Council is not effective or is not capable of being effective, the Governor in Council, may, by regulation, establish maximum prices for the various qualities and kinds of crude oil to which this Part applies that are produced, extracted or recovered in that province.

In other words, it is done by order in council, behind closed doors.

If you look at page 21 of the bill at subclause 4 of clause 33 you will find another example of ministerial discretion. If you read the amendment to Section 65.22 of the bill, once again you see that the minister can increase taxes by order in council, make changes to those taxes and impose regulations.

I am very concerned about these measures because my idea of democracy means that people have a right to make a claim and state their claim through their Members of Parliament. Members of Parliament who represent the various regions of the country have an opportunity to discuss those taxes and vote on them in a democracy. They are supposed to have an opportunity to express their concerns about tax measures. However, that opportunity is taken away throughout this bill because changes can be made secretly in the dark.

I find page 29 of the bill particularly significant. It clearly illustrates the approach the government takes to govern. It is an illustration of the government's priorities and how it would deal with legislation. Subclause 4 provides that when debate does come to the House, it is limited to three hours. As I mentioned, that three hours is virtually useless. Such little time prevents a backbencher like me from getting up and stating my position. If one looks further into subclause 8, one finds that if the House of Commons fails to pass it but the Senate passes it, it is considered to have been passed. That becomes fascinating when one looks at the system which has been set up in this country. We have a Senate which is appointed by a prime minister. Its members are not elected, they are not answerable to anyone and they are not responsible to anyone, but they can vote one way and legislation becomes law.

• (1900)

I suppose that in every cloud there is a bit of a silver lining. I have tried to find one in this particular bill, but I must admit that the only silver lining I can find is that now some of these hon. members opposite, who have been quietly and passively sitting on the government benches, voting for increased taxes on their constituents, will suddenly have to give justification for their action. They will have to go home to their constituents and say, "I voted to increase your taxes by 24 cents a gallon. I increased the cost of your car fuel. I increased the cost of heating your home." Some of their constituents are farmers, and the Liberals know of their difficulties. They will now have to go home and say to them, "I just voted an increase

in your taxes which will push up your costs. Your fertilizer costs will go up", and they will have to defend that in their own ridings. That is the only silver lining that I see in this particular cloud.

When I go back to speak to my people in my part of the country, they tell me that they are not happy about these taxes. They are angry. I know that those people over there will go back to their ridings and will have to defend their actions. I am anxious to see them do that. I am anxious to see these people who have been silent for so long having to defend these taxes which are not necessary at this time, these taxes which are exorbitant, these taxes which are hurting the Canadian people. Therefore, I will find it very easy to vote against this particular bill.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, I am pleased to participate in the debate on Bill C-103, an act to amend the Petroleum Administration Act. The main act which this bill seeks to amend was passed by the House of Commons seven years ago almost to the day, in April of 1975. It had three stated purposes, according to the government. The first was to impose a charge on exports of crude oil and petroleum products in order to discourage such exports from being sold at bargain basement prices and, of course, to raise revenue for Canadian energy goals. The second purpose was to provide compensation for the importation of petroleum. Eastern Canada was then, and it continues to be now, highly reliant on foreign supplied petroleum which is much more expensive than domestically supplied petroleum available in other parts of the country. Thus, the government instituted a means of subsidizing the cost of foreign petroleum so as to standardize prices to the consumer from one part of the country to another. Finally, the act sought to regulate the price of Canadian crude oil and natural gas in interprovincial and in export trade. The government apparently did not want different prices being charged by different producing provinces or companies for the same petroleum products, either within Canada or for export.

Later, in April 1978—and April seems to be a special month for this act—the Petroleum Administration Act was amended to allow certain types of Canadian oil to receive the same compensation as foreign oil. I am referring, in particular, to oil from the Syncrude and Suncor plants in Alberta. The government was authorized to impose a special levy to a maximum of $1 per barrel on all oil produced in Canada or imported into Canada to pay for the subsidy.

Now we have yet another bill to amend the Petroleum Compensation Act. In fact, the government is proposing to overhaul completely the Petroleum Compensation Act. Its title is to be changed to the "Energy Administration Act". Of special concern to myself and to other Progressive Conservative members of Parliament and, I believe, to Canadians right across the country, are two particular provisions devised to authorize the federal government to impose hefty energy taxes on consumers which are already being collected without legal authority. The first one is the petroleum compensation charge. It is currently being levied at $6.30 a barrel, and that charge has increased the price of gasoline at the pump by no less than 24 cents a gallon. Only about $1 per barrel or four cents a gallon of that amount has yet received legal authority. According to experts, every time the price of oil goes up $1 a barrel at the wellhead, we get a corresponding increase at the pump for gasoline of about four cents.

The bill before us seeks to provide the required authority retroactively. The present government is making a practice of this. It announces an energy tax and then immediately collects it. Normally, the tax is effective immediately. But the government does not get around to seeking from Parliament the legal authority for the increase until weeks, months, or, in some cases, years afterward. In effect, Canadians are paying huge energy taxes which the government had no legal authority to impose. As if such a provision were not offensive enough, the government is seeking in this case to give itself a blank cheque to increase the charge even higher to a maximum of $12 a barrel or about 48 cents a gallon at the pump. That is one hefty tax.

The second hefty energy tax contemplated in the bill before us concerns the so-called Canadian ownership charge. It was instituted to raise money from the Canadian consumer for Petro-Canada's purchase of Petro-Fina. In this case, the levy is $1.15 a barrel, or about four cents a gallon at the pump. In a few minutes I hope to have occasion to talk about the purchase by Petro-Canada of Petro-Fina. However, for the moment let me just say that what we have here is a scandalous, ill-disguised tax grab by the Trudeau government at the expense of the average Canadian.

In the last election, the Liberal party promised the electorate, "Vote Liberal and energy prices will come down. Vote Liberal to keep energy prices down". That was the slogan. Since then, the government has imposed a bewildering array of energy taxes, a total of 14 separate ones to date. Fourteen separate energy taxes have been imposed on the Canadian consumer since the Trudeau government was brought back into office in February, 1980. By the end of 1982, gasoline prices are expected to be twice as high as those in effect when the Liberals conspired to defeat the Clark government for proposing to raise gasoline prices by only 18 cents a gallon. The Liberal party and the New Democratic Party in the House of Commons conspired to defeat the Clark government on the shallow and transparent grounds that the Clark government was proposing an 18-cent a gallon increase in the price of gasoline. Yet, by the end of 1985, the price of gasoline will be three times higher than that charged when the Clark government was in office.

• (1910)

At the time of the defeat, the price in my home town of Charlottetown for regular unleaded gasoline was $1.26 a gallon. The date was December, 1979. The price was pretty much the same for the same product in cities of varying size across the country. The price today is $2.25, an increase of 99 cents a gallon. A full 60 cents of the 99-cent increase is directly attributable to federal energy taxes. I would be the first to admit that some of the increase is the result of provincial taxes. Some is the result of the increased return to the

industry. There are road taxes, all kinds of things lumped in. The bottom line, though, is that we have had a 99-cent increase in the price of gasoline since the February 1980 election, of which 60 cents is directly attributable to federal energy taxes. Former finance minister John Crosbie's 18 cent a gallon increase looks very good today by comparison.

In the same vein, the price of home heating oil in Charlottetown at the time the Clark government was defeated was 74.2 cents a gallon. Again, that was roughly comparable to the price for the same product in other cities across the country. Since then the Trudeau government has pushed it up to $1.40 a gallon, an increase of 66 cents, again largely because of federal taxes.

This government's shameless imposition of steadily heavier energy taxes after winning an election on a commitment to keep energy prices down has been the greatest betrayal of the Canadian people in the history of the country. The closest parallel was the introduction of wage and price controls by the same Prime Minister (Mr. Trudeau) within months of winning the 1974 election on an equally categorical commitment against controls.

I need not remind you, Mr. Speaker, that the Crosbie budget energy tax on which the Trudeau party defeated the Clark government did not apply to home heating oil, only to gasoline. The Liberal Party in the February 1980 election deliberately led people to believe that somehow the 18-cent a gallon excise tax applied equally to oil and gasoline. It did not. What is more, the Crosbie budget proposed an energy tax credit for low and middle-income consumers.

The Acting Speaker (Mr. Blaker): Order. I am sorry to interrupt the hon. member. I know it is quite tiresome to have to refer to members or leaders of parties by their riding or their titles. I have now heard the hon. member mention seven or eight times different members by name. This occupant of the Chair thinks we ought to change the rules. However, in the meantime I am here to see that they are observed. I would ask the hon. member to attempt to respect those rules.

Mr. McMillan: I respect your ruling, Sir, and I will defer to your good judgment on this matter. However, I hope you will appreciate that I am referring to a particular budget that is most easily identified as the Crosbie budget as distinct from the MacEachen budget or the Turner budget or the Chrétien budget. We have had many budgets in recent years, and to talk about a 1979 budget or 1981 budget does not shed much light on the subject. With Your Honour's approval and indulgence and for the convenience of exposition, may I be allowed the handle "Crosbie budget", since I am not referring to a specific member of the House in my remarks, only to his budget?

Let me continue my comments about the energy tax credit in the federal budget of December 1979 by saying that it was for low-income and middle-income consumers. The purpose was to cushion the effect of any increase in energy prices due to federal taxes. As part of that program, there was a rebate for fishermen and farmers so that the increase for many Canadians, particularly those who used energy for their day-to-day livelihood, was substantially lower than 18 cents.

The present government has applied its energy taxes on home heating fuel as brutally as it has done on gasoline. It has adamantly refused to introduce any kind of energy tax credit to cushion that blow. I ask myself how these people can live with themselves. In less than six years the Liberals have won two general federal elections on specific commitments they have totally refused to honour.

Such apostasy breeds public contempt not only for the politicians responsible for it but also for the political system itself. If politicians in Canada are held in low regard, and I fear they probably are, the present Prime Minister and his spineless followers are largely responsible. Having connived and manipulated their way back into power, they are now exercising it without any reference to what they said while in opposition or to what they promised in the last election.

Let us not forget what the Liberals actually promised in the last election. I have in my hand an advertisement that appeared in the Charlottetown *Guardian* on Saturday, February 16, 1980. It appeared in practically every other newspaper in the country, especially the larger ones. The ad was placed two days before voting day. In bold type it says that "Liberals will implement a program to achieve energy security at a fair price for Canadians". I do not know your definition of "fair", Mr. Speaker. I know my definition. I know what any reasonable definition of "fair" is. Let me show how they defined it. I quote from the ad as follows:

> Liberals flatly reject the 18-cent increase in the gasoline excise tax on gasoline and diesel fuels . . . Under a Liberal administration, the increase will be less than half of what the Conservatives plan to impose on Canadians.

The ad was referring to gasoline prices in 1980. The clear inference, though, was that under a re-elected Liberal administration, the public would experience lower gasoline taxes than those proposed by the Crosbie budget for the following four year period.

Time does not permit me to quote at length what the Liberal candidates on Prince Edward Island said in the last election on energy prices. However, I can well remember their pious denunciations of the Progressive Conservative government of the day for its 18-cent a gallon excise tax on gasoline.

Federal members of Parliament from Prince Edward Island of all political stripes have a tradition, which goes back many years, of not attacking one another in Ottawa. We operate on the principle that, because there are so few of us against so many, at least in the context of such a large House numerically, our time would be put to better use if we fought for our tiny province rather than against one another. In that spririt, I intend no attacks on my colleagues on the government side. They are all good fellows. I respect the two Liberal members of Parliament from Prince Edward Island, and I mean them no offence. But I recall the outrage that was expressed by the present member for Egmont (Mr. Henderson) when he was a candidate in the last election, in the opposition. He attacked with great excitement the Crosbie budget proposal for an 18-cent a gallon increase in gasoline. I wonder, where is his outrage now that his own party has imposed energy taxes

several times greater than the 18-cent tax he savaged with such delight while in opposition. In an interview in the *Charlottetown Guardian* on 22 January 1980, my own Liberal opponent in Hillsborough, another fine fellow, said that the Crosbie budget would:

• (1920)

—have had a drastic effect on senior citizens and people on fixed incomes, and lower income people and the lower middle-income people.

I have no intention of refighting the 1980 election. Once was enough. But, I cannot help but ask myself this: if my opponent were here today, would he be any different from the dozens of Liberal backbenchers in the House of Commons who mindlessly applaud every inane justification for steadily increasing energy taxes from the Prime Minister, the Minister of Finance (Mr. MacEachen), the Minister of Energy, Mines and Resources (Mr. Lalonde) and other members of the cabinet?

How many of them will refuse now to stand in their places and speak against high energy taxes in the way they did when fighting the last election? How many of them owe their seats to the blatant lies—may I put it more politely, Sir, the deliberate misrepresentations—that were propagated like dandelions in the last election? How many of them would survive an election if it were actually held now on the government energy taxes?

Mr. Lewis: Not one.

Mr. McMillan: I doubt that many of them would be returned, Mr. Speaker.

Canadians have a right to ask what they are getting in return for the burdensome energy taxes imposed on them since the last election. They can be forgiven for having no confidence in this government's capacity to use the revenue wisely. Indeed, it has made a complete hash—I do not think that is an exaggeration, Mr. Speaker—of energy policies in the last decade. No country in the free industrialized world has adjusted more slowly or more ineptly than has Canada to the formation of the OPEC cartel in 1973. We have had a whole decade—just short of that by a year—to adjust to the formation of that cartel based in the Middle East to force up quickly, energy costs without much forewarning. But Canada has dithered and procrastinated, and it has refused to take the steps necessary to adjust to the new reality.

Contrast Canada's performance vis-à-vis the 1973 OPEC cartel formation with that of Japan, for example. Japan has practically no capacity to generate energy. It is 90 per cent dependent on energy supplies from abroad. Yet by steadily adjusting to higher world energy prices from the very beginning—it did not wait a decade, it began immediately—Japan has kept its economy buoyant. Canada, which was self-reliant in oil production as recently as 1974, is now a net importer of oil, largely because of its sluggish response to the OPEC cartel.

As recently as 1974, this country was self-reliant, self-sufficient in oil. Our recent scramble to bring energy prices in line with economic forces throughout the world is causing enormous dislocations, one of the most serious of which is near run-away inflation. At a time when we are wrestling with 12 per cent inflation in Canada, Japan enjoys a rate of only 3.1 per cent.

The Clark government tried to make up for the failure of the Trudeau government to protect our country's interests against the stranglehold of the OPEC cartel between 1973 and 1979. Recognizing as it did that the Canadian government did very little between 1973 when the cartel was formed and 1979 when the Progressive Conservatives took office, the Clark government did what it could to catch up for lost time. The defeat of the Progressive Conservative government, followed by two years of wrangling with Alberta over an energy agreement, further set back Canada's goal of energy self-sufficiency based on a realistic energy price structure.

The government's ill-conceived Canadianization policy threatens to put us out of the running altogether. One of the unfortunate aspects of the debate on Canadianization is that somehow the word itself has become debased. All of us are in favour of Canadianization. All of us are in favour of getting more control over our resources and our energy capacity. None of us revels in the reality that much of our resources are controlled by other countries, principally the United States. So, of course, there is virtually unanimity in this House that we should take certain steps to patriate our energy industry. The question is, how to do that. This government, through its ineptitude, has retarded that process by bringing the industry itself to its knees. The government's ill-conceived Canadianization policy threatens to put us behind, rather than ahead, in patriating our energy industry.

As long as the government insists on buying up existing oil companies at the expense of encouraging new resource exploration and development in Canada, we will continue to fall further and further behind. Too much of our scarce investment capital is being used to buy up existing companies, rather than encouraging companies to go out and explore, develop and create new energy wealth for us and for sale in international markets. I ask, what earthly purpose is served by buying up service stations, as the government did with the Petro-Fina purchase, when that action adds not a drop of oil to domestic supplies? Such stupidity merely places greater demand on scarce investment capital, thereby driving up inflation even higher, through upward pressure on interest rates.

If I may conclude, Mr. Speaker, Bill C-103 will compound Canada's serious energy problems. No wonder the government tried to sneak it through the House in a lump with some 14 other energy-related pieces of legislation in the form of one massive omnibus bill that would have required but one vote. That is what the government did. It took distinct pieces of legislation, important pieces of legislation, rolled them all into one, presented them to the House as an omnibus bill requiring only one vote, rather than as many as 15, in a way that denied the fact that there were distinct principles involved from one piece of legislation to another. So a member of this House was put in the invidious position of having to vote for all of them at

once, or vote against all of them, even though he or she might have been in favour of some provisions and against others. That is a denial of the democratic process. That is a denial of parliamentary democracy. Equally offensive is the fact that the government took tax measures and lumped them with non-tax measures so that non-tax measures, which ordinarily would go through the standing committee process, would be whipped through the Committee of the Whole instead. That is the way tax measures are normally handled. By circumventing the standing committee process the government tried to deny the public an opportunity—until we stopped the government—to meet with Members of Parliament, so as to discuss their concerns and make suggestions for changes in the energy legislation. The whole witness process was threatened because of the offensive way the government went about presenting its energy legislation in the form of an omnibus bill.

• (1930)

I for one am proud of the role—

Mr. McRae: Mr. Speaker, before the hon. member completes his speech, I wonder if he would accept a question.

Mr. McMillan: Certainly.

Mr. McRae: In discussing increases in the cost of gasoline and fuel oil across the country is the hon. member aware of the fact that between February 1980 and roughly the summer of 1981 oil prices more than doubled? The oil equalization charge is an equalization program whereby communities or provinces in the east or on the Atlantic coast pay the same price paid by people in the rest of the country. Is the hon. member aware of that, and would he estimate what part that plays in the 99 cent increase in gasoline prices he talks about?

Mr. McMillan: Mr. Speaker, I welcome the question. I am from the Atlantic region. No doubt that fact has prompted the hon. member who has asked me this question to pose the question. No part of the country has been more disadvantaged by the government's energy policies than my part of the country.

Miss Bégin: Shame.

Mr. McMillan: In the 1980 election campaign we were promised that energy prices would remain low. In December of 1979 the price of regular unleaded gasoline in my city of Charlottetown was $1.26. Today the price for the same product, regular unleaded gasoline, is 99 cents higher. Of that 99 cents, 60 cents is directly attributable to federal energy taxes. The hon. member has the unmitigated gall to suggest that we in the Atlantic region or, for that matter, any Canadian should be humble and should go to the federal government on bended knee to thank it for its beneficence.

Miss Bégin: Yes, you should.

Mr. McMillan: The truth is that our economy has practically been brought to its knees because of increased energy taxes not only on gasoline but also on home heating oil. In the last election campaign, fishermen, farmers and small business people were promised by the Liberal Party that if they voted Liberal the price of energy would come down. We have seen the results. We have seen energy prices in Canada skyrocket, and again that is largely because of energy taxes imposed by this Liberal government on Canadian consumers.

As I said, no part of the country has been more disadvantaged by that policy than the Atlantic provinces because we are highly dependent on oil. We use oil even for the generation of electricity, and every time this government imposes a tax on oil, it reverberates right through the economy. It affects the price of gasoline at the pump, it affects the senior citizen trying to heat his or her home, and it affects businesses, because these added energy costs are reflected in their costs of operation, and those latter costs in turn must be passed on to consumers. It is no wonder inflation has skyrocketed more in the Atlantic region than in any other part of the country.

I am proud of the role my party played in blocking the transparent effort of this government to come to the House and present 14 or 15 pieces of diverse legislation as though they were one and required only one vote. The government attempted to circumvent the standing committee process. It lumped tax measures on to non-tax measures. It tried to sneak unpopular measures on the backs of popular ones. It tried to force Members of Parliament into the invidious position of having to vote for the whole package or against the whole package, even though most hon. members favoured some aspects and did not favour others. I am proud of the role my party played in preventing that steam-rolling of Parliament. Thanks to the Progressive Conservative blockade of the government's steamroller, Parliament now has an opportunity to scrutinize this particular bill before us now. It has an opportunity to review it and all the others which have since been hived off from the omnibus bill. We have an opportunity to look at each bill on its own merits. We have an opportunity to discuss the distinct principles peculiar to each of them and to exercise our right to vote against some while voting in a different way on others. That is a restoration of parliamentary democracy, and it is a lasting and glorious tribute to the leadership of my party that the rights of Parliament were restored.

For my part, I will exercise my right to vote against Bill C-103, and I urge all hon. members to do so as well.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, it is a very real pleasure for me to speak to the House about Bill C-103 to amend the Petroleum Administration Act, because this is a bill by which the Liberal Party of Canada reaches the pinnacle of deceit as far as the people of Canada are concerned. There may be Canadians out there who felt the Liberal Party reached the pinnacle of deceit in 1976 after campaigning in 1974 on the basis that it would never ever bring in wage and price controls and then bringing in wage and price controls in a complete reversal of its promise and pledge to the people in 1974.

In 1979 and 1980 the Liberals lied their way across Ontario and lied their way across Canada.

Mr. Dingwall: Unparliamentary.

Mr. Gauthier: Are you listening, Mr. Speaker?

Mr. Lewis: Let us take a look at this bill. It proposes to give to the Minister of Energy, Mines and Resources (Mr. Lalonde) the authority to impose taxes of 52 cents per gallon on gasoline and heating oil. That may come as a shock to many people. Of the 52 cents the government proposes to tax the people of Canada it is already imposing a tax of 28 cents a gallon without any parliamentary approval.

There is one good thing about this bill, and I think it should be brought to the attention of the people. The provisions of this bill are not as bad as those originally contained in Bill C-94, which proposed that the minister be given authority to impose taxes on gasoline to the tune of 98 cents per gallon. It was that provision, among others, that caused the Progressive Conservative Party to bring parliament to a halt and demand that Bill C-94 be split into ten different bills.

• (1940)

Mr. Dingwall: A boycott. On strike!

Mr. Lewis: The bill was split into eight different bills despite the very, very strong statements by the government House leader to the effect, "We will not split the bill. We will forge ahead. What is the matter with ten bills wrapped in one? The people are with us." The House knows that the Liberal party, through its House leader, capitulated to democracy. It found that the public of Canada understood, far better than it thought, that the time had come for the Liberal Party to start listening to it.

The tax grab on gasoline made by the federal government totalled 60 cents per gallon as of March this year. Under the Liberal Party the federal government's tax grab on heating oil totalled 40 cents per gallon as of March this year.

I would suggest to you, Mr. Speaker, that there is no question but that one of the reasons the Liberal Party is forging ahead with forced metrication is that it wants to deal in litres as much as possible and not in gallons because the 18 cents per gallon burns it very hard. It knows that it passed the 18 cents per gallon point long ago.

This bill proposes that the government's tax grab, under the Liberal Party's policy, be higher than the current sky high levels. It seeks to approve retroactively the special compensation charge that the Minister of Energy, Mines and Resources imposed when he was unable to come to an agreement with the province of Alberta. It is no wonder that the minister was not able to come to any agreement with the province of Alberta. It is hard to figure out how he could ever come to much of an agreement with anybody. It is obvious that he has applied his usual method of confrontation and bulldozing ahead. His lack of reason is evident in the way he negotiates things. That is why he has had such difficulty with the Alsands project, a project which means so very very much to the people of Canada. The Alsands project is not just an Alberta project; it is a Canadian project, one which would put Canadians to work right across the country.

In my riding of Simcoe North, Fahramet Limited, which produces refractor tubes used in refineries, has had to lay off people because the Minister of Energy, Mines and Resources cannot come to an agreement with anybody.

In December 1979 the price of gasoline in Toronto was $1.18 per gallon. By December 1981 the Minister of Energy, Mines and Resources, under the Liberal party's high energy tax policy, managed to get it up to $1.89 per gallon. That is an increase of 71 cents per gallon in two years when the Liberals promised the increase would be less than 18 cents per gallon.

My friend who put gas in the tank and I chatted a little. He had been to Florida for a holiday. He told me that he paid as little as $1.13 per gallon on that trip, and that is the Canadian gallon, Mr. Speaker. Under the great policies of the Liberal party, it has managed to get the price of our gasoline up to $2.00 per gallon.

You will remember that during the last election campaign, Mr. Speaker, the Liberals focused on the figure of 18 cents. For a moment I should like the House to focus on the figure 16 cents. In a little over two years the Liberal Party has been responsible for 16 increases in the price of gas. I am not asking you to focus your attention on the kind of increase, Mr. Speaker—we know they amount to 71 cents in two years—but to focus on the number of times the price has been increased. There have been more increases in the price of gasoline under the Liberal Party than there have been budget retreats by the Minister of Finance (Mr. MacEachen). He is off again, consulting. He has made five retreats since December 13 and we can count the number of changes to be in the thirties.

There is something to be said for the Liberal party and the Minister of Energy, Mines and Resources, Mr. Speaker—16 increases in a little over two years from a party which said it would never increase the price of gas by 18 cents!

In December 1979 the price of heating oil was 69 cents per gallon in Toronto. Under the Liberal Party, the party which lied its way across Toronto, lied its way across Ontario, lied its way across Canada, the price has gone to $1.22 per gallon, an increase of 53 cents per gallon in the two years since that party promised it would be less than 18 cents per gallon.

In the election campaign the Liberals talked about 18 cents per gallon with great glee. They did not focus on a matter called the refundable energy tax credit. In the budget which the Liberal party criticized and complained about and said would never do, the energy tax credit paid to Canadians to cushion the impact of high prices on low and middle-income families would have been up to $80 for each adult and $30 for each child under 18. The credits would have been refundable so that families who paid little or no federal tax would have received the full benefits. That was for families with an income of $21,380.

The Liberal party, which said it would not tax Canadians 18 cents per gallon, for once may be said to have told the truth—if you consider that it did not stop at 18 cents. I see you are

nodding your head, Mr. Speaker. That is actually what happened. They told the truth. In that one instance they did not stop at that 18 cents but went on and on and on. The Progressive Conservative policy, which it laid out truthfully, was to give people an energy tax credit, but the Liberals said "We won't raise the price of gasoline." They never said anything about heating oil, they just went ahead and did it.

I am pleased to take part in this debate for a very good reason, Mr. Speaker. During the 1979-80 campaign my Liberal opponent waxed long and loud throughout Simcoe North with respect to the price of gasoline and the tax on gasoline. He came to my riding from metropolitan Toronto. We did not call him a parachute candidate; he had a hobby farm in the area for several years and used to come there on weekends. We wondered why he did not go back to his riding in Scarborough on the weekends, but all that became very clear when we realized he was elected in 1974 on the Liberal platform of: "We will not put in wage and price controls." I ask you, Mr. Speaker, if you had campaigned in 1974 on that platform would you want to go back to your riding on weekends? Obviously not.

• (1950)

His name was Allan Martin. He was very plain about what the Liberal Party was and was not going to do. He put it right on the record. The Liberals will not sock it to the ordinary taxpayer by imposing an 18-cent excise tax on gas, he said. He was right; they did not stop at 18 cents. Two more increases and they will have a total of 18 increases, let alone an 18-cent tax. So Mr. Martin trooped around Simco North saying he was concerned about the effect of this 18-cent excise tax on northern Ontario. He said that area was attempting to promote industrial expansion, revitalize the economy and provide needed jobs. Isn't that heavy? Isn't that something? That Liberal candidate went across Simcoe North promising that they would not increase the price of gasoline by 18 cents. "Not us, we won't stop there", is what he should have said. Well, he is still in the riding, fortunately, although I do not see much of him anymore. I kind of liked passing the time of day with him when I got the chance, and we could talk about the 18 cents. How is the 18 cents going, Allan? Does he feel as strongly about it now as he did then? This is kind of amusing. He had a little symposium after the last budget—can you imagine that—inviting people to spend I think $10 for lunch and a look at the last budget. How could you eat after looking at it? You have seen what it has done to the Minister of Finance; it caused a disappearing act. However, he had a few people there. I am sure he was carried out on the backs of the businessmen, home owners and farmers of Simcoe North to great cheers when he told them what the budget said.

I certainly hope that he will be around come the next election, although I have to say that with some reservations, Mr. Speaker, because we were fortunate enough to have the Minister of Agriculture (Mr. Whelan) in the riding last night, speaking to the Simcoe North Liberal Association. They rented a bigger phone booth this time. If that candidate can survice the Minister of Agriculture, he may be back. We run a list on this side as to which ministers we want to come into our ridings, and that minister is one of them. The other one is the Minister of Supply and Services (Mr. Blais), who will be in my riding tomorrow in Penetanguishene. I think he is going to help our cause considerably.

It was not just candidates in individual ridings who tried to play this game with the Canadian people. The Liberal Party, in a questionnaire put out by the *Financial Post*, said the 18-cent excise tax was unfair, inflationary and would lead to the loss of a significant number of jobs in the Canadian economy. Well, having said that, they jacked up the price of gasoline by 71 cents a gallon and really proved it. They managed to get unemployment to its greatest height since the 1930s. They now have what they call the hidden unemployed; it is not hidden if you cannot put food on the table, but they call it the hidden unemployed. They have proven what 71 cents a gallon will do to Canada's economy.

My party lost that election on that promise, which was just as popular as the 1974 promise not to introduce wage and price controls. That promise interests me because I feel that the Liberal lie of the 1970s was: "We will not introduce wage and price controls". The Liberal lie of the 1980s was: "We will not increase the price of gasoline 18 cents a gallon." The taxes which the Liberal Party has laid on the economy of Canada in the price of gasoline have been inflationary. We have the highest inflation we have had in years. If anyone is looking for new records for this Prime Minister (Mr. Trudeau) to break, there is one.

I want to speak now, Mr. Speaker, about this energy legislation in a broad context. What has the Liberal energy policy done for the country? Well, they managed to increase the price of gasoline by 71 cents a gallon. They have singlehandedly been responsible for moving hundreds of oil rigs out of western Canada along with their operating personnel and expertise. That represents jobs, and not just in Alberta. Many members of my party from Ontario and the maritimes have gone to Alberta at the invitation of our western colleagues and we saw what it means to move an oil rig. Members on the other side have no idea what that means. It takes between 20 and 40 trucks of all different shapes and sizes to move one of those rigs. I do not know an awful lot about engineering, but it is quite obvious to me that when you set down 20 to 40 truckloads of steel, you do not pick up the rig and bring it back very easily. That is what the Liberal Party has managed to do for Alberta.

They talk about the megaprojects which are going to solve all their problems. Well, I think they might solve some but, good grief, you have to have one first. These tar sands plants mean as much to Ontario as they do to Alberta. As far as we in the Conservative party are concerned, this is a joint venture because in Ontario—in the ridings represented by many of the people on the other side of the House as well as in my party—there are jobs generated when a tar sands project is put into place. But what do we have? We have excuse after excuse after excuse from the Minister of Energy, Mines and Resources as to why they cannot put one of those things

together. I guess maybe it is because the minister cannot make threats. We have partners in those very valuable projects pulling out day in and day out because they cannot operate with someone who does not understand business and does not want everybody to have a job.

• (2000)

That reminds me, of the time when I was in the oil fields looking at a rig. A chap got off one of those trucks with dials and hoses—which my friends from Alberta understand so well, and I do not—came over and said "Doug, how are you?" I did not recognize him, but he introduced himself. He said to me, "You remember when I used to sell printing down the street in Orillia. I have been out here for a year now and I am making more money than I ever did or could make with my training. I am outdoors all the time and I am enjoying the job. It is going very well. I hope you fellows will do everything you can to persuade the Liberals that there is room for jobs for people from all over Canada in Alberta. We want to continue to work." But what are we doing? The Liberals single-handedly shut down the oil fields out west. While they are shutting down oil fields out west, and with that jobs are lost, what are we doing? We are importing foreign oil. What a terrific idea. You shut down what you have and you pay a subsidy to import what somebody else has. What a terrific idea. It reminds me of a story of someone who was losing money on each item that he sold and he tried to make it up on volume. Another terrific idea.

We have solved one problem, Mr. Speaker. Remember when the Minister of National Revenue (Mr. Rompkey) had all those customs people at the border checking cars coming into Canada? Well, we were able to lay them off. There is no problem now. All those Americans are not coming into Canada to get gas any more. Americans have had to hire many more people on their side of the border because Canadians now are going to the States to get gas. Why? Because of our terrific energy policy.

I do not agree with what OPEC is doing. But OPEC has an interesting concept which is as old as any economic policy. That concept is that if you have a product which somebody else wants, you sell it. For instance, you are sitting there with nothing but sand and oil. You find that you cannot sell the sand, but you can sell the oil. That is interesting. The Liberal Party's concept is that if you have a product, you legislate it, legislate it and legislate it and hope that by the time all the bureaucrats have the legislation in place, the product will be out a date, as is coal and kerosene, and extinct like the dinosaur. The thinking of the Liberal Party as to how you sell what you have stinks. It is a dinosaur energy policy. All it does is legislate. Did Henry Ford ever legislate anything? Of course not, he built things. What is this Liberal Party doing? It is legislating energy to death. What do we have? What we have is bill after bill after bill on energy. We do not have any industrial strategy, any fisheries strategy, any agricultural strategy or any small business strategy. All we have is energy legislation.

I want to tell you, Mr. Speaker, that the last thing I want in the world is some bureaucrat trying to figure out where to drill for oil. By the time the bureaucrats get that figured out we will be on to uranium power, solar power or whatever.

I see that I am running out of time, but I know that my friends on the other side are listening to me with great interest and so I do not want to cut my speech short. Therefore, I will recap for the sake of those on the other side. I want to leave the Liberal Party with the same message the people of Canada will give them in the next election.

Some hon. Members: Oh, oh!

Mr. Lewis: The price of gasoline rose 28 cents a gallon in 1980. In 1981, the price of gasoline rose 48 cents a gallon.

Some hon. Members: Oh, oh!

Mr. Lewis: If the time comes that we will need advice from those on the other side on how to make speeches, they will want to have practised what they preach.

Mr. Kempling: They are mute. They never speak.

Mr. Lewis: I wondered when the Liberals would wake up to the fact that all of Canada knows that they lie.

I want to conclude by saying that we are going to vote against this bill because of the terrible increase in taxes that it proposes, the burden that it puts on the consumers, but basically because the Liberal Party lied to the people of Canada.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, as I rise to speak in the debate on Bill C-103 to amend the Petroleum Administration Act, I find it quite extraordinary that the first thing the government wants to do is to change the name of the act. It is now to be the energy administration act.

In view of the problems that were created for the government by its attempted bootlegging of Parliament and of the original energy bill, I am surprised at the effort the government is making now to try to bring in a bill with the name of the Energy Administration Act. I do not know what is wrong with the Petroleum Administration Act. I noted that yesterday the minister in his remarks told us what he wanted this bill to do. He said that, first, it would establish a new ceiling for the petroleum compensation charge on refiners and importers; second, that it would establish a new oil export charge ceiling; third, that it would establish the Canadian ownership special charge; and fourth, that it would establish the transportation fuel compensation recovery charge on marine and aviation fuel used by carriers in international transportation. This bill does not sound as though it were any kind of administration bill or even energy bill. It sounds to me more like a tax bill. The four principles stated at the outset by the minister all have to do with establishing some kind of a charge for the taxpayers of Canada.

I ran across a column today written by Mr. Roy Farran, who writes a column regularly in *The Edmonton Journal*. In his column of April 16, he starts off with this paragraph:

Politicians would do an enormous favour to the nation if they would quit lying and start telling the truth.

Any chance of Canada's becoming energy self-sufficient before 1990 has been blown long ago.

I know because of the dates—the minister spoke yesterday and Mr. Farran wrote this column last week—that Mr. Farran could not have read the minister's speech before he wrote that column. But in reading his remarks, one might think that he had been referring exactly to what the minister had been saying here in the House. What else did the minister say? The minister continued, with syrup oozing from every pore, as follows:

Our oil and gas pricing schedule, as created in consultation with the provinces, reflects the sense of realism and fairness which characterizes our energy program. Our pricing system has three essential advantages over the regime proposed by the previous Conservative government in 1980. It ensures that prices rise gradually and predictably so that consumers and the Canadian economy in general are given time to adjust. It ensures oil pricing fairness on a national level by providing a blended price to all regions of the country, and it results in a consumer price which has been and will continue to be lower than that paid by people of most other countries.

• (2010)

I think that may be the part to which Mr. Farran was referring in his opening paragraph.

Let us go back and examine some of the minister's phrases. He said, "It ensures that prices rise gradually and predictably." He might have said that prices will rise inexorably, mercilessly or even unnecessarily. I think those adverbs would describe the price rises more accurately than the words of the minister.

He went on to talk about the government's policy of "providing a blended price to all regions of the country". I do not know what he meant by "blended", but we could substitute the words "equally high". The minister could have said that the policy would provide an equally high price to all regions of the country. I do not care from where hon. members opposite come; they will suffer in the same way all across the country.

The minister also said that the price would "continue to be lower than that paid by people of most other countries". That may be true. I do not know what countries the minister was counting or not counting, but he could have said that the price he was proposing would not be lower than the price proposed by the previous Conservative government to which he referred. Certainly it is not lower than the price which now exists in the United States, our neighbour to the south.

What else did the minister say? He went on to talk about the proposals of the Conservative government. I hope he knows them well. He said:

The Conservative government proposed in 1979 to pay one price to producers of oil in Canada except synthetic oil, regardless of the cost of developing and producing different types of oil. Moreover, the price was directly linked to 85 per cent of the international price, whatever the international price might be, thereby directly exposing Canadian consumers to the uncertainties of international oil prices regardless of the consequences to the country's economy.

In other words, he said there was one price to producers of oil whether old or new oil. In the absence of the Minister of Energy, Mines and Resources (Mr. Lalonde), I ask his colleagues why that is unusual. The marketplace does not distinguish between old and new. I ask hon. members opposite to consider whether old houses are cheaper than new ones, whether old shares of a company are cheaper than new shares of the same company, whether old labour is cheaper than new labour. The answer is obvious. The marketplace attaches the same price to old as to new. For the minister to suggest that there is something wrong with paying one price does not make sense at all.

He also said that the Conservative price was linked to 85 per cent of the world price. Under this government, Canadian consumers and taxpayers—we are all consumers, we are all taxpayers—are directly linked to 100 per cent of the world price. We are now buying on the world market on long contracts. As a result of this policy and the policy to have the subsidy provided by the federal treasury, we are now in a position of exporting more than $3 billion from Canada in tax payments to foreign oil producers.

I referred to the estimates for the 1981 fiscal year before coming to the chamber this evening. The amount was $3.2 billion, in 1982, it was $5.2 billion. In the estimates for the 1983 fiscal year, the amount was $3 billion. The hon. member for Hillsborough (Mr. McMillan) earlier referred to the fact that the National Energy Program was a massive tax grab on the part of the government, put upon the poor, long suffering taxpayers of Canada. He was so right. I wonder whether he knew how right he was.

Every year Revenue Canada puts out a very interesting book entitled, "Taxation Statistics". It contains a table summarizing all income tax returns of individuals by income. I wonder whether taxpayers realize that approximately $4 billion, on average over the three years about which I am talking, represents the amount of personal federal income taxes paid by Canadian taxpayers who earned $17,000 or less. I wonder whether Canadian taxpayers realize that there are 11,300,000 people who in the last year for which statistics are available, 1978, had total incomes of $17,000 or less. This represents 78.95 per cent of all individual Canadian taxpayers. I wonder whether these 11,300,000 Canadian taxpayers, or 78.95 per cent of the total, realize that they paid $4 billion in order to subsidize the oil import program of the government.

To put it another way, we often hear, especially from hon. members to my left, about the number of taxpayers who earn over $50,000 and do not pay taxes. There happened to be 118,000 taxpayers that year who earned over $50,000. The tax grab of the government would have taken or did take more than twice the amount of taxes which all 118,000 taxpayers paid in 1978 in the form of federal income taxes.

The minister also said we would have been "exposing Canadian consumers to the uncertainties of international oil prices regardless of the consequences to the country's economy." Let us look at the economy. First, I should like to return to the column of Mr. Farran in the *Edmonton Journal*,

wherein he told us what happened to the Canadian economy. He said:

> What do you think it means when Imperial pulls out a petro-chemical plant near Edmonton, when half the companies withdraw from the third oil sands plant, when Imperial disperses its team at Cold Lake, when Shell sells off subsidiaries, when oil lease sales drop by half?
>
> Why do you think Alberta energy shares fell from $25 to $10?

I ask the government why it thinks the shares of First Calgary Petroleums, a company which I happen to know, which were selling at $6 a little over a year ago on the Toronto Stock Exchange have sold as low as $1.10 this year? Dozens of other companies have been decimated on the stock exchange.

• (2020)

What does that do to the economy and to investors in Canada? The drop in the value of shares on the Toronto stock exchange since the beginning of the fall-off in stock prices last year is over $50 billion. You can imagine what effect that could have had on the deficit in Canada. Try as the government might, it has not been able to build the deficit up to much over $15 billion in one year. This $50 billion which has been cut from Toronto stock exchange shares would go about half way to retiring the national debt of this country. It is a very sizeable amount.

If all these investors are losing money, somebody must be gaining. But I say that no one gains and, in fact, all Canadians are losing. The taxpayers are losing. What is occurring is that investors are unable to invest money. The provisions in the National Energy Program are so unpalatable that investors are incapable of investing. As a result, explorers in natural resources are unable to explore. A number of my colleagues have mentioned that many oil rigs have left Canada, taking with them all their related jobs to the United States where the drilling climate is much more favourable.

Although I do not have the figures immediately available, Statistics Canada released figures which indicated that the outflow of capital from Canada and the rate of increase in that outflow of capital was astounding. In fact, it is up to $18 billion during the current fiscal year. The reason for this large outflow is that investors who were investing in Canada are no longer doing so and alternatively are taking their money and investing in a better climate, such as that in the United States. In order to make Canada attractive and to ensure that our balance of payments will not completely fall out of bed, the government has forced high interest rates to be paid. It is surely a symptom of the problems faced by the Government and Canada when the rates of Canada Savings Bonds, which have been gilt-edged security for most Canadians on most occasions, have soared to 19½ per cent.

While the government has not been able to resolve its dilemma, and with the 19½ per cent interest rate that has caused the highest sales of Canada Savings Bonds in years—probably decades—there has been a shortage of funds which would have been available for other areas where investment is required. One such area is housing mortgages. People are not able to obtain mortgages because of the large amount of money which has been invested in savings bonds. Why would an investor want to invest in a mortgage at 17 per cent, 18 per cent or 19 per cent when Canada Savings Bonds will give him a liquid return of 19½ per cent?

I thought the minister's remarks yesterday were about as sensible as those he made today. I was listening to the news when the minister was questioned on going into a meeting with the Alberta minister of energy. He said, after being approached by the press for a comment, "I have nothing to say at this time." He then went into the meeting. When the minister emerged from the meeting some time later he was again approached by the reporters. He said, "I have nothing to add to what I have already said." He probably did not have anything to say when he was inside the room either.

I have referred to the long term contracts into which the government induced Canadian companies to enter. As a result of these long term contracts we now have the ridiculous situation where Canadians are paying inflated prices on old contracts. While the government did not want to pay the same price for old oil as it did for new oil, it is alright for us to pay a higher price for old oil on contract while the world price for oil is falling. The situation as it exists now is that spot market oil prices are so attractive Canadian oil—principally Alberta oil, but oil in Saskatchewan and British Columbia as well—is shut-in to the extent of 300,000 barrels a day. It is no surprise, therefore, that the stock prices have been decimated. If the sales revenue of a company is removed how will it be able to cover its fixed costs, particularly its very high borrowing costs in the form of Canadian interest rates?

We know that Canadian taxpayers pay an import charge on oil. A fact which recently came to light is that New Brunswick, for example, can burn subsidized oil to produce electricity which it then exports to the United States with no recovery. Although this bill will impose a certain form of tax on exported energy, I cannot see anything in it about taxing electricity or other forms of energy which is exported after being produced with subsidized imported oil.

We have recently heard about truckers who have modified their vehicles so they can fill their tanks in Canada with subsidized oil, make their runs into the deep south of the United States and return to Canada without having to refill their tanks. This bill proposes to tax aircraft and ships leaving Canada but it makes no mention of trucks.

The transportation fuel compensation recovery charge is designed to stop aircraft in transit from obtaining subsidized fuel. However, an analysis of the bill, as I see it, would indicate that probably it will not be applied to aircraft. It is likely that some international carriers complained so much about that particular measure it was withdrawn. The compensation recovery charge will not apply to energy exported in other forms, such as electricity, as I have already mentioned.

The minister also commented that the opposition continually attacks the government's pricing system on the basis of gasoline prices at the pump. The government's spokesman never bothered to point out to the general public that the Government of Canada does not control retail gasoline prices. That is a very strange claim for a government minister to make in

1982, when his government went to great lengths during the 1980 election campaign to criticize and say what an absolutely terrible proposal was made by the conservatives to increase the cost of gasoline at the pumps by 18 cents a gallon. They said that Canadians should never have to pay that price, and all they had to do was elect a Liberal government in order to have lower prices at the gasoline pump. The minister now claims that the federal government does not control retail gasoline prices. It makes you wonder, Mr. Speaker.

My colleague, the member for Edmonton South (Mr. Roche) made reference to the emotional remarks of our colleague from Vegreville (Mr. Mazankowski). I agree that it is a very emotional issue, for different reasons, for different hon. members. My own emotion is that this is a terrible and a sad program because it is destroying the oil industry in Canada. Not only is it destroying the oil industry in Canada, but the destruction of that industry has led directly to the recession and the high interest rates of today.

• (2030)

We have already seen, through this government's policies, destruction of the work ethic of a whole generation of Canadians, with unemployment insurance payments rising to well over $4 billion. We do not know where on earth this will end during the current and future fiscal years.

We might ask, "What next", from a government which likes to attack these principles. As a chartered accountant, I look at what the government is doing to established accounting principles. It is not making a new attack on accounting principles. We have already heard this government state that a loss is not a loss. It started that attack ten years ago when it decided to pass a policy which meant that if one invested in a business such as a factory, and if there were sales revenues, one could deduct one's capital cost allowance on the factory from other income or any income. However, this government decided back in 1971 or 1972 that a loss created by capital cost allowance in housing was not deductible from other income like other losses. The result was predictable to everyone except the government opposite. The supply of investment in housing dried up. What happened? We do not have any supply of rental housing, and therefore we do not have any vacancy to speak of in rental housing now we have high rental rates, just because the government tried to buck the long established principles, in this case, accounting principles.

This is the same government that stated that an expense is not an expense. That was stated in the most recent November 12 budget in relation to interest payment. That was stated in many former budgets, but until very recently, concerning tax legislation, the government said that a spouse's wage paid by an unincorporated business was not an expense. We have accounting principles which state that if one pays out money to earn income, that is an expense. However, that is a principle which does not bother this government opposite.

Of course, the effect of the provision in the November 12 budget that interest expenses paid are not deductible from other income will almost totally cut off investment in small Canadian enterprises. How can anyone afford to borrow money to invest in a small Canadian enterprise? Let us not forget that small Canadian enterprises provide something like two-thirds of the jobs in Canada. How will anyone be able to do that when the interest paid on one's borrowings is not a deductible expense, by decree of the dictator over there?

That is the same group opposite which says that a loss is not a loss when referring to the profit or loss on sale of personal assets. If one sells a collection, or something of particular value, and makes a capital gain—a profit—that is taxable. However, if one has a loss on the very same asset, because it happens to be a personal asset, that loss is not a loss and one cannot deduct it, regardless of how it arose or whether one has any other income. The same government says that a loss is not a loss if a farmer, who is trying to build up a farm, happens to have another occupation, because then of course he is not a full-time farmer and is deemed to be a hobby farmer. Those are principles that we can afford to change.

The same government opposite, when doing its own accounts, has changed the accounting principles to say that a liability is not a liability. I see that the President of the Treasury Board (Mr. Johnston) is here, and he knows very well that his own department states that a liability is not a liability; not when it is arising out of the Supplementary Retirement Benefits Act and that liability is not disclosed in the financial statements of Canada.

I suppose these attacks on principle could be expected. But now, under the National Energy Program, this government has a new attack and has decided to adopt a new principle. It has decided that accountants do not know how to account. That change in principle arises out of the petroleum incentives program and the petroleum and gas revenue tax, or the PGRT, as it is known.

I have in my hand an accounting guideline dated February, 1982. It is an accounting guideline produced by the Canadian Institute of Chartered Accountants which most people recognize as the accounting authority in this country. I cannot read the whole guideline, but the highlighted paragraphs state:

> The Petroleum Incentives are expenditure oriented and therefore should be taken into income in the same manner as the exploration and development expenditures that they support.

Further on, in relation to the PGRT, it states:

> The Accounting Research Steering Committee believes that, because the Petroleum and Gas Revenue Tax is a tax on revenue, it should be charged to income at the same time as the related petroleum and gas revenue is taken into income. It should be shown as a reduction of gross revenue or an operating expense or part of government levies.

I do not expect all hon. members of the House to understand what the Institute of Chartered Accountants is stating in that bulletin, but the point is that members of the profession who do the accounting for the oil industry to know what that means and they do know how it should be handled. However, the Minister of Energy, Mines and Resources did not like that idea because it would not treat those items as he wanted. As a result, he has written to the Canadian Institute of Chartered Accountants to say that it had better change its accounting

principles and advice or he will legislate it into doing so. I have heard that from the profession, but I would like to read a little clipping from the *Financial Post* of April 3, 1982, which states:

> The accounting profession may have won one battle with Ottawa, but lost the war. It's understood that a letter has gone to the Canadian Institute of Chartered Accountants saying the government won't prescribe Petroleum Incentives Program accounting rules, as expected, but it may reconsider the CICA's power to set accounting standards for federally incorporated companies.

Therefore, what the government is telling the accounting profession is that it does not like its principles, and if the accounting profession does not change its principles, then the government will change them. I suppose, with all the changes the government has already made to principles, which I have reiterated, we should not be surprised, nor should it surprise us, I suggest, when we look at this government's performance in past election campaigns. Some of my colleagues have referred to the 1974 campaign as a blatant example. The campaign promises of no wage and price controls in 1974 translated into wage and price controls in 1975. In 1980, the lower gasoline prices promised by the then Liberal opposition translated, for the poor, gullible consuming taxpayer, into much, much higher gasoline prices.

If we analyse the increases resulting from the petroleum compensation charge alone, which have meant price increases at the pump of 24 cents per gallon, added to the Canadian ownership charge used to pay for the purchase of Petro-Canada, which comes to four cents a gallon, we find there has been an increase of 28 cents a gallon—from those two taxes alone. This particular bill is proposing that the maximum petroleum compensation charge could amount to another 24 cents a gallon, which would bring us to 52 cents a gallon as a result of only two or three taxes.

• (2040)

My colleague from Simcoe North (Mr. Lewis) told us of the number of tax increases there have been. This is really quite startling. When we have a government led by a Prime Minister (Mr. Trudeau) who has just put his personal view on a new Constitution of Canada ahead of all government business, I do not see how these aberrations I am talking about can be surprising.

When the Prime Minister talked during an election campaign about constitutional reform he lost a lot of votes. I refer to 1972 when the Liberal Party lost its majority. In fact, it only retained its government position with a scant two seats. That was because it was talking about constitutional reform, and people were not very much interested in it. In 1979 when he again climbed on the constitutional horse he lost his government position. When he did not talk about constitutional reform in 1974 or 1980, he won. Then he brought in his ideas on constitutional reform

After the constitutional celebrations last weekend someone asked, wasn't it wonderful that we now have our new Constitution, and are we not a lot better off? I asked the questioner whether he was better off or whether I am better off. We now have a limited number of rights because the Charter of Rights limits rights. When we did not have a Charter of Rights we did not have limited rights. We now have things missing, such as the right to own property.

The Acting Speaker (Mr. Ethier): Order, please. Rather than address his remarks to the Constitution, which has been passed, I would ask the hon. member to address his remarks to the bill.

Mr. Clarke: Mr. Speaker, I have been addressing my remarks to the bill for 35 minutes. I was using this illustration to show the lack of principle displayed by the government. I will carry on. I am coming to the end of my remarks in any event. I know that the constitutional debate is over, but the National Energy Program debate goes on. I hope that my reference to other actions of the government will not disrupt the Chair again.

What is clear from all of the examples I have given about principles and the Constitution is that the Prime Minister has lost touch with the views, wishes, desires and aspirations of the people of Canada. He has talked about retiring. I do not think he will, but I wish he would, and take his government with him. If he did that, we could attempt to get Canada working again. We cannot do that under the policies of the present government and a program like the current National Energy Program. If we got rid of this government we would have a chance to restore the housing industry and the oil industry. We could stop paying out billions of dollars, and it will be tens of billions before this is over, to foreign oil producers. The government says it is reducing the price for Canadian consumers. They assume Canadian consumers are not Canadian taxpayers. You can fool all of the people some of the time, but this is ridiculous. The $3 billion comes out of the pocket of the consumer of this country and goes out of this country, to the detriment of our international standing and our economy. If it could do that, we could start giving Canadians a break instead of breaking Canadians.

The policies I have been referring to are very hard on all Canadians.

I referred to the decline in the stock market. Stock prices are the way they are because values have disappeared. These companies which have been trying to do something in Canada are stuck with an enormous debt load and enormous interest rates. These are some problems we have to get resolve before we will see any changes in the economy and in the present recession; in fact it may be the present depression.

* * *

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF ASSISTANT ATTORNEY GENERAL OF SOUTH AUSTRALIA

The Acting Speaker (Mr. Ethier): I wish to bring to the attention of hon. members the presence of a very distinguished

visitor in our gallery, namely, the Hon. Mr. Griffin, Attorney General of South Australia.

Some hon. Members: Hear, hear!

* * *

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I first want to thank the House leaders who, in reaching the agreement to debate legislation on the energy question, recognized my need to speak on this matter. I also want to suggest to you, Mr. Speaker, that the constitutional debate is not over. It has hardly begun. This legislation is going to accelerate action in that area more than you think, so I intend to touch on it this evening.

May I say that during the constitutional debate I always spoke as a Canadian. On Bill C-103, I am going to speak as an Albertan and a western Canadian. I have no other choice if I am going to be true to the electoral base that has elected me over the last 14 years. I will speak generally rather than specifically to the principles and the application of this bill, as I perceive them to be.

The intent of the energy taxation measures within this bill is to economically weaken Alberta, if not the entire west. The energy agreement signed between Alberta and Ottawa in September last is a partial betrayal of the great vision of the west and its growth. The intent of this energy taxation bill, which results from this agreement, is to shift massive amounts of money from provincially-owned resources to the federal coffers, and second, to indirectly impose federal regulatory controls over provincially-owned resources, regardless of Sections 50 and 51 of the new Constitution.

The September 1 agreement, forced on Alberta, in my opinion, is good for the federal government and central Canada, but devastating in the short term for a once healthy western gas and oil industry and, correspondingly, the western provinces. It is an underhanded blow to the evolution and build-up of major financial institutions located and controlled in the west.

In my estimation, the federal energy taxation policies in this bill will skin off the top to Ottawa in excess of $1 trillion during the lifetime of Alberta's conventional oil and gas resources. This taxation is nothing less than a disguised royalty. When applied to heavy oils and oil sands, this skim-off will be many trillions of dollars over the next hundred or two hundred years.

The September, 1981, agreement is for a period of five years. It must then be terminated and renegotiated. If the agreement is extended and the tax is increased, the west will not grow as a California or a Texas in Canada, as some of us have envisioned. It will grow and mature as the institutions of central Canada dictate that it should. This is not acceptable to most westerners. The concept of equalization which is now embedded in the Constitution is a great concept, and I accept it. But over-equalization is bondage, both for the giver and the receiver, for it is better that people and capital flow together and accumulate to where there is opportunity in this vast nation. Reverse flows of people and capital in any nation, large or small, is counter-productive. That is what will happen with this legislation.

• (2050)

Last year, on June 20, 1981, the hon. member for Mission-Port Moody (Mr. Rose) rode home on the same airplane with me. We got into a spat over "What does Alberta want"? I wrote my views on the matter, and the hon. member for Mission-Port Moody responded, and both articles appeared in the *Edmonton Journal*. Let me state briefly what I said in my article. I said:

> 'What does Alberta want? Well, Alberta wants what all of western Canada wants—equity, leverage, some real political clout in Ottawa, economic interdependence through economic partnership. It wants to be a dynamic growing part of Canada. Some 70 per cent of Canada's land mass lies west and north of the western Ontario border. This vast area is inhabitated by approximately seven million people. Its wealth is immense. It contains vast areas of good productive land, enormous fresh water, mineral, forest and energy resources. The beauty of the landscape is unsurpassed. But this vast area is represented in Ottawa by 79 MPs out of a total of 282.

Seventy-seven from the four provinces and two from the north.

> Its political clout in Ottawa is very minimal so it must depend largely on provincial governments for its leverage at the centre. Western Canada wants a fair deal on freight rates, resources, and representation in the national institutions.
>
> As the political clout at the centre is minimal, western Canada then must use the clout of the Constitution itself—the clout of owning its vast resources. That is why ownership of resources and pricing of energy resources in particular is so absolutely vital to western Canada and Alberta.
>
> In Alberta, we are getting an influx of 80,000 people per year and this is rising quickly.

Not any more, because of the collapse of the oil industry and the mega projects.

> Alberta must build 40,000 housing units per year requiring $3.5 billion of annual capital just to house this influx. We are building a vast and complicated infrastructure, reviving old towns, building new towns, highways, bridges, airports, cities, etc. The capital required is enormous—of the order of $5 to $6 billion annually.
>
> This vast infrastructure is being built as we convert the Alberta society from supplying conventional oil to an infinitely more complex one, supplying heavy oils, oil sands oil, gas petrochemicals and wood and pulp materials. This supply of resources is primarily for central Canada. We can build this costly infrastructure with money recirculated from Bay Street and even Wall Street, or else we can charge enough for our oil and gas to generate a capital pool which then can be used to finance this vast infrastructure.
>
> That's what Alberta wants. That's what Alberta is doing. Financing infrastructure, house mortgages,—

Do members in the House know that $5 billion or $6 billion of the Alberta heritage savings trust fund is invested in mortgages in Alberta?

—hospitals, complex educational institutions, research facilities, etc., with money from its own capital pool generated from its own non-renewable resources.

And why shouldn't Alberta do it? Should it mortgage its soul to the central Canadian money barons while building a superstructure to house Canadians moving to Alberta who are engaged in mega buck energy projects to feed all Canada? No, a thousand times no, the Alberta government would be accused of treason if it did not respond to the challenge. But it is not all roses—Alberta is leading the nation in rape, divorce, child abuse, alcohol and drug abuse, domestic violence, suicide, neglect and veneral disease.

—in coping with this massive influx.

Furthermore, in building these vast mega buck complexes like Syncrude, we place a severe strain, through accelerated inflation, on Alberta's conventional industries such as agriculture. Significant amounts of generated capital from oil resources must be used to effectively cope with these problems and permit other industries like agriculture to cope with the capital shortage, high interests rates, competition for services imposed on them by the mega buck projects.'

That was in June, 1981. Then the hon. member for Mission-Port Moody responded to me. What has happened since I wrote that article? Well, the Ottawa-Alberta energy agreement was signed on September 1, 1981. Then the Cold Lake heavy oil project died. The Judy Creek tertiary oil recovery project also died. Then the conventional oil industry went into sad retreat because of excessive government taxation and excessive royalties. Now the Alsands project has died and only awaits burial. I guarantee that there is no way of saving the Alsands project, because at today's rate of financing $13.5 billion, you would need $40 per barrel just to pay the interest rate on that money. It can only be financed by government financing. I do not know where the federal government is going to find $7 billion or $8 billion to finance Alsands. I do not see the Alberta government doing it. It needs every billion dollars it has to deal with its own conventional oil industry. If Alsands is to be saved, the federal government had better think of where it is going to find $7 billion or $8 billion to save Alsands. This is a sad retreat on all fronts effectively, affecting literally all aspects of the Canadian economy, increasing unemployment and deepening the recession. I say it is economic madness. Mr. Speaker, the federal government's formula for forced redistribution of the wealth of the nation has interfered massively with the Canadian process of wealth production in Canada.

We will be reaching something like a peak of all three levels of government taking 45 per cent of the gross national product this year. That is just too high. This energy agreement, manoeuvred and spawned between a single province and the federal government, sets in motion a new process for federal-provincial co-operation and accord. This is a dangerous precedent. Energy is vital to all of the nation, in every province; and the final agreement should have been ratified simultaneously by all provinces. One can ask why. Mr. Speaker, it is because every provincial government uses oil products, such as gasoline, as a massive source of taxation, as the minister indicated in the last few days. As we know, in Quebec alone the taxation on a gallon of gasoline is some 72 cents. Every government in Canada feeds massively on this industry in terms of taxation. This agreement and the energy program of the federal government has spawned a new movement of dissent and anger in the west. It is real and gathering momentum, and at times it is scary. There are other directions and moves which are fomenting at this time, and it is appropriate to ask what the west wants. What does it want? It wants unity without bondage, justice without bias and opportunity without begging. The NEP and the energy security legislation has hurt the pride, enthusiasm and optimism of the west. The west wants constitutional protection against the repetition of this type of federal government policy and increasingly will be asking for it. The energy agreement will increase western tensions and demands, and I say again constitutional changes will be demanded, as they are being demanded now.

• (2100)

The Constitution has been patriated. That was a magnificent accomplishment. The fundamental rights of Canadians are entrenched. That is a remarkable accomplishment. A formula for constitutional amendment is entrenched. In my estimation it is a formula which will centralize powers even more. With the patriation of the Constitution the vision of a new nation is before us all, and we can build a nation of equality, diversity and regional balance. If we do not, then the very constitutional weapons and powers we have patriated will move this nation toward regional tension and instability.

The National Energy Program has impacted on Canada at a most inopportune time because the next several years will be a difficult period of entrenching constitutional language rights and fundamental rights and freedoms.

The political perspectives and institutional structures within Canada will, and must, change and adopt increasing regional identification.

I just want to repeat very briefly what I said on March 10, 1980, while speaking on the constitutional resolution in terms of regional representation, and particularly with respect to growth in relation to resources. I said:

This nation, Canada, will increasingly evolve, and its interdependence will increasingly grow as a co-operative quasi economic and social federation of five natural regions.

Co-operative federalism is not dead. It needs revival and renewal.

Within these regions, provinces shall co-operate and compete, shall integrate transportation and energy and other systems and shall evolve somewhat different and unique social and cultural systems. And over all, all these regions shall form the umbrella of a reorganized national Parliament.

The relationship of the national umbrella and the regional well-being, aspirations and growth will be dynamic, changing and challenging. This, then, is, and will continue to be, the essence of Canada.

Constitutional change and evolution will in the future proceed under a new format different from that prevalent over the last 115 years. Patriation itself will not be bartered and used as ransom for acceptance of a package, including the division of powers, as was done in the past. Rather, constitutional reform will henceforth be identified more with single-issue campaigns on issues such as energy. At the most two or

three issues will be considered at any one time, and these limited issue campaigns will take on regional colouration and perspective and will give rise to issue-oriented political movements and parties.

Yes, it will be an area of regional parties and regional politics imposed on the national scene with considerable fervour and force. In fact, I might say that Quebec and its discipline of political power and influence through almost total allegiance to a single party has established a precedent which will be followed in other regions of Canada. This format, enhanced by the National Energy Program, will see the Liberal Party move more than ever toward becoming a regional party. It does not have a role to play in the west so long as this energy legislation is in place. And the west is spawning a new regional party by drawing together a coalition of many political perspectives angered by the National Energy Program. It is and will continue to be increasingly moulded through dissatisfaction, anger, disillusionment and frustration as the ambitions of the west are thwarted, its desires tempered and its dynamics stifled by central Canadian government perspectives.

We need new national policies, new accords and revised political institutions at the centre. Unity will be strained as the west demands constitutional changes to influence policy at the centre, particularly policies such as the energy policy we are dealing with today. The west will not stand to be throttled again as it was by the National Energy Program. It will demand constitutional change to deal with matters like this.

First of all, it will surely demand a major Senate structural reform to give the west no less than 40 per cent representation in a much more meaningful and active Senate. It will demand changes to permit equitable, effective and meaningful representation by population in the House of Commons. It will demand a better regionally-balanced Supreme Court with some provincial appointments and, perhaps, sitting regionally at times. It will demand a restructured Bank of Canada with more regional policy input, and the gradual entrenchment of property rights in the Constitution through a provincial opting in-clause will be demanded. Much greater clarity of limitation of federal taxation of provincial resources while in transit provincially, interprovincially or internationally, as energy resources are, will be demanded.

I will say something else: there will begin to be a demand for a constitutional limitation of federal government taxation in each province, limited to something below 20 per cent of the gross annual provincial product in each or any province. Western Canada will be demanding more rapid evolution, sector by sector, of a free trade area with the United States, as was strongly recommended by the Senate standing committee chaired by Senator George van Roggen. Of course, we need to trade more north and south because of the vastness of this nation. No single federal policy direction has exercised and angered the west more in relation to future demands for constitutional limitations on the powers of the federal government than the National Energy Program and related legislation.

In conclusion, I will say that I do not support this energy taxation legislation which has caused so much division in my part of this nation. I was very proud to be a member of this House during a most productive period leading up to the patriation of the Constitution. I think we were all proud to be members of the House during that period. But I am not proud to be a member of the House that brought forth this type of legislation which so affects a massive industry in which one out of every four employed Albertans works, directly or indirectly. This industry has been hit very hard by this legislation.

• (2110)

I should like to end on a less serious note, Mr. Speaker. The government's energy policy and economic direction reminds me of a little poem by an unknown author. It makes me think of the Minister of Energy, Mines and Resources (Mr. Lalonde) and of the Minister of Finance (Mr. MacEachen), when they get up to answer questions in the House. It is very short and it goes like this:

There was a dashound once so long
He hadn't any notion
How long it took to notify
His tail of his emotion;
And so it happened while his eyes
Were filled with tears and sadness
His little tail kept wagging on
Because of previous gladness.

So much of the federal government's economic policy relates to happier years. A very difficult time is ahead of us. The problem of the economy has to be solved by some of the most brilliant minds of the nation. It is time that the government started to look seriously at the problem of turning the economy of the country around.

Mr. Girve Fretz (Erie): Mr. Speaker, we are in a recession that should never have happened, and it looks as though it will last longer than any recession has since the last war. It is also going to hurt more than any recession since the last war. The blame for this can be laid on federal measures which have followed, one after the other, but the National Energy Program is the straw that broke the proverbial camel's back. It is the way that the National Energy Program has been handled, rather than the down slope of the business cycle, that is to blame for this disastrous recession. The deterrents of the economies of other countries and the soaring interest rates should have been offset by the provisions of a better rate of return on the production of gas and oil and would have helped employment and increased the national income.

Practically gove is the increasing development and investment in the search for these resources, thanks to the National Energy Program, with decreases in 1981 of up to 40 per cent, and the same this year. This development and investment has now gone outside Canada, except where the government has taken up the slack.

Surely it must be realized that the grasping and clutching hands of government, which are increasingly taking their pick of the private businesses, are repeating the actions of Italy in the 1920s and 1930s, action which in Canada has resulted in

decline in growth of the economy and, even more, is heading our country into a corporate state.

The Canadian airlines are hurting because of the transportation fuel export recovery charge which used to be levied on all international airline traffic. Now, because of a United States challenge, these charges have been dropped. Also, the government has agreed to refund to all international airlines the total charges collected over the last year. However, the government will not refund this charge to Canadian carriers despite the fact that this charge was originally conceived to place the Canadian carriers on an equal footing with their international counterparts.

Surely it must be recognized that the government has violated every single promise that was made in this regard during the 1980 election campaign. Where now can you see the cheap gas and heating oil for Canadians that it promised during that campaign? United States citizens are paying world prices for gasoline and heating oil and they know they are paying world prices. But in Canada we pay more than they do in the United States! Can the government explain this? Certainly not by quoting the price of crude oil. This does not go into our furnaces nor into our automobiles.

The government, since October 1980, in the guise of nationalism, started taking over the Canadian petroleum industry, supposedly so that Canadians could control and benefit from the exploitation of Canadian resources. This, however, was only because the Prime Minister (Mr. Trudeau) and his colleagues want government ownership and thereby have given themselves a blank cheque to spend as much as $50 billion of Canadian taxpayers' money. That translates to upwards of $2,000 for every man, woman and child in the country.

What should have been done instead was to provide better incentives for companies and individuals in Canada to acquire control of foreign-owned companies or even provide more effective tax laws and industry regulations. Surely, if investment had been free to flow to where it could obtain the maximum return, the benefits to all parts of the country would have been greater than the costs since incurred.

It is certainly unfortunate that the government perceived nationalism as a force to be harnessed to political advantage. One wonders whether the government recognizes all the implications of its insistence that market forces can be subordinated to political direction.

Canada's interest rates had stopped well short of the American highs during the early run up, yet the Minister of Finance (Mr. MacEachen) blames high American interest rates for Canada's recession. Can he truly believe this? The National Energy Program diverted foreign investment away from Canada and domestic investment out of Canada. The budget of 1981, designed to close tax loopholes, following on the heels of the National Energy Program in 1980, strengthened the government's control over the uses to which investment would be put, that is, whatever investment remained after most had fled the country because of the National Energy Program.

The attitude of the government is that all the world is wrong not to help it in its royal right to pursue the corporate state.

The recovery of the United States from its recession used to be the springboard for Canada's recovery from its own recession. Canada's resources would be purchased by the United States—our best market, incidentally—and this would mean re-employment in forest and mining industries. But more than this is needed. High infusions of new capital are needed, but from where will it come? Certainly not from Canadian corporations; they have already invested in the United States. Those that have not invested in the United States are victims of inflation and taxes. They have no funds to invest, anywhere.

Federal intervention in the economy has brought on the recession and now, because of the state of the economy, further intervention by the government is being claimed as justified. It is a vicious circle.

The present problem is the shutdown of the Alsands project. It means the lay-off of thousands of Canadian workers; the exodus of half of the country's petroleum drilling industry south of our borders and, the bankruptcy of dozens of companies. As a consequence, $17 billion of capital has fled the country and 300,000 barrels of Canadian production per day has been shut in.

The energy program was concocted by a small group of theorists who believe state control is more important than energy production and who found a minister who shared both their philosophic bias and their profound ignorance of the way the energy industry works.

It must be realized that the tightly regulated petroleum marketing system has resulted in the federal government's subsidizing the importation of a very large volume of foreign crude oil while equivalent volumes are available but are not being produced in western Canada. This is a heavy cost to the public because the subsidies being paid go out of the country to help a foreign economy. If that money had been invested in Alsands, it would flow into the Canadian economy. Surely the government knows this could be changed to domestic production, even though it would involve drastic changes in the present regulations. By this action, which the government seems reluctant to take, money would be available for much needed job creation, which money the government claims it does not now have.

• (2120)

Last September, the Minister of Energy, Mines and Resources (Mr. Lalonde) said the energy agreement would:

—provide significant stimulus for new tar sands projects.

Then his department said:

—to ensure that new megaprojects go ahead in the oilsands . . . the agreement provides for generous prices on future oil discoveries—

Obviously, to quote an Edmonton columnist, the minister was totally wrong. Investors need income from present production or other tax incentives to undertake this enormous but essential project.

Mr. Irwin: You want the oil companies to have more tax incentives.

Mr. Fretz: Ottawa controls price and the larger part of corporate taxation. Alsands will probably die unless Ottawa allows corporations to deduct investments in Alsands from other income and gives some reasonable assurance on price. The minister should meet his national responsibility by saving Alsands. He should follow the example of Peter Lougheed. Last September's energy agreement between Edmonton and Ottawa was fatally flawed, and now Alberta is paying to fix it. Simply put, and I quote the *Edmonton Journal*:

> Last fall's agreement crushed Alberta's energy industry by taxing it to death.

A recent softening in world prices does not explain the problem. Canada is still raising energy prices toward world levels. No, the disaster was a fundamental miscalculations on taxes.

So Alberta has come to the rescue of our conventional oil and gas industry as it did in 1974 when Ottawa first grabbed successfully for a larger energy share. Now what? That question is for the minister. He has taken his pound of flesh, will he now give the needed blood transfusion to save unconventional oil, the Alsands project? Dwight D. Eisenhower said:

> When shallow critics denounce the profit motive inherent in our system of private enterprise, they ignore the fact that it is an economic support of every human right we possess and without it, all rights would soon disappear.

I want to refer to four parts of that quote, the first of which is the profit motive. This government believes that it should tax industry to death. The second is private enterprise, and this government believes in socialist enterprises. The third is economic support, and Canadians have had the props knocked out from under them by this government. The fourth is that all rights would soon disappear. Mr. Eisenhower was indeed a prophet.

In Bill C-103 the government is trying to catch and make legal what is illegal. This time it introduced a notice of ways and means, and so suddenly something which was not a tax is now defined as a tax. The Canadian ownership charge is another little sneaky tax which amounts to 4 cents per gallon or $800 million a year. It is being used to pay for the purchase of Petrofina, a company the shares of which were trading at about $40 until some people who were lucky, or knew somebody, bid them up to about $80. Then along came Petro-Can to pay $120 per share. I would like to know who those people were who bid the shares up from $40 to $80. In the early summer of 1980 they were worth $40, and a few other oil companies were trading around that price, but now they are around $20. We can say, therefore, that had Petro-Can not bought Petrofina for $120 per share, one could probably buy a share today for about $20 or $25. The government paid about four or five times what the market shows the company is really worth.

Mr. Taylor: With the taxpayers' money.

Mr. Fretz: That is right, but it is not declared in the Blue Books and Estimates in a way which might alert the public to what is happening so that they may make a judgment. The government does not want people looking at the record, it does not want spending to go up because it wants to claim that it is holding expenditures down. So this sharp Canadian ownership charge is created in a sharp, sneaky account, outside the regular government accounts, and the money pours in. That means the minister or his appointee at Petro-Can can have $800 million per year to play with and buy more companies.

All we know is that every time we fill our tank at the pump, four cents a gallon goes into a pot for the minister and his cronies to play with. Apparently we do not have the right to know. We are only Members of Parliament, elected by the people of Canada, and that does not give us any right to ask questions about how that money is being spent or should be spent.

We also have the petroleum compensation payments, the spending part of the petroleum compensation charge, amounting to 24 cents a gallon. That money is being used to subsidize oil imported from Mexico, Venezuela and Saudi Arabia. At the same time, non-subsidized oil produced by Canadians is shut in to the extent of 300,000 barrels a day. We subsidize Pemex and Aramco while Canadian producers—western Canadians, I admit, but Canadian producers—are closed out. It is costing one company, Oakwood Petroleums, which is 100 per cent Canadian owned, a million dollars a month.

In conclusion, Mr. Speaker, I want to say that our party is going to vote against this bill.

Mr. Dingwall: You are kidding.

Mr. Fretz: I want to leave you with a quote from Andrew Carnegie, a great industrialist and philanthropist, who said:

> —individualism, private property, the law of accumulation of wealth, and the law of competition; these are the results of human experience. The soil in which society so far has produced the best fruit.

This is the government which took away ownership of private property in the Charter of Rights; taxes away the wealth of individual Canadians, small businesses and corporations; renders infertile the soil for investment, "the soil in which society so far has produced the best fruit".

• (2130)

Mr. Irwin: Would the hon. member answer a question, Mr. Speaker?

Mr. Fretz: No, Mr. Speaker.

Mr. Irwin: Mr. Speaker, I rise on a question of privilege. My privilege as a member of this House was impugned when the hon. member said that we took away the right of property. It was the provincial ministers, one of which—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Ontario.

Mr. Scott Fennell (Ontario): Mr. Speaker, it seems that I am having a hard time getting started on my speech tonight.

Be that as it may, just toward the end of his speech my colleague, the hon. member for Erie (Mr. Fretz), said that we were going to vote against this bill and the hon. member on the other side said, "Oh, you are kidding." I must say that in the next election when he looks at his voting record during this terrible legislation that has been going through, he will be the one who will be wondering who is kidding whom. I just wanted to point that out. He had better be careful that it does not get into *Hansard*.

What we are talking about tonight is a catch-up bill. It is sort of a catch up, a tax grab, or whatever you want to call it. But what the government is doing is legalizing something which it has been taking from Canadians for 26 months. The Liberal government has the attitude, as the public does, of using the credit card system. In other words, charge it now and we will catch up later. The Liberals say, "We do not have to worry about it because we have a big majority. We can do whatever we want. We can run this country as we want to. We do not give a damn about the Canadian citizen."

An hon. Member: You don't.

Mr. Fennell: I am talking about you people over there.

In this bill we are talking about a made-in-Canada policy. This made-in-Canada policy is doing an amazing job of destroying the Canadian oil industry. This government has another "made-in" policy. The other "made-in" policy is the "made-in-Japan" policy for automobiles. This policy is ruining the automobile industry and it is putting 200,000 people out of work.

Some hon. Members: Oh, oh!

Mr. Fennell: Hon. members over there can make a lot of noise about this, but my constituents are being hurt.

Some hon. Members: Oh, oh!

An hon. Member: What about the steel industry and all the others?

Mr. Fennell: I say to hon. members over there that they should go to Hamilton, Algoma and Oshawa and they will find out whether the people there think they are funny. Those people are unemployed because of the Liberal government and its incompetence.

An hon. Member: Get back to the bill.

Mr. Fennell: This government has also brought in a Canadian-made interest rate policy. This has destroyed the balance of industry in this country and it is also destroying every Canadian.

The legislation we are discussing tonight, which is Bill C-103, provides equalization. We are trying to talk about equalization. I would say it can better be described as total destruction of the Canadian economy through government intervention. That is precisely what Bill C-103 is. It is a clear criminal intervention by the government.

I wish the minister were here in the House. But I hope he reads what I have to say.

Mr. Fretz: Where is he?

Mr. Fennell: The Minister of Energy, Mines and Resources (Mr. Lalonde) has created sufficient havoc in Canada, so why does he not resign and give this country a chance? It is a wonderful country. It is a country we can do something with.

An hon. Member: Oh, oh!

Mr. Fennell: We do not need people yelling from the other side of this House who are saying that communism is a great thing either, Mr. Speaker.

An hon. Member: Oh, oh!

Mr. Taylor: Why does the hon. member not stand up and speak properly?

Mr. Fennell: If the hon. members so interested in speaking, why does he not have the guts to come to his place and give a speech?

Mr. Blaikie: Get back to your seat if you want to heckle.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Ontario has the floor.

Mr. Fennell: Let us talk about the oil export charge. This charge finally legitimizes a tax that has been imposed since October, 1980, on the Canadian people. The charge is broad enough to allow the government to raise the charge to $55 a barrel. What is left for the oil industry? There will be a negative balance. The government may increase this charge any time at its will. It can be done at the beginning of the month, the middle of the month, or the end of the month. The government does not care. It will do it any time. That is how this government operates. This export charge really eliminates the necessity of having the National Energy Board. I wish the minister of energy were here because I could ask him whether there was any purpose in continuing to have the National Energy Board keeping all those people on the payroll. Why does the minister not get rid of the National Energy Board? The reason is that the minister and Ed Clark have the whole thing in their own hands. They have eliminated the necessity of a board that would use a price, a price at which we could export without infringing upon our requirements. Why does the minister not get rid of the National Energy Board now? Why does he spend that money? The National Energy Board is just a shell. The whole thing is a shell. That is how it all turns out, Mr. Speaker. Theoretically, and I say theoretically, that 50 per cent of the oil export charge is to go back to the provinces. But nowhere specifically in that bill is the government required to give that amount back to the provinces. The provinces have no protection. The federal government can say that a product can be exported from a province, it can say how much the province can export, it can say at what price, and the federal government can impose any amount of export tax up to

$55 a barrell and not give one red cent back. The government says this is fair pool. I understand the government reduced the amount under this export charge from what was originally proposed in Bill C-94. The government has reduced the amount so that it can get the bill through the House this time. But as soon as this bill is passed and everybody is happy, the government will turn around and say, "Let us put the charge up another $100." There is no reality to the economics of the oil industry in this country.

Now we come to the transportation fuel compensation recovery charge. I wish I could get an answer to why there is a different amount for the east coast, which is $78.35, and for the west coast, which is $47.20. There is no logic in that. There is absolutely no logic. I wish I could get some explanation to that. I wish someone in the Liberal Party would explain why there are different amounts for different parts of the country. I note that airplanes are to be exempted and the government is going to give all the money back it charged the airlines over the past year. This government got the Americans mad enough that now this government is going to have to hand back the money. The government has done everything to insult our best neighbour. So what is the government going to do? The government is going to give the airlines their money back. It is just tokenism.

But what happened to trains? I understand the Minister of Transport (Mr. Pepin) does not believe there will be trains in the future. He is cancelling train service all across Canada. But what about trains? Why can boats, airplanes and everything else have legislation, but not trains? Is it because the trains are government owned? The train service is such a loser because it is run by the government that it really does not matter.

Then we come to the petroleum compensation charge. This is a tax that I really cannot understand. I really cannot. This tax simply subsidizes the multinationals to import foreign crude at the expense of Canadian crude. Furthermore, it discourages multinationals from going out to find new sources of oil.

• (2140)

Some hon. Members: Oh, oh!

Mr. Fennell: Hon. members opposite can criticize multinational corporations, but they have been in bed with them for a long time. In the early days of oil development in the west, who found oil in Canada? It was not Canadians who found it, it was the multinationals. I am not criticizing them because they were fairly paid, but I am saying that we should not subsidize the multinationals to import oil and discourage them from finding additional oil in Canada, so that we will have self-sufficiency in the future for our children and grandchildren. At the present time it amounts to a charge to the Canadian public of 24 cents per gallon for fuel oil and gasoline, and a further 24 cents which the government can charge through order in council. Also the amount was reduced from $20 per barrel to $12 per barrel. It really means nothing, it is absolute tokenism. The government has reduced it from $20 to $12, but next week or as soon as the bill is passed, it will probably bring in a new Ways and Means motion, with legislation following 18 months later. This is what the government does now with everything. For example, it brought in Ways and Means budget followed by legislation much later. The budget of November 12 left people in confusion; no one knows what is going on. Today I received a telephone call from a gentleman on this very point who said, "What is your gut feeling about the budget?" I said that my gut feeling was that the Minister of Finance (Mr. MacEachen) is so intransigent that there is no chance he will back off; he will just pacify Canadians by giving them more time.

Turning to the Canadian ownership charge, let me first indicate that it is a real beauty! It was reduced from $4 per barrel to $1.15 and 15 cents per Mcf on gas. The government cuts back all these things in order to get the bill through the House quickly, but we must not kid ourselves—they will go back up. Let us look at what the Canadian ownership charge has done to Canada. We are supposedly talking about Canadianization to encourage Canadians to invest in Canada, but first I should like to refer to a Statistics Canada chart which indicates that in 1979 there was an outflow of $3,933,000 out of the country. In 1980 it went to $4,200,000 and in 1981, to $18,600,000. This is how Canadianized the oil industry has become! It is Canadianized in other countries, not in Canada. Hiram Walker is a prime example. The company spent some $500 million buying up assets in the United States. I understand that they were not the greatest assets, but the company purchased them in any event. Another example is Home Oil. Everyone thinks Home Oil is a great company, but it bought up interests in the United States. Many companies are down in the United States buying up interests there because their netback here is so bad. Last year $31 billion came back to non-residents of Canada, at the same time that the government was paying out interest to service the debt on government bonds and on money deposits, to keep interest rates high. This year that cost will amount to $6.3 billion. Not only did we lose $18 billion in Canadian capital, we have lost an additional $6.3 billion to service the debt. The ownership charge is a fraud. It is not creating Canadian ownership, it is destroying it. The outflow is not slowing, it is increasing. The government has removed any risk-taking money from Canada and shipped it elsewhere. It brought in passive money to cover high interest government debt. It is a disgraceful situation. The Canadian ownership charge is a joke; it makes a fool of Canada.

We continue to import 400,000 barrels of oil per day. We are paying $17 per barrel, which perhaps recently dropped to about $14 per barrel, in the form of compensation. There are 400,000 barrels per day locked in, in western Canada. Perhaps the government is smart to keep it locked in, because it is not allowing any companies to develop new reserves. We must remember that new reserves are being developed in the north, in the Beaufort Sea and off the east coast. Eventually we will end up with a lot of oil, but today we are importing 400,000 barrels per day from Saudi Arabia, from Mexico—"Mexico mud" as I call it—and from Venezuela. The fact of the matter

is that we are paying 24 cents per gallon to import it. Every time anyone in Canada fills up his or her oil or gas tank, he or she pays 24 cents per gallon for the privilege of importing oil which is not required.

The government is actually exporting $6 billion per year out of the country. In the last few minutes I have referred to $18 billion which has left by way of investment and $6 billion on interest on bonds and so on. This total $24 billion or one fifth of our national debt, so we will see the debt rise another one fifth this year. If the $6 billion had remained in Canada, it would create jobs and help solve unemployment problems which are crippling the country.

This is a serious situation with which we must deal. To put it in another way, $16 million per day is being paid out, of which Canadian taxpayers are paying $7 million. It is a $7 million extra grab of the Liberal government. This is for a Canadian-made price. On this one item, 24 cents is being paid for a Canadian-made price. We were thrown out for 18 cents and they are getting 73 cents!

At the present time when someone pulls up to a gas pump, 80 per cent of the price paid per gallon of gasoline goes to federal and provincial taxes. There are 10,000 shut-in gas wells in the west. Can one imagine how much gas that is? They are messing around on the Q & M Pipeline on the east coast. They cannot make up their mind on how, when or where to put it in. There are 10,000 shut-in gas wells which could be supplying that demand forever. They are worried that it will not be needed because of Sable Island. Let us be realistic. If there is a surplus, would it not be more marvelous if the valves were simply changed around on the pipeline and the gas shipped back to Quebec? It would reduce the cost of gas in Quebec because it would not have so far to travel from the east coast to Quebec as it would from western Canada to Quebec. We should keep it in mind as it is a very important point. The other serious reason is that due to the government grab on this, Canada is presently giving the smallest netback for producing oil of any country in the world. This is a pathetic situation which is very difficult for Canadians to understand. Since it takes so much time to read this bill, the average Canadian will not do it and will rely on us to read it for him. It is easy to read this bill because it is so bad that it can be quickly dismissed.

• (2150)

I refer to the Canadian ownership charge as the Petro-Canada grab. My colleague, the hon. member for Erie (Mr. Fretz) referred to the price the government would pay for Petrofina today. The most foolish thing the Liberal government did was to buy a multinational too soon. It knew how bad the National Energy Program was and the disastrous effects it would have on the industry. It knew perfectly well that $50 billion would be written off on the stock. Still, it paid 120 dollars for some stock which it could have purchased today for 20 dollars, which would have been a good deal. Not only that, it bought the wrong company. It purchased a company which would enable it to put up its service stations signs across Canada with the Liberal red maple leaf. But it did not create one job. Did it buy reserves? No. The Liberals bought service stations. They bought a distribution organization. There is not one multinational corporation in the world which makes money out of its marketing operations, and this can be clearly demonstrated in any financial statement.

The government calls Canadian ownership Canadianization. Everywhere else in the world, particularly in those countries which respect the socialist international, this program is called nationalization. It is nationalization which is achieved by taking money out of the pockets of Canadians for which they will never receive one red cent in benefit. These companies will turn into loss leaders so quickly that we will not know what happened to them.

This is not Canadianization. Canadianization means looking back to our roots to see how our country began. This country was started by private enterprise and entrepreneurs. This is not Canadianization. It is government intervention and nationalization. Nationalization has not worked in one country in the world and it will not work here. It is a disgrace. The Canadian ownership charge, which I will call a slush fund because that is how the government treats it, does not have a beginning or an end. It will just continue to be another tax grab by the Liberal government.

We on this side of the House, as well as all Canadians, were originally told by the Liberal government that Petrofina would be paid off in 18 months at a cost of 4 cents per gallon. First, if the government had bought Petrofina at the right price it would have cost one cent a gallon for 18 months. But the government had to buy at the top end of the market. What will happen is that the government will buy other corporations which will ultimately become non-profit organizations. Also, these organizations will no longer pay taxes and help support the Canadian economy. Canadian taxpayers will have to pay for these non-profit organizations in order to keep them in business. There will be no concern for the consequences because the Liberals do not care about Canadians. Canadians are now aware of this fact, and since they are hurting right now they will not forget it.

This bill was primarily established to provide revenue for the government, and the cost to Canadians is of no concern to it. If this bill is passed, this charge could be doubled or quadrupled or changed in any way the government sees fit. There are very few defences that we have in the House to stop this bill from being passed while the government has a majority.

The Canadian ownership charge could also be called a Crown corporation subsidy. One manner in which this bill could be used is to bail out Crown corporations like Canadair. For example, in February of 1981 I brought to the attention of the Minister of Industry, Trade and Commerce (Mr. Gray) the fact that Canadair was in serious financial trouble. He only ridiculed me and prevented me from continuing with my point of order. I indicated to the minister that the undercarriage the airplanes it was constructing was too heavy, the plane was not designed properly and the Lear specs were not followed properly, which forced the company into serious financial trouble. I asked the minister what he was going to do

about it. What we found out was that the company went into bankruptcy. But to protect their Liberal butts, spelled b-u-t-t-s, they bailed Canadiar out for $1.5 billion. The company is not even worth $1.5 billion let alone being bailed out for that amount.

Another example relates to the energy sector and indicates what likely will happen to Petro-Canada and all other Crown corporations the government will create. Eldorado Mines commenced the Beaver Lodge mine but did not realize the small amount of uranium which existed there. Therefore, the mine had to be shut down at a loss of $500 million. That company was put into bankruptcy as well, but the Liberals solved that problem very quickly and discreetly by simply taking some stock pile from its own account—$400 million worth—and putting it into Eldorado, and then converting that to capital to prevent any interest being paid, thereby bailing out Eldorado. This is typical of what happens to Crown corporations.

This bill demonstrates the damages which could be caused by the National Energy Program. We have had enough time to see what the National Energy Program has done.

The members to my left are the ones who should be concerned about the effects of this bill. I represent union people in my riding, and my next door neighbor happens to be the hon. member for Oshawa (Mr. Broadbent). Unemployment is hurting people in our area and that unemployment was caused by too many tax grabs by the Liberal government which left too little to the industry, which therefore had to cut back and shut down its operations.

Some 253 drilling and service rigs have left Canada and 311 remain idle. Two years ago, roughly that number was being manufactured in Canada out of steel and other related products. Those products were being manufactured in Ontario and Quebec and workers in those provinces are being hurt because those rigs have left.

Furthermore, the automobile industry is being shut down because every time a job is lost in the west, two more are lost in Ontario. That is the well-known multiplier effect. The government states that it will provide great initiative through Bill C-103 and Canadian ownership to provide handouts when and if it wants. Handouts will never replace private initiative. Private initiative made this country work. Government intervention is destroying this country.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

Adjournment Debate

AIRPORTS—FUTURE OF DORVAL AND MIRABEL

Mr. Pierre Deniger (La Prairie): Mr. Speaker, over a year ago, on February 13, 1980, the Minister of Transport (Mr. Pepin) invited all hon. members to send him their comments on the Dorval-Mirabel issue. Considering the number of times I have raised this very important subject, I could be accused of abusing the minister's invitation. In fact, last Tuesday in the House I was hoping the minister would accept an invitation from me and from participants in the economic summit on Greater Montreal to publish the cost-benefit study on solution 6, with other studies relevant to the Dorval-Mirabel question, before the minister announces his decision this May.

Unfortunately, Mr. Speaker, the minister has refused this request, made not only by me but also by the Montreal Economic Promotion Committee, known as COPEM, which includes the Chambre de commerce du district de Montréal, the Montreal Board of Trade, and by the mayor of Montreal, Mr. Jean Drapeau, the Chairman of the Montreal Urban Community, the mayors of Montreal Island and the South Shore, the Quebec Federation of Labour, the Machinists and Aerospace Workers Union, the Quebec Travel Agents Association, the Montreal Convention and Visitors Bureau, eight major Canadian airlines, the Air Transport Association of Canada and the Société pour le progrès de la Rive Sud, under the chairmanship of my good friend Mr. René Delarue. All the people I just mentioned and those they represent will not be able to look at this major study before the final announcement of the minister's decision. Even the members of this House will not have a copy of the study, which, if it were immediately available, might ease the present tension and enable those with concern for this decision to remove the clouds of uncertainty that prevail today.

Mr. Speaker, I feel the ideal solution in the short term is an improved status quo, meaning that there would be no transfers of flights between Dorval and Mirabel, that the necessary improvements would be continued at Dorval and that provision will be made for improved access to Mirabel. In my opinion, any artificial channelling of traffic to Mirabel would merely discourage passengers from other regions in Canada from going to Montreal. I think it would be unwise to fragment domestic traffic by obliging part of it to go through Mirabel. According to studies by Air Canada which I support unless I get evidence to the contrary, many Montrealers travelling to the West and the United States prefer to go to Toronto by Rapidair and take advantage of the greater choice of flights offered to the Toronto market instead of making do with a limited number of departures from Montreal.

Both carriers and passengers would suffer financial losses. Passengers would have to pay more, because of the trip to Mirabel, until a satisfactory infrastructure is complete. Unfortunately, Mr. Speaker, Mirabel is nowhere near having the rapid transit system and highway network it needs to fulfill its potential and become a world-class airport. Mr. Speaker,

the customer is paying and he should have a choice in the matter. And if the customer is given a choice, he will always prefer airports with easy access, and otherwise he will always try to avoid the airport until such access is available no matter how attractive it may seem on paper. Mr. Speaker, many international carriers involved in both passenger and freight services want to come to Mirabel and Montreal. My message to the Minister of Transport (Mr. Pepin) this evening is very clear and very straightforward. I think it is obvious that the Minister of Transport should, as he did for Air India and Royal Air Maroc, concentrate on facilitating the entry of such airlines and reducing landing fees for Mirabel. Landing fees are discouraging many carriers, both Canadian and international, from coming to Mirabel, because they are the highest in Canada and also among the highest in the world. The solution must be sought in attracting new markets and not in artificial transfers of a few flights which would create more problems than it would solve.

• (2205)

[*English*]

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, on behalf of the Minister of Transport (Mr. Pepin), I want to thank the hon. member for giving this important issue the attention it warrants. The hon. member for La Prairie (Mr. Deniger), as shown by his earlier comments, is very familiar with the subject Dorval-Mirabel and represents the views of his constituents in an informed and straightforward manner.

The Mirabel-Dorval solution must be one that recognizes the long-term socio-economic development of the Montreal area. There can be no doubt about the importance of proper airport facilities to the economic well being of a community. Both Mirabel and Dorval offer distinct advantages. Mirabel offers the convenience of a 24-hour operation, an efficient cargo facility and virtually unlimited room for expansion. Dorval offers proximity, an established operation and a local industrial base.

The cost of any solution to the two-airport question must also be assessed. The hon. member has correctly referred to the so-called "Option 6" on which a detailed cost-benefit study is now being finalized. In his answer, the minister confirmed that he intends to make the results public when he is in a position to announce his general approach with respect to Mirabel. He has said previously that he intends to do so by the end of May.

I wish to congratulate the hon. member for La Prairie, who is also the vice-chairman of the Standing Committee on Transport and Communications, for the leadership he is showing on the Dorval-Mirabel issue and on other transportation matters.

BANKRUPTCIES—INCREASE IN NUMBER. (B) REQUEST THAT GOVERNMENT TAKE ACTION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, last week, while Members of Parliament were taking their Easter break, Statistics Canada reported that we had achieved a record in the month of March, a record of which none of us can be proud. In the month of March, for the first time in the history of Canada, there were more than 1,000 business bankruptcies, an increase of more than 40 per cent over the same month in 1981. This is a trend which has been accelerating over the last four or five months. There is no indication that that trend is going to slacken.

What we are seeing is not just greater numbers of bankruptcies, but a very significant change in the kind of companies which are declaring bankruptcy. In many cases these are not new companies with inexperienced management, but companies which have been in business for 25, 50 or more years. They have been very successful businesses. Let me put on record a few of the thousands which have gone bankrupt in recent months. This is but a very small fraction of what is happening from one end of Canada to the other.

A few days ago, in Winnipeg, the Victoria Leather Jacket Company, which had been in business for more than 50 years and which employed 300 people, a company owned by the present owner of the Winnipeg Jets Hockey team, went bankrupt.

• (2210)

In the city of Montreal a clothing manufacturing company which had been in business for 90 years, the Freedman Company, which employed at the time it was most productive and most profitable more than 800 workers, went bankrupt.

In Winnipeg, a few days ago, Wolch Limited, a clothing wholesale company which had been in business for 60 years, went bankrupt.

In every newspaper in this country one can see advertisements announcing bankruptcy sales. Here are two which appeared in the Winnipeg *Free Press* of April 10, 1982. One says "Liquidation Sale" in Winkler, Manitoba, one of the most productive farming communities in western Canada. This liquidation sale is of all the assets of the former New J Industries Ltd., auctioning off press brake shears, welders, presses and vehicles.

In the same newspaper there is another advertisement dealing with a "Receivers Sale" in Winnipeg for Baltic Industries Ltd., auctioning off lathes, milling machine, radial and vertical drills, and so on.

Why are these companies going bankrupt? One gets the same report when one reads the business pages of the Toronto *Globe and Mail* or the Montreal *Gazette* or the Vancouver *Sun* or the *Financial Post* or the *Financial Times*. They are going bankrupt for two reasons. First of all, it is because of the recession which is world-wide. Secondly, Mr. Speaker, it is because of the inordinately high interest rates.

What is happening is that companies which manufacture or wholesale goods are finding that they cannot afford to produce the goods they formerly produced, paying for the raw materials and the labour, because to do that as they formerly did would mean going to the bank and borrowing the money at

20 per cent or more in interest. Customers are not buying in the quantities in which they used to buy, not only because sales are down but because they cannot afford to pay for the merchandise when they get it. They cannot afford the kind of interest rates which the banks are charging.

As I have indicated, we have over 1,000 companies which went bankrupt in the month of March alone. For every company that goes bankrupt there are probably two, or three or four which avoid bankruptcy by going out of business, by ending the lease for the premises which they had, and by selling off their merchandise. Tens of thousands of workers are unemployed, workers who worked for these bankrupt firms, for these companies up to the time they went bankrupt. They have gone bankrupt because of the interest rates.

What does the minister say when you tell him this? He says: "We cannot do anything about high interest rates until we bring down inflation." We have lived with the government's policy of high interest rates. We have lived with Bank of Canada Governor Bouey's high interest rates for half a dozen years, and what we have is inflation at an all-time high, well over 12.5 per cent; unemployment at the highest level, the highest percentage, the highest number that we have ever had—the highest number since before World War II. That makes one and one quarter million unemployed, according to the official figures. As we know, there are another 400,000 or 500,000 unemployed who are not counted because they have given up trying to find work.

• (2215)

When I say that high interest rates are responsible for most bankruptcies, I am not speaking for myself alone. I am not speaking from a very radical, unorthodox position. Let me just quote a couple of sentences from the submission given to the Ontario government—similar to the submission made to the federal government—by the Canadian Federation of Independent Business. This submission was made to the Ontario government in February of this year. Let me quote as follows:

> High interest rates have had their part to play in the massive increase in bankruptcies and the decision of countless other firms to simply back up. High interest rates have become overwhelmingly the most important problem faced by our member firms.

The federation went on to say:

> When asked—

The Acting Speaker (Mr. Ethier): Order, please.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, there is something awe-inspiring about speaking to this very large gathering here tonight. I feel that what the hon. member has just pointed out is extremely important, and that whatever side of the House we happen to be on this evening, all hon. members agree that the economic situation is extremely difficult. We are also keenly aware of the fact that some people are being particularly affected by the depressed state of the economy. For some it may mean unemployment, for others bankruptcy. However, we must be careful, Mr. Speaker. We all know that there have been bankruptcies in this country and there will be more, not only in Canada but also in other countries. What should be stressed is the action the government is taking to assist small and medium-size businesses that are more severely affected by the economic situation and thus more vulnerable to bankruptcy. At the present time, the Ministry of State (Small Businesses) has a formula for providing loans at lower interest rates, while another formula provides that interest paid on loans is tax-deductible. Obviously, this type of assistance for small and medium-size businesses cannot change the fact that people are spending less, because with the present lack of confidence in the economy—and as the Minister of Finance (Mr. MacEachen) indicated recently—if this confidence cannot be restored because prices keep rising and inflation continues to get out of hand, people tend to keep their money and salt it away in a high interest-bearing account so that there is no input at the supply and demand level of the economy.

This largely explains the present unbalanced situation being experienced by some small and medium-size businesses, and earlier, the hon. member clearly explained this phenomenon. High interest rates are obliging these businesses to keep inventories low and to be better administrators than would be the case, I suppose, when business is booming. We are certainly aware of these problems in my region, in Port-Cartier, Sept-Îles, Schefferville, Fermont, Gagnon, Havre-Saint-Pierre and Baie-Comeau. It should also be pointed out that most very strictly managed businesses can come through these problems. Even more encouraging, in spite of the present situation, which we admit is extremely difficult, is the fact that some people are succeeding in launching new businesses. It is true that there have been many bankruptcies, but on the other hand, we must not forget that the Department has programs which—

[*English*]

FOREIGN INVESTMENT REVIEW AGENCY—TAKEOVER OF WHITE FARM EQUIPMENT COMPANY BY TEXAS FIRM. (B) PATENTS FOR CANADIAN PRODUCED COMBINE. (C) POSSIBILITY OF CANADIAN CONTROL

Mr. Derek Blackburn (Brant): Mr. Speaker, my few remarks this evening relate to a question I asked the Minister of Industry, Trade and Commerce (Mr. Gray) a couple of weeks ago with respect to the proposed takeover of White Farm Equipment in Brantford, Ontario, in my constituency, by TIC Corporation of Dallas, Texas.

When I first got word of this move by a minority shareholder to get total control of this Canadian firm—I was approached by an anonymous source but one who is impeccable as far as knowledge is concerned, who told me that the intention of TIC of Dallas was to take over control of the Canadian operation in Brantford, and within the next six to

nine months phase it out gradually and then shut it down—I immediately went to the minister. I raised the issue in the House. I discussed the matter with the minister's officials in FIRA, in TIC, and the Enterprise Development Board. I put up quite a fight because I was afraid my information would prove correct. As I say, it came from an impeccable source, a very reliable source, but not from within the company itself. It came from a person who had worked with that company.

• (2220)

TIC protested and said that it was not going to shut the company down or phase it out. But at that time it refused to put anything in writing. The only weapon we had with which to fight the takeover was FIRA.

One other point is very important, Mr. Speaker. The White Farm Equipment Company in Brantford produces the 9700 Axial Flow combine. A lot of Canadian tax dollars went into producing, researching and developing it. I did not want the patents to go out of the country if the company itself was to go out of the country. Consequently, Mr. Nixon, the member of the provincial legislature for Brant-Oxford-Norfolk and I, even though we belong to two different parties, put up a united front. However, at Queen's Park in Toronto the Tories were quite prepared to let TIC of Dallas take over the company regardless of what promises were made, verbally or in written form.

Fortunately the federal government was wiser. It took three weeks to hammer out a deal with TIC and force it to put some of the following conditions into print. As a result of the battle that Mr. Nixon and I fought, as a result of the minister's courage in this matter, and as a result of using FIRA and the regulations pertaining thereto, we now have a written agreement by TIC of Dallas, even though it has been given the right to take over the company. The following written guarantees in legal, contractual form have been agreed to. The work force will remain at approximately 1,200 workers; all future research and development will be carried on in Canada; the employees' pension fund will be maintained; the employees' supplementary health benefit plan will be maintained; the patents to and manufacturing of the 9,700 Axial Flow combine will remain in Canada and all future manufacture of combines and combine development and combine related products will remain in Canada.

If the federal government had not stepped in, if I had not raised the issue in the House, if Mr. Nixon, a Liberal at Queen's Park, had not raised the issue, I fear that the deal would have gone through without these guarantees. Certainly if Mr. Walker, the provincial minister of industry and trade in Toronto, had his way, TIC of Dallas would have complete control today, without these written guarantees.

I am satisfied, at this point at least, that we have done everything we possibly can to guarantee the productivity at White Farm Equipment Company in Brantford. We have done everything we can to guaranteeing jobs in Brantford, even though the workers were forced out of work for three weeks while the deal was being arranged.

Tonight, rather than being in an adversary position against the government, I am actually thanking the Minister of Industry, Trade and Commerce, for the courageous stand he took, and his departmental officials in FIRA for fighting the take-over in such a way as to make sure that, if it had to occur, these guarantees and many others I have not got time to include would be written into the contract.

The only thing that concerns me at this point, as far as the press release and the appendices are concerned, is that there is no mention that all this work that is guaranteed in the agreement will take place in Brantford. All it says in the press release is that the research and development and the jobs will be retained in Canada.

I sincerely hope the parliamentary secretary will be able to enlighten me on this, and guarantee that in this agreement where it says "Canada", it means Brantford and the White Farm Equipment Company in Brantford insofar as present productivity and present labour levels are concerned.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am glad to hear the comments made by the hon. member, first because he has confirmed the fact that the Minister of Industry, Trade and Commerce (Mr. Gray) is doing a great job in certain areas, and we can see that this can and often does have very positive results. I would also like to say that this shows the importance of the role of parliamentarians since the hon. member said himself this evening that the fact of having asked a question in the House may have speeded up matters in this case. I therefore think that it is interesting to see that the questions asked by the hon. member can be referred directly to the minister and to the officials involved. We should therefore be grateful to the officials of the Department of Industry, Trade and Commerce and those who examine foreign investment because they have done a marvelous job, as the hon. member said earlier, and this has finally brought about a happy conclusion to this matter.

I would have liked the hon. member to ask specifically whether the whole industry will indeed be concentrated in Brantford and if all the operations will be maintained in Brantford, but there is no question of relocating the whole economic activity of this industry. However, I shall check personally tomorrow with the Department to provide an official answer and be quite certain that there is no misunderstanding concerning the official location of the industry. Finally, Mr. Speaker, I would like to note that the plant should normally begin operating within a few days or as soon as economic recovery can be ascertained and we can verify that the various commitments made by TIC Investments have truly been met. I therefore believe that the necessary work has been

done well and that I shall be able tomorrow to confirm for the hon. member the precise location of all the operations of the company.

The Acting Speaker (Mr. Ethier): Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11.00 a.m.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 23, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

ENVIRONMENTAL AFFAIRS

OPPOSITION TO TOXIC CHEMICAL TRANSFER STATION IN NEPEAN, ONT.—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a motion to raise under Standing Order 43 on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That pursuant to the resolution of the Corporation of the City of Nepean of April 13, 1982, the federal government do not proceed with the proposal to place a toxic chemical transfer station within the city of Nepean, and that before any action is taken on such a facility anywhere a study be undertaken for a location in other areas not reviewed by the feasibility report done by Reid Crowther & Partners Limited for the Department of Public Works.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ST. GEORGE'S DAY

MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, since today is St. George's Day I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That this House extend to all those loyal subjects who celebrate St. George's Day tomorrow, including the Greeks and Lebanese who also claim St. George, our sincerest good wishes and continued success in their endeavours.

Madam Speaker: Perhaps the House would like to express its sentiments by applauding.

Some hon. Members: Hear, hear!

* * *

THE CONSTITUTION

SUGGESTED PLACEMENT OF OFFICIAL COPY IN PROVINCE HOUSE, CHARLOTTETOWN—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, the signing by the Queen of the proclamation bringing into force Canada's new Constitution was of profound historic significance for all Canadians. The occasion marked the completion of the work toward full Canadian sovereignty launched by the Fathers of Confederation at their first meeting in Charlottetown in 1864. I therefore move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That the House supports the Prime Minister's statement in the House on Wednesday that active consideration should be given to making an official copy, with original signatures of the proclamation, to be placed in Province House at Charlottetown where the Fathers of Confederation held their historic meeting that gave birth to our great country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NUCLEAR ARMAMENTS

SUPPORT FOR GLOBAL LIMITATION—MOTION UNDER S.O 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, in light of the growing conviction of the peoples of the world that their respective governments need to know that they are concerned about the drift toward global nuclear death, and the insanity of anyone, even if he is a president, thinking that nuclear war is winnable, a concern demonstrated this week in North America by the grassroots movement Ground Zero, and by hundreds of thousands of Europeans earlier this year, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House instructs the Prime Minister, (1) to show that he is serious about his nuclear suffocation strategy by cancelling the Cruise missile testing in Alberta; (2) to make Canada a leader rather than an acquiescent observer in the struggle for mutual arms limitations at the United Nations Special Session on Disarmament by, among other things, calling for a global referendum on disarmament and, (3) to withdraw our nuclear team from Argentina immediately and have the wisdom to reject finally all the ways in which Canada has been contributing to the proliferation of nuclear weapons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE ADMINISTRATION

PROPOSED CABINET MEETING AT MEACH LAKE, P.Q.—MOTION UNDER S.O 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, on June 14, 1981, the Grit cabinet holed up at Meach Lake to plot economic strategy for the forthcoming year. They gave us record high interest rates, a declining dollar, huge deficits, continuing inflation and skyrocketing unemployment. Therefore I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Canadian public has been milked, manipulated, manhandled and "meached" enough and insists that the Prime Minister call off his proposed repetition of the Meach Lake disaster.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1110)

INTERNATIONAL JOINT COMMISSION

APPOINTMENT OF CO-CHAIRMAN—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. Important decisions are about to be made by the International Joint Commission on acid rain, Great Lakes water quality, the flooding of the Skagit Valley, and the Garrison diversion project. Whereas the Liberal government has failed to appoint a Canadian co-chairman of the IJC, leaving the position open for some 15 months now; whereas the IJC has refused to release the experts' report on the Skagit Valley to members of Parliament, leaving only the B.C. Social Credit government to defend Canadian interests in this dispute, and whereas the Liberals may have exhausted their list of friends in need of jobs with their recent appointments to the science council, the CBC, and the parole board in British Columbia, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House immediately provide the Prime Minister with a list of prominent Canadians who are experts in either environmental problems, international law, or Canadian-American relations, who would be willing to serve on the IJC even if they have never run as Liberal candidates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

REGIONAL DEVELOPMENT

GRANTS TO ONTARIO—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The government's refusal to take positive, sensible action to move the nation out of its recessive situation has resulted in the withering of our business base, and high levels of unemployment. This economic morass continues to create, particularly in regions of Ontario, a climate of apprehension and hesitancy in industry which only compounds the problem. I suggest there is one way the government could begin to get the ball rolling again. Therefore I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Regional Economic Expansion implement at once the long-promised expansion of regional development incentive grants in Ontario, through the creation of new boundaries, or the enlargement of existing ones.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

SUGGESTION THAT PRIME MINISTER MAKE STATEMENT—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. News reports indicate that the cabinet is to visit Ottawa this weekend to discuss the economic disaster it has created, but according to the same news reports no new action is contemplated. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the Prime Minister make a statement on motions indicating in his view how bad things have to get before action, rather than public relations gestures will be taken, action such as abandoning the budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR INCREASED POWERS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. It is ironic that while RCMP Commissioner, Robert Henry Simmonds, at a luncheon speech yesterday to the Empire Club demanded access to an individual's mail, to tax files, and to

medical records, yet at the same time in a courtroom in Quebec, Inspector Kenneth Hollas admitted that the RCMP has used so-called Puma units in every major Canadian city to break in, illegally, plant electronic listening devices, and steal membership lists of several unnamed political parties. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House instruct the government to deny any RCMP requests to increase their powers through writs of assistance until they prove they are willing to "get their man" or woman, while respecting the laws of Canada—which they are supposed to enforce—and starts to demonstrate respect for the rights of individual Canadian citizens.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN UNEMPLOYMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister in anticipation of his cabinet meeting this weekend. As the Prime Minister knows, in 1968 there were 358,000 Canadians out of work, which represented at that time 4.5 per cent of the labour force. Now 9 per cent of the labour force is out of work representing almost 1.25 million Canadians. Since the Prime Minister has been in office practically the entire time since 1968, would he explain to the House what he feels is the most significant reason why unemployment in percentage terms has doubled and, in real numbers has tripled since 1968?

• (1115)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it would be difficult to point out the many economic reasons why this has happened. I believe the hon. member would be able to mount a list of his own, but it is obvious that one of the main causes is that Canada is an exporting country, a country which relies very heavily on international trade. Almost one third of our GNP depends upon international trade. Of course flowing from that is the fact that most of our markets are in as high or higher unemployment situations, which means that most purchasers of our goods, whether they be processed or raw materials, have economies which are as bad or worse than ours and therefore cannot buy our products. But because we are more dependent upon international trade than many other major countries, it affects us in a less controllable way. This is one of the reasons. There are many others.

DECLINE IN EXPORTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is directed to the Prime Minister who cited world conditions as one of the contributing factors to rising unemployment. As the Prime Minister knows, in the Report of The Special Committee on a National Trading Corporation in June, 1981, it was pointed out that "between 1969 and 1979 Canada suffered a 33 per cent decline in its over-all share of world exports" and that "this performance was the worst among industrialized countries during this period." In view of the fact that the Prime Minister has been in power practically the entire time since 1969, how can he explain that our share of world trade has actually deteriorated to the point that, on manufactured goods, our deficit is now $16 billion higher than it was then, which represents something like 700,000 Canadians who are not working due to this deterioration in our share of world trade?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I find it difficult to understand the statistics put forward by the hon. member. I will look into them and perhaps be able to give a more precise or contradictory view of these statistics. They seem difficult to understand because in the last few years Canada has broken all previous records in its positive trade balance, in the sense that we have had larger positive trade balances in the last few years than we had at any previous time in our history. I will look into the statistical matter, but the hon. member draws attention to an important—

Mr. McDermid: Raw materials.

Mr. Trudeau: Pardon?

Mr. McDermid: Raw materials.

Mr. Trudeau: The hon. member draws attention to an important factor. There has been a worrisome trend in the productivity of the Canadian economy due to many factors, but this drop in productivity can explain that we are becoming less competitive in world markets and also the general disposition of Canadians not to take into account that the OPEC crisis of 1973 and its follow-up have made Canada a less fast-growing country than in the past. This is something which much of our society is not prepared to accept. In other words, we have a tendency to live beyond our means and not to take into account the fact that we are not growing as fast and as rich as we were before the OPEC crisis.

MEASUREMENT OF PRODUCTIVITY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, again my question is directed to the Prime Minister. I would hope he might develop his last theme a little more, in that he indicated that our deterioration in productivity is due to the fact that we are living beyond our means. Would the Prime Minister indicate whether, if that is his rationalization for the figures

given by his seatmate, the Minister of Finance, in last November's budget which, at page 4, made clear in "the current economic situation" brought out at that time, that Canada's growth in productivity from 1973 through to the present was one eighth of the growth experienced by the United Kingdom and Italy, and was compounded in the case of Japan, to a growth of 3.3 per cent, and in the case of France, to 2.5 per cent; only 0.2 per cent per annum, he is willing to stand up in the House and say that the only reason we ended up at the bottom of the list as compared to those other six countries listed by the Minister of Finance on productivity growth is that this nation has a tendency to live beyond its means and that his government's lack of direction to get us back to prosperity had nothing to do with it?

• (1120)

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I did not link those two as cause to effect. I just indicated that these were two elements, that we had suffered a slower growth in productivity and we also had a tendency to live beyond our means. These were two of the causes but I did not link them causally. However, the reality is there.

The figure of the hon. member confirms what I said, and what the Minister of Finance has been saying. There is a worrisome loss of productivity per worker in Canada. I think that the hon. member is well enough versed in the subject to know that many economists who have studied this problem have not yet found an explanation for it. It is not such a simple-minded one as the hon. member gives when he says that the government has failed to give direction. It concerns the state and maturity of our economy, and our inventiveness or lack of it. It has to do with many factors, and it would be no cure to the current state of affairs to say that the government can change it all, unless the hon. member thinks that a socialist government which would direct everyone's lives should be in power, which is not my view.

PRIME MINISTER'S INTENTIONS

Mr. Bill Kempling (Burlington): Madam Speaker, my question is also to the Prime Minister. We now understand from department estimates that unemployment is expected to rise to 9.2 per cent in 1982. We hope that forecast is wrong. If we annualize the latest consumer price index, we see that inflation is running at 15.6 per cent. We hope that goes down. Interest rates remain unacceptably high, postal rates are rumoured to rise again, and our trade in manufactured end products—I stress "end products"—is in a massive deficit position. As well, gasoline is above two dollars a gallon and rising. We are paying 6 million dollars per day to subsidize imported oil while shutting down some of our own wells.

I ask the Prime Minister in all seriousness what people in the street are asking, and that is, does he really now what he is doing? That is what the people are asking. Is he waiting for a miracle, and would it not be better for him and the country and all concerned if he resigns?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would want to add to my previous answer where I made some remarks about intervening in peoples' lives. I think I should correct that by saying that I did not mean a socialist government because many socialist governments are social democratic governments and are not any more authoritarian than the one which exists in this country. We happen to have a very distinguished minister from the French government in the gallery—

Some hon. Members: Oh, oh!

[*Translation*]

He is not only a minister of a friendly government that is very important to us, but also an old friend whom I am very happy to welcome to our country.

As for the question put by the hon. member, Madam Speaker, he asked whether it would not be better for me and for the country if I resigned. For me it would probably be better, and as far as the country is concerned, that would depend on the person replacing me, but if that person were the Leader of the Opposition, I am sure it would be worse for the country.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MR. ANDRÉ LABARRÈRE, MINISTER OF PARLIAMENTARY RELATIONS OF FRANCE AND OF MRS. MAUROY, WIFE OF PRIME MINISTER OF FRANCE

Madam Speaker: I would ask the House to allow me to introduce this distinguished minister, Mr. André Labarrère, who is the Minister responsible for relations with the French Parliament.

Some hon. Members: Hear, hear!

Madam Speaker: And I also wish to draw the attention of the House to the distinguished presence in our gallery of Mrs. Pierre Mauroy, wife of the Prime Minister of France, to whom we extend a cordial welcome.

Some hon. Members: Hear, hear!

* * *

• (1125)

[*English*]

THE ECONOMY

INVITATION TO PRIME MINISTER TO RETIRE

Mr. Bill Kempling (Burlington): Madam Speaker, my supplementary question is also directed to the Prime Minister. Every Liberal finance minister, from Edgar Benson to the present minister, has said that government spending was too

high and that he would reduce it. Each one has said that the level of inflation was unacceptable and that he would reduce it. The Prime Minister has had 14 years in which to do something about these matters, but they seem to be getting more out of control every day. The problem is that the people of Canada just do not believe that the Prime Minister and his ministers are competent to deal with the matters facing Canada.

I will donate $1,000 to a fund to assist the Prime Minister in his adjustment to retirement, if he will go.

Some hon. Members: Oh, oh!

Mr. Kempling: And I do not even want a tax receipt.

Some hon. Members: Question, question!

Mr. Kempling: My question is, will the Prime Minister accept my invitation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think we should refer this matter to the standing committee on rules and regulations. This seems like an overt attempt at bribery.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

ARGENTINA—SHIPMENT OF NUCLEAR FUEL FROM CANADA

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Prime Minister. On Monday in this House I asked a question of his Minister of Energy, Mines and Resources. At that time I alleged that Argentina intended to divert plutonium from Canadian Candu reactors in order to make the bomb, or nuclear weapons. Now we find, according to a newspaper report today, that there is a government document in existence which states that Argentina was anything but stupid when it bought the reactor and that the Department of Energy, Mines and Resources knew that fact. Can the Prime Minister confirm that an Ottawa firm has plans to ship $4.2 million worth of nuclear fuel to Argentina before the end of June, a fact which the government document states the government is anxious to hide?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as you know it is not my habit or custom to comment on so-called leaked cabinet documents. I consider that to be the best course of conduct and the only one in keeping with my oath of office.

In so far as the facts are concerned, I cannot comment on the particular ones mentioned by the hon. member, not having had enough time to read more than the headlines. However, I do know that we signed an agreement in 1976 or 1977 to build a Candu reactor in Argentina. That was done after we had obtained assurances from the Argentinians that full safeguards would be implemented in that country. That is the present situation. I imagine that we are discharging the other obligations under the contract, just as we expect them to discharge theirs.

Mr. Waddell: I think that Britain was pretty sure, at one point, that Argentina would not invade the Falkland Islands, so perhaps the Prime Minister might want to reconsider its assurances.

REQUEST THAT SHIPMENT BE HALTED

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I would like to ask the Prime Minister a supplementary question. Apparently this contract for $4.2 million involves 3,000 reactor fuel bundles. Given the fact that there seems to be a Canadian economic boycott against Argentina, will he assure this House that he will give instructions to stop this shipment to Argentina of the fuel bundles to which I have referred? If he is not prepared to give that assurance to the House now, will he please explain just exactly what is this economic boycott against Argentina?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised that the hon. member, who shows such knowledge of the history of the Falklands and of the psychology of the British, does not even know what kind of sanctions we announced against Argentina in this House less than two weeks ago. These sanctions mean that we are not importing goods from Argentina.

• (1130)

Mr. Waddell: Apparently we are prepared to send Argentina anything, including possible nuclear fuel.

REQUEST THAT CANADIAN PERSONNEL BE WITHDRAWN FROM ARGENTINA

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a final supplementary for the Prime Minister. Does the Prime Minister realize that one of the great moral issues of our time is the nuclear matter? He used to feel that when he was a little younger. In the last couple of years he has spent two thirds of his time on the Constitution and one third of his time going around the world trying to sell nuclear reactors. Perhaps he might be remembered more for the latter than the former. The hon. member for Winnipeg-Birds Hill referred to Ground Zero and the demonstration this weekend in Vancouver—

Madam Speaker: Order. Will the hon. member please ask his question?

Mr. Waddell: Will the Prime Minister stop being hypocritical and say in this House that he is prepared to withdraw the Canadian team of scientists who are now in Argentina helping to build the reactor from which Argentina will build a bomb?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not quite sure if the hon. member's rhetoric is in order, but it certainly is most distasteful. He knows about the Candu reactor. He knows about the efforts this country has made in order to have full-scope safeguards.

Mr. Fulton: They had full-scope safeguards.

Mr. Trudeau: I am afraid the hon. member's colleague who is belching near him should realize that he too—

Mr. Fulton: There is only one pile of excrement here and it's standing up, buddy.

Madam Speaker: Order, please.

Mr. Trudeau: Madam Speaker, it is difficult to answer when hon. members do not want to listen.

* * *

CULTURAL AFFAIRS

INCENTIVES FOR PRIVATE INVESTMENT

Mr. John Bosley (Don Valley West): Madam Speaker, my question is for the Minister of Communications, who will know that the arts and culture industries, like all sectors of our economy, are experiencing real difficulty this year. The government has hurt that sector on two fronts. First, it has reduced its year-over-year support for this sector in real dollar terms. Second, the budget seriously hurt investment in our arts and culture industries, particularly by its provisions for capital cost allowance and its attack on charitable foundations.

The minister has been travelling the country suggesting to those involved in one of our most important sectors that they can expect the new cultural initiative strategy to include serious new incentives for private investment in the arts and culture field. Can he tell this House and Canadians whether he has some foreknowledge that we are going to have a new minister of finance who will in fact respect the need for private investment in that sector, or will he admit that, when he tells Canadians there will be more private initiatives and private investment, he is kidding them?

[*Translation*]

Hon. Francis Fox (Minister of Communications): Madam Speaker, I am delighted with this opportunity to answer the hon. member's question. Part of it is purely and stupidly political in the most partisan sense of the word. As for the serious part of his question in which he requested information on government support for arts and culture, I should like to remind the hon. member that this year we actually increased the federal contribution to the Canada Council. The hon. member may recall that only two or three weeks ago, we announced that we would be continuing the publishing assistance program which means another $25 million over three years for that sector.

The hon. member mentioned the matter of taxation and tax benefits. He knows as well as I do that there have been no changes in this area for the current year, and that the Minister of Finance has decided to postpone any changes in the area of tax incentives until next year. I also wish to point out that this year, under a program launched as part of the federal government's cultural initiatives strategy with the consent of all the provinces of Canada we on the federal side have been able to inject some $40 million over three years in the cultural sector, and if we add to this the contributions expected from the provinces and the private sector, it will mean an additional contribution of over $100 million for arts and culture over the next three years.

[*English*]

WEEKEND CABINET MEETING

Mr. John Bosley (Don Valley West): Madam Speaker, the minister has been better than some at delaying the attack by the Minister of Finance on this sector. He also knows that the estimates show that total government contributions to the arts this year, year-over-year, are 9.7 per cent over last year. The cabinet will be meeting this weekend at Meach Lake, presumably to discuss improvements to our economic circumstances. Will the minister tell this House what he is going to recommend to that minister on Sunday? For example, will we get a commitment that after five years of waiting for implementation of the Disney report, which is extremely important to the health and welfare of our artists, we will finally see its recommendations to relieve the tax burden on artists and important cultural people in this country, implemented?

[*Translation*]

Hon. Francis Fox (Minister of Communications): Madam Speaker, I believe that the priority we give to cultural affairs is already a well-known fact, and I may add to my previous figures, which were actually too conservative, I must admit, that this year, the Government of Canada has announced it will spend a further $185 million, over four years, on the construction of a new national gallery and a new museum of man. The hon. member is well aware that a commission of inquiry is travelling across Canada, has held hearings and has even submitted a preliminary report. I am of course referring to the Applebaum-Hébert Commission. The hon. member himself has written to just about every single cultural organization in the country to complain that I was intending to take action before the report was published. Now he is asking me to divulge the recommendations that we as a department intend to make to the Minister of Finance or to other ministers in the Canadian government, and I am sure that if I gave him the answer he wanted, he would again say how awful it is that the minister responsible for cultural affairs in Parliament intends to take action before the Applebaum-Hébert report is tabled in the House. The hon. member should make up his mind what side of the fence he intends to be on during the months ahead.

[*English*]

Mr. Bosley: The minister will be interested in knowing that the replies coming back to that letter suggest that his process is not trusted by the community.

An hon. Member: What community?

Mr. Bosley: The arts community which the minister claims to represent.

REQUEST THAT GOVERNMENT TAKE ACTION

Mr. John Bosley (Don Valley West): Madam Speaker, my supplementary to the minister is this. He has had five years to deal with issues such as the Disney report, issues which are supported by the community, issues on which they asked the minister to take action before the Applebaum-Hébert commission was started. Why does the minister continue to wait to take those actions to assist the cultural community which it has pleaded for, and I think specifically of the Disney report, for five years? Why not now when they support this being done?

[*Translation*]

Hon. Francis Fox (Minister of Communications): Madam Speaker, on the contrary, there is a broad consensus among the cultural groups in this country which shows that they have every confidence in the Applebaum-Hébert process which is quite different from the process initiated by the previous government. It so happens that our formula, namely, to hold in-depth consultations with the arts and culture sector in all areas of the country, is preferable by far to the process initiated by the previous government.

However, having initiated this process and established a commission consisting of outstanding Canadians from all areas of arts and culture in this country, I feel that before making or proposing any changes, we should have a chance to see what general orientation the commission would like to see this country take in the cultural sector.

* * *

[*English*]

THE ECONOMY

PROPOSALS TO CREATE EMPLOYMENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Minister of Finance. It was alluded to previously that the Minister of Finance will be meeting with his colleagues this weekend to discuss economic conditions in the country. As a result of his budget, economic conditions have in fact worsened. Projections for unemployment have risen dramatically since the introduction of his budget, to the point where we are now looking at probably close to 1.5 million people who will be unemployed in the coming year.

The answer the government has given has been make-work projects, makeshift projects, work sharing that has resulted in more rather than less unemployment.

Is the minister aware that there is before the government right now a number of project proposals that could create employment? For example, we could have employment in Trenton, Nova Scotia and Hamilton, Ontario if the order were placed for hopper cars to move grain. If we were to accept the proposal of the shoe industry that there ought to be reasonable quotas on imports, we could create close to 6,000 jobs in Canada. If we were to accept the proposal of Firestone Tire & Rubber Company, we could safeguard 600 jobs and perhaps create 400 more. If we were to accept the proposal of the auto industry for Canadian content regulations, we could create 30,000 jobs. Is the minister prepared to accept these proposals now and create new jobs, rather than share the existing jobs and ultimately reduce the number of available jobs in Canada?

• (1140)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member has listed at least four or five major concerns, or major proposals or major worries in various industries. I want to assure him that each of these proposals is receiving very careful consideration. He has referred to the impact of possible hopper car purchases or authorization on jobs in Nova Scotia and Ontario. I have already met with representatives from at least one of these communities and have assured them that I am paying attention to the problem, along with the Minister of Transport. If the hon. member wants assurance that each of these possibilities is being examined with diligence, I can give him that assurance this morning.

REQUEST THAT PROPOSALS BE ACCEPTED BY GOVERNMENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am not interested in having them "examined with diligence." Since the proposals have been before the government in almost every instance for the better part of the last year, taken together with the fact that there is a massive shortfall in the number of housing units being built, which could create a massive demand—create another 100,000 jobs, what is it that the government is waiting for? How many more people must become unemployed before the government accepts that these proposals are concrete job-creation proposals, rather than the nonsense being proposed by the Minister of Employment and Immigration?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member seems to be living in a world that is unrelated to what is happening in the House of Commons.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Deans: Unreal? What about the House of Commons?

Mr. MacEachen: If he knew what was happening—

An hon. Member: What about the House of Commons?

Mr. MacEachen: I can understand that attitude. If people tuned in on the hon. member in question period they would not have very much confidence in what is happening here occasionally. The hon. member mentioned the question of housing. He ought to know that in the budget there was a provision of $300 million to support rental construction and housing. He ought to know a bill was brought into the House by the minister of housing which had the potential of creating 60,000 jobs. What did his party do about that bill? How much help did you give to it?

Some hon. Members: Oh, oh!

Mr. MacEachen: You voted against 60,000 potential jobs. That is what you did.

Some hon. Members: Oh, oh!

* * *

ENVIRONMENTAL AFFAIRS

UNITED STATES REPORT ON ACID RAIN

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I have a question for the Minister of the Environment or his parliamentary secretary. The United States energy department has commissioned and received a report on acid rain. The report indicates that unless there are significant reductions in both sulphur dioxide and nitrogen oxide emission, rain 40 times more acidic will fall on the eastern United States. I suppose that also includes that portion of Canada north of the eastern states. Has the government received a copy of this report? It has been withheld from circulation, although I understand that Southam News has received a copy. Has the government received a copy and, if so, will it use that report to buttress our position on the acid rain situation?

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Schroder: Yes, the minister has received a copy of that report. Officials of the department received the report some time ago. It was received in an informal fashion, as are many such reports that deal with scientific and technical information.

The 1980 memorandum of intent, which was signed by both governments, provides for an open and frank discussion of matters and problems dealing with acid rain. The Canadian government supports this intent strongly. We are very pleased that in the report the Minister of the Environment is supported strongly in his attitude to reducing the emissions.

Some hon. Members: Hear, hear!

EDUCATION

ESTABLISHMENT OF UNITED STATES BASED INSTITUTION IN PRINCE EDWARD ISLAND

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Last October the government of Prince Edward Island rejected an application from a so-called Universal Life Church in California for a charter to establish a university on Prince Edward Island. Within a month of that decision, the federal Department of Consumer and Corporate Affairs granted a self-styled bishop of the same church letters patent to run the same university on Prince Edward Island. Did the department know that the Universal Life Church of California is the focus of a major investigation by the United States Internal Revenue service? Has the department satisfied itself that the bishop's corporation on Prince Edward Island will not flood Canada with worthless degrees, thereby debasing diplomas from genuine institutions of higher learning?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, obviously I was not aware of the facts just quoted to me by the hon. member. In any event, I may remind him that according to the legislation governing incorporation as a non-profit corporation, certain procedures are prescribed, and if those procedures have been complied with, the officials of my department have no discretionary power. Anyone who complies with the regulations can obtain incorporation as a nonprofit company. I assume that is what happened in this case. In any event, I shall investigate and report back to the hon. member.

[*English*]

INTEGRITY OF CANADIAN UNIVERSITIES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is provoked because the "discretionary power" to which the minister has referred is about to be removed by Bill C-10. To protect the Canadian public, the federal government requires special procedures to be followed at present. There are regulations and procedures prescribed to be followed in the establishing of certain types of corporations—for example, banks, insurance companies and co-operatives.

Since practically anyone off the street can get a federal permit to set up a Mickey Mouse university to sell worthless degrees, will the minister undertake to work closely with the legitimate university community in Canada to devise safeguards to protect the integrity of the Canadian university community and Canadian university degrees against fly-by-night operators of the kind to which I made reference in my first question?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Yes, Madam Speaker. I think the suggestion of the hon. member is worth-while. Indeed, I would be ready to

entertain an appropriate amendment to the legislation to clarify this situation and avoid difficulties in the future.

Mr. Baker (Nepean-Carleton): Hear, hear!

* * *

[*Translation*]

TRADE

ROLE OF CANADIAN NEGOTIATORS

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of State for International Trade. Yesterday, the member for Manicouagan, parliamentary secretary to the Minister of Industry, Trade and Commerce, stated that international trade negotiators showed more concern for their own careers than for the interests of Canada. In view of this statement, which seems based on information previously checked by the parliamentary secretary, can the minister inform us whether he intends to investigate and to take the necessary corrective action, so that people who represent Canada in negotiations on foreign trade act in the interests of Canada instead of trying to protect their own careers, as alleged by the member for Manicouagan?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I have not seen the parliamentary secretary's statement, but I will check the statement and have a reply for the hon. member at the next sitting of the House.

Mr. La Salle: Madam Speaker, I have a supplementary. Considering the minister's reply, and since the minister's parliamentary secretary is aware of the considerable self-interest demonstrated by our international negotiators, how could the minister not be aware of this attitude prevailing among his officials, and could the minister tell us whether he, too, is able to confirm that these international negotiators are more concerned with protecting their careers than with working to further the interests of Canada?

• (1150)

[*English*]

Mr. Lumley: Madam Speaker, as I said, I have not seen or read the statement by the parliamentary secretary. Until such time as I have had an opportunity to do that, I do not think it would be fair to make a comment on the question of the hon. member.

[*Translation*]

EXTERNAL AFFAIRS

FRENCH CLAIMS TO SAINT PIERRE AND MIQUELON

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Would he agree that the stop-over made by the French Prime Minister at Saint Pierre and Miquelon before his visit to Canada was motivated primarily by the desire to strengthen the French position that the French Prime Minister is going to explain to the Canadian authorities, which concerns France's claims to a fairly extensive economic zone in the Gulf of St. Lawrence?

Right Hon. P. E. Trudeau (Prime Minister): I am not sure, Madam Speaker, but it seems to me that it could be interpreted as the perfectly normal desire of a French head of government to visit islands that are in fact a French department. He would have all the more reason to do so, because it so happens, if I remember correctly, that the municipality is headed by a socialist mayor. There is nothing unusual about this. There may be other reasons as well. The islands themselves are very beautiful, and the setting is magnificent, especially when the sun shines. Besides, anyone who has time to stay on the islands will find that the food is extremely good. So, there are some of the reasons that might justify the presence of Prime Minister Mauroy in this French territory. That being said, it is common knowledge that there is a dispute between Canada and France on the subject of the islands which has been going on for a number of years, that yesterday both sides expressed the hope that some progress would be made towards resolving the dispute, and that we are all making considerable efforts in this direction.

VISIT OF PRIME MINISTER OF FRANCE TO SAINT PIERRE AND MIQUELON

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, after all, this is a return trip, and the Prime Minister could have visited or stopped at Saint Pierre and Miquelon on his way back.

[*English*]

I would like to ask the Prime Minister whether he will be disposed early next week to make a statement on motions relative to this question so that he may gather the views of those in this House who have a consuming interest in the outcome of the discussions which are now taking place about waters which have long been considered Canadian waters.

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think it is rather incongruous to suggest that the Prime Minister would have been better advised to stop at Saint Pierre and Miquelon on his way back from a visit to Canada.

Considering the difference in time zones, this was an opportunity for the Prime Minister to have a rest before starting on his Canadian trip, and a good reason for stopping on his way to Canada instead of on the way back to France, especially since, if he had stopped on the way back, people would have said that he wanted to have a rest after the harassment to which he may well be exposed in the province of Quebec, it is not a desire to—

* * *

[*English*]

FINANCE

CONSEQUENCES OF DEVALUED DOLLAR

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Minister of Finance. It concerns the recent debate in Canada about devaluing the Canadian dollar as a means of stimulating the economy. I raise it today because that has been one of the policies followed by the Government of France, whose Prime Minister is the guest of the Government of Canada today.

In view of the fact that the Canadian dollar was devalued some 20 per cent from 1977 to 1979, a massive devaluation by anyone's standards, has the Department of Finance done any studies of the long-term and short-term benefits and costs of this massive devaluation so that we might have this information in the debate that is now going on?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there are, of course, departmental views, studies and documents on the question of the impact of a devaluation or depreciation of the currency. I am not sure whether these reflections are brought together in any particular document which could be made available, but I will examine that.

I will take advantage of this opportunity, inasmuch as the hon. member has raised the question of devaluation, to say that that is not a policy the Government of Canada proposes or intends to pursue. In the current circumstances we believe that would be most unwise.

* * *

FISHERIES

EFFECT OF ALCAN PROJECT AT KEMANO, B.C.

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans regarding the Kemano completion project in northwestern British Columbia. I am sure the minister knows it involves an inter-basin water transfer proposal. Yesterday the vice-president of Alcan provided me with Alcan's announcement that it is doing site location studies for a smelter before it has received the go-ahead for the hydroelectric proposal. Would the minister endorse here today in the House a plan of action which would do two things? Would he put before the House his department's assessment of the impact of Alcan's Kemano project? I am sure he will recall that just over a year ago he had to take Alcan before the Supreme Court of British Columbia on this same matter. Second, would he support the implementation of a river management scheme such as has been called for by elected representatives in northern British Columbia?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, as usual the hon. member confuses oranges and apples. The reason I went to court with Alcan and the reason the court sustained our appeal was that the question of low-water levels was based on a dam which was utilized to retain water in the Nechako River.

The second issue, better known as Kemano II, is a proposal or suggestion that Alcan has brought forward and appears to have pulled back. In fact the latest position of Alcan is that it will not go ahead with the project unless and until there is full public discussion. Alcan has recognized, even publicly, that although it held a licence for many years, the mood of the country has changed a great deal. I suspect our going to court may have helped Alcan to understand the issue.

ROLE OF ALCAN VICE-PRESIDENT

Mr. Jim Fulton (Skeena): Madam Speaker, I am sure the minister is aware that the vice-president of Alcan is a former colleague of his. He is a former secretary of state, minister of state for science and technology, and minister of Indian affairs and northern development. He is none other than Mr. Hugh Faulkner, and he is responsible for environmental matters for Alcan. Would the minister tell the House what role Mr. Faulkner plays regarding the Kemano project as it relates to the minister's department, and would the minister table for the use of this House his studies on the impact of Kemano II so that the House can have some idea of what implications the Alcan proposal would have respecting fisheries matters?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the hon. member repeats his old habit of trying to smear people every time he brings their names out by somehow inventing some conspiracy. As fas as I know Mr. Faulkner is a private citizen and is exercising his freedom to work for whomever he wishes. I have not had discussions with him on this issue. If I have to, I will, and I will treat him as I would any other citizen in the country.

On the second question, obviously I will examine the hon. member's suggestion. I favour full public discussion of the Alcan issue, and I am told the company does too.

* * *

SMALL BUSINESS

SUGGESTED METHOD TO AVOID BANKRUPTCY

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question was for the Minister of State for Small Businesses and Tourism but in his absence I will direct it to the Minister of Finance. It deals with a letter circulated to all hon. members

by the firm of Grieve, Horner and Associates in Toronto pointing out the disastrous effect the government's high interest rate policy is having on the small business community in Canada. Last year more than 8,000 small businesses went bankrupt. This year the trend is worsening, aggravated by the effects of the federal budget.

I would like to ask the minister if he has discussed with his cabinet colleagues the wisdom of adopting the U.S. Chapter Two legislation policy whereby small businesses can obtain moratoriums from their creditors and avoid bankruptcy long enough to work their way out of financial problems.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am quite concerned about the impact of high interest rates on small businesses, and it is for that reason that we have provided, through the small business development bond and the small business bond, large sums of money for small business at preferred rates of interest. There has been flowing into the small business sector, as a result of this policy, close to $3 billion, according to the latest estimate, and I believe that is probably a more beneficial solution than the one proposed by the hon. member. However, I will do him the courtesy of examining the proposal which he says is in effect in the United States.

* * *

BILINGUALISM

SPECIAL RECRUITMENT OF FRANCOPHONES FOR EMPLOYMENT IN CIVIL SERVICE

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Prime Minister, and it is in regard to Government of Canada directive No. 2080-1 which covers francophone participation in the Ontario region. This directive establishes special recruitment teams whose sole purpose is to search out and hire francophones in Ontario and Quebec for federal civil service employment.

• (1200)

How can the Prime Minister justify this preferential treatment for one group of Canadians over another? Does he not feel that francophones are perfectly capable of finding jobs without the special assistance they are now receiving from the federal government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would have to refresh my memory on that particular circular; I cannot brag about remembering it. It does seem to me to be an answer to a situation where it was difficult to attract Francophones to Ottawa, (a) because the attractions of Quebec City were also very great, and (b) because very few qualified French Canadians knew they would be able to work in a language environment conducive to the kind of productivity of which they are capable. Perhaps the aim of the circular was to underscore that so that they would be made aware of the advantages there are in working for this great federal government.

Some hon. Members: Hear, hear!

EFFECT ON ENGLISH-SPEAKING CANADIANS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, these hiring and promotional practices are causing severe morale problems in many federal government departments. RCMP members have been told they will be dead-ended if they cannot learn French.

Some hon. Members: Oh, oh!

Mr. McKenzie: The Human Rights Commission is currently investigating the discriminatory Anglo-Franco promotion policy within the Department of National Defence, and unilingual English students are no longer being hired in the House of Commons as tour guides, where 95 per cent of the visitors speak English.

I would like to point out to the Prime Minister that, if this trend continues, unilingual English Canadians will become second-class citizens, so will the Prime Minister retract his government's discriminatory hiring and promotion practices, and return to the merit system, instead of giving one group of Canadians preferential treatment over others? I would like to point out that these practices violate at least three sections of the Canadian Human Rights Act.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sure the hon. member's representations will be examined, and if there is a violation of the act, justice will be given to whomever deserves to receive justice. I suspect the hon. member is not favourable to the government's policy of bilingualism. If that happens to be the case, Madam Speaker, I just want to point out to him that he is in direct contradiction to the policy of his party and his leader.

Some hon. Members: Hear, hear!

Madam Speaker: I would just like to point out to the hon. member that his reference to the guides is quite incorrect. Guides are required to speak both languages, or more than two languages, but we have employed some unilingual guides who may guide English-speaking groups.

Mr. McKenzie: Madam Speaker, there has been correspondence from officials of the House of Commons to the effect that they will no longer be hiring unilingual English people, and I would like to bring that correspondence to your attention because there is certainly some confusion in that area.

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, April 22, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

HAZARDOUS SUBSTANCES

TABLING OF PROGRESS REPORT OF FINANCIAL AID PROGRAM FOR UFFI INSULATED HOUSES

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I have the honour of tabling, in both official languages, the progress report on the financial aid program for homes insulated with urea formaldehyde foam, a summary of research contracts made by the National Research Council and a letter from my hon. colleague the Minister of National Health and Welfare (Mrs. Bégin), on grants given to various research groups working on the hazardous effects on health of urea formaldehyde foam.

* * *

[*English*]

PETITION

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition from citizens in the city of Toronto calling upon Parliament to request the Prime Minister (Mr. Trudeau) to refuse to allow the testing of Cruise missiles on Canadian soil.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,235, 3,245, 3,767 and 4,157.

[*Text*]

FEATHERBED FILE

Question No. 3,235—**Mr. Cossitt:**

1. Will the government apply the same policy with regard to the release of the Featherbed file as it did to the so-called Taschereau papers, namely the appointment of an independent reviewer to examine the file and to give a view as to what parts can be made public, and, if not, for what reason?

2. Is it government policy to withold important details of foreign espionage within Canada and all related matters and, if so, what factors justify isolating the Canadian people from this information?

Hon. Bob Kaplan (Solicitor General): 1. No. The Taschereau papers although in the possession of the security service of the RCMP were not documents generated by the security service. The so-called Featherbed file is a file of the security service. Although it has been dormant since 1975 and is dormant now, it is an operational file. Its release is not in the public interest because of some or all of the factors referred to in connection with details of foreign espionage referred to in No. 2 below.

2. It is government policy to exempt important details of foreign espionage against Canada and related security matters from disclosure if it is in Canada's national interest to do so. Factors leading to such a policy decision include:

(a) the probability and extent of injury to Canada's national security;

(b) the possibility of violation of the right of privacy of an individual;

(c) disclosure resulting in violation of any law relating to the privacy of an individual; and

(d) injury to a confidential agreement made between the Government of Canada and any other government.

Question No. 3,245—**Mr. Cossitt:**

1. Is the entire Featherbed file still in existence and, if so, under whose control is it and at what location?

2. Were any sections destroyed within the past four years and, if so, to what did they pertain?

3. Will the government guarantee that the entire Featherbed file will be kept intact (a) before (b) during (c) after its transfer from the RCMP security service to the new civilian security service?

Hon. Bob Kaplan (Solicitor General): 1. Yes, the entire Featherbed file is still in existence. The identification of the controlling official and location of the file is not considered to be in the public interest.

2. No.

3. There is no present intention to destroy or reduce the Featherbed file. The government will guarantee the Featherbed file will not be destroyed or reduced without a public statement on the subject.

RCMP SECURITY FILES

Question No. 3,767—**Mr. Cossitt:**

With reference to the answer to question No. 3,230 which stated in part that the government will not guarantee that it will not destroy, alter or change in any

way RCMP security files during the changeover from the RCMP to the new civilian security service, did the government adopt a new policy of political interference with RCMP files and, if so, what are all the reasons and is one reason to remove anything politically embarrassing to the government?

Hon. Bob Kaplan (Solicitor General): No.

FISHERIES RESEARCH OFF ATLANTIC COAST

Question No. 4,157—**Mr. Munro (Esquimalt-Saanich):**

1. How many bids were submitted during the search in February 1981 by the Department of Fisheries and Oceans for a large ice-strengthened stern trawler to undertake research and patrol work off Newfoundland?

2. To whom was the contract awarded?

3. Were there arrangements for a charter deal and, if so, what was the per diem rate agreed upon?

4. How many offers were made to the department in its search for a charter vessel to undertake hydrographic work off the west coast of British Columbia and in the western Arctic?

5. To whom was the contract awarded and for what amount?

6. (a) Which section of the department makes the selections between offers and makes recommendations to the minister with respect to the offers (b) what special qualifications do the personnel of this section possess enabling them to carry out the process?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): 1. Eleven firms submitted bids in response to the Department of Fisheries and Oceans' tender call for a medium offshore ice-strengthened stern trawler for fisheries research off the Atlantic coast.

2. Owing to the high costs involved a contract was not awarded.

3. See 2 above.

4. Four firms submitted bids in response to the department's tender call for an ice-classed ship for hydrographic surveys off the Atlantic coast and eastern Arctic in 1981 with the option for annual extensions for similar work in the Beaufort Sea and western Arctic in 1982 and 1983.

5. The contract was awarded to the *M.V. Polar Circle* owned by Carino Company Limited of St. John's Newfoundland at the following daily rates: 1981—$5,700; 1982—$6,156; and 1983—$6,649.

6. (a) Ship branch personnel, in concert with the program personnel who will be employing the ship, evaluate all offers received and invariably recommend the "lowest qualified" offer to the minister prior to seeking Treasury Board approval to enter into a contract.

(b) Ship branch personnel are a very experienced and thoroughly professional group representing the complete spectrum of maritime related disciplines and together with equally qualified and experienced program personnel (the end users) possess the essential experience and expertise required to participate in the chartering process. The ship branch officer responsible for charters has 37 years professional marine experience which includes eight years experience negotiating contracts and managing the department's national charter programs.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

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QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,765 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 2,765 shall be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CONTRACTS WITH NORPAK, LIMITED

Question No. 2,765—**Mr. Beatty:**

1. What is a complete list of all (a) contracts (b) other agreements made at any time between the Department of Communications or any other department acting on its behalf and Norpak, Limited or any affiliated or associated company or the principals of Norpak, Limited and, in each case, what was the (i) date and duration (ii) dollar value and nature of the contract or other agreement?

2. Were tenders or other competitive solicitations issued and (a) if so, what other individuals or companies participated (b) if not, for what reason?

Return tabled.

[*English*]

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

Mr. Stevens: Madam Speaker, I would again draw the parliamentary secretary's attention to question No. 2,042 placed on the Order Paper on January 29, not of this year but last year. This touches on the Prime Minister's world tour in December and January of 1980-81. Would the parliamentary secretary once again explain to the House why this information is being concealed?

At a time when people wish there was more freedom of information in this House, basic facts such as what his trip cost is being denied to the Canadian taxpayer. What is the parliamentary secretary's explanation?

Mr. Smith: Madam Speaker, I am very pleased the hon. member has drawn this matter to my attention and I will be delighted to make inquiries into this question on his behalf.

Mr. Stevens: You have said that 12 times.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed from Thursday, April 22, consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Scott Fennell (Ontario): Madam Speaker, I appreciate the opportunity to continue my remarks on Bill C-103. Since the adjournment of the House last evening some interesting information has come to my attention, and that is that this bill is adding additional taxes on existing taxes and increasing inflation. Today the CPI in the United States has dropped for the first time since 1965; their first quarter inflation rate is now down to 1.5 per cent.

The bill we are discussing, Mr. Speaker, is adding fuel to the fires of inflation. It is not solving the problem this country is suffering from. Our inflation rate is going up because of government expenditures and taxes, but the United States is now down to an inflation rate of 1.5 per cent in the first quarter. I think this government is incompetent and doing a great deal of damage to this country, and I am going to continue to discuss this bill which I think is a disaster for Canada.

This bill is like so many programs this government has introduced which benefit incompetent operators and force the competent and highly skilled people to move out of the country. The November 12 budget is an extension of Liberal thinking. I am relating this to Bill C-103 because it results from the 1980 budget. I am relating this to the oil industry because that industry is suffering from lack of funds. Because of this lack of funds there is no incentive to invest in Canada.

• (1210)

The Minister of Finance (Mr. MacEachen) on November 12 removed interest deductibility. He will make the argument that he is still permitting an amount up to $10,000 and people with immense investments are able to write off their total investment. But I am talking about the guts of Canada, middle Canada, the ones who take the risk. I am talking about the $18 billion I referred to last night which left Canada. That was risk money. Not only has the government removed the wealth from Canada, but it is now removing the guts from the middle of Canada, the people who are the risk takers. They are the people who had the courage in the past to believe in this country. This bill is doing the same thing again. It is discouraging people from investing.

Through this National Energy Program the government will tax savings in the life insurance industry. This money in the insurance industry is a large sum. In the past a proportion of it was invested in the Canadian west, but the government is going to tax it. All this government does is tax, tax and tax. This government has one tax laid upon another. Why does this government not get some creative programs together rather than taxing the guts out of this country?

What amazes me the most about this government is how its backbenchers always stand up and vote for every piece of legislation. If their leader stands up, they all stand up. However, in this energy legislation that we are dealing with, a peculiar situation has cropped up. It affects every member from the province of Quebec and they should consider it when they vote on this bill. I am talking about the expropriation factor.

I have had the opportunity to discuss the problem with people from Mirabel. Those people had 80,000 acres of land expropriated. They have no one on that side who will listen to them; therefore, they are now coming to me. On Thursday, April 8, some of these people came to Ottawa to talk to the minister who was supposed to be here. He told them that he would be in the House at 12:15 p.m. to meet them. He was not there. Their own Member of Parliament avoided these people all day. Eventually, my office located where their member was which enabled them to present a down payment to buy back the land.

I say to members on the other side that by voting for this bill, under which the province will have no approval regarding expropriation, they are hurting everyone in the province of Quebec. Let me tell hon. members on the other side, having dealt with those fine gentlemen from Mirabel—those poor people whose lands were expropriated, taxed for the right to be expropriated and who have not been given a chance to buy back the land—they are the ones they will be hurting and they are mad. I understand why people are not voting Liberal in the province of Quebec. It is very simple; they are not being represented. I am pointing this out to hon. members because the name of any member who votes for this bill will go to that association at Mirabel from my office. I have a responsibility to those people and the reason I have a responsibility is the same responsibility I had for the people whose land was expropriated at Pickering. At least they had a fighter, and I am going to fight hard on behalf of these people. If the Minister of Public Works (Mr. Cosgrove) were here, I would really attack him on this point.

I am delighted to see that President of the Treasury Board (Mr. Johnston) here today. We are talking about economic incentives in Bill C-103. The President of the Treasury Board wrote a book and in his book he talked about economic incentives. It was a sound book and a good book. It was the kind of book that could have been written by somebody on this side, but the President of the Treasury Board is an expert in his field.

On March 26, 1982, the President of the Treasury Board spoke to the Calgary Chamber of Commerce. I do not believe he wrote this speech himself; I believe it was written for him by the bureaucracy. In his speech he mentioned that one of the reasons he entered political life was because of his frustration with the bureaucracy. I have to endorse that stand because it is the reason that brought me here, too, and I acknowledge that.

In his speech he said "It is not necessary for the government to be involved in commercial business enterprises." If that is the case, how can the President of the Treasury Board vote for Bill C-103, vote for Petro-Canada and vote for the creation of more Crown corporations that always lose money? I do not know how the President of the Treasury Board can say one thing in one place and say another thing in another. In his speech we find this sentence:

> Creation of wealth is what the private sector does best: redistribution of wealth through public sector expenditures and social programs is what the government does best.

That is a *non sequitur*. He is saying, "You can do it, and we will take it all away". Will the President of the Treasury Board please explain what he means? I believe his basic philosophy is being destroyed by this government. Further on in his speech, the President of the Treasury Board said this:

> —I believe that government should not displace private capital in business enterprises—

Why should you not give tax incentives instead of funding the way the government does and the way it buys corporations? The President of the Treasury Board also said that he believed in supporting investment activities. Why then is the President of the Treasury Board against interest deductibility? The President of the Treasury Board also said this in his speech in Calgary:

> Canada has high interest rates because we have high inflation.

As I said at the beginning of my speech, the CPI in the United States has gone down for the first time since 1965; it is now at the rate of 1.5 per cent. There is no logic to the President of the Treasury Board's statement, and I hope he will answer all of my questions.

Toward the end of his speech he said something that really upset me. He said:

> —that the government is in business suggests to me a necessary corollary of equal importance: that of bringing business and businessmen into government and the policy-making process.

The business and the business community were not brought into Bill C-103. The people out west are destroyed. The investors in Canada have been hurt. But the ones who have been hurt the most by this energy program are the small entrepreneurs. The government's energy policy has destroyed the man who is the long-haul trucker, the service contractor, the flat-rig operators and indirectly the automobile industry, because for every job lost in the west two jobs are lost in Ontario and Quebec. But that is what the government is recommending. Would the President of the Treasury Board please put forth his own ideology and quit mimicking the ideology of his emperor?

This government works on half programs. A good way to describe Bill C-103 is half a U.S. program and half a U.S.S.R. program. The half I refer to of the United States would be the windfall profits tax. The government has to tax something so that it is not inequitable to society. But the U.S.S.R. half is the tax to be imposed for Canadian content, to nationalize the oil industry in Canada. The Liberals may call this the Canadian monetarist's dream, but the rest of Canada call it the Canadian monetarist's nightmare.

I have close contact with my constituents. I hear from them constantly. They know that I am in here fighting. They know the tough situation with which I am faced. They know that backbenchers opposite are like a flock of sheep who vote on all bills even though they do not believe in them, and this is true even for some of the cabinet ministers. The Liberal government is like a barn full of hogs stampeding to the trough. Every piece of legislation is the same—grab, grab, grab, take it away.

• (1220)

The government, through the Minister of Employment and Immigration (Mr. Axworthy), provides band-aids. Let us talk about these government band-aids. For example, there is the summer employment program. In good times it is of great benefit to assist students in obtaining jobs, but this year the program is setting up daycare camps for the children of the unemployed. The unemployed have nothing else to do. I believe this is morally wrong because it breaks up the family unit. The government should try to hold families together. This is what Canada is about. In the last 14 years the Canadian family has fallen apart, the individual family has fallen apart. The minister gives a band-aid solution to create labour. It is taken away with Bill C-103 and given through another program. This is wrong.

I should like to review a few of the financial implications of Bill C-103 and how it is hurting people. We must keep in mind that every job lost in the west affects two jobs in the rest of Canada. For example, the net internal funds generated by Imperial Oil stayed flat between 1979 and 1982, but I should like to point out that taxes imposed during the same period—and some of these taxes have been imposed but not legalized—have gone from $1.254 billion to $2.712 billion. This comes very close to a 200 per cent increase in two years. This is what is happening. The government is grabbing it all, leaving little money for the little guy, not providing any funds for large multinationals, and taking away incentive for multinationals to find new oil in Canada. Instead the government implements a compensation charge which amounts to 24 cents per gallon out of the pockets of Canadians to subsidize the multinationals to purchase overseas products and to export $6 billion worth of jobs every year.

I draw the attention of hon. members opposite to an article entitled "The Energy Crisis is Over" which appeared in the November, 1981, edition of *Harper's* magazine. They should read this article concerning the American energy crisis. Although it is old right now, it is holding true even more now than it did when it was written. Why is the energy crisis over in the United States? It is because President Reagan expanded the philosophy of Mr. Carter, which was a basic belief in private enterprise, and removed all controls on oil. The left-wing media jumped on this and said, "Disaster, this is disgraceful; it will push up the price of fuel 10 or 12 cents." I do not need to say any more, but by May of 1981, prices had

started to fall; with private development the prices started to fall in the United States. Bill C-103 is the absolute reverse and hurts the country. It is destroying initiative in the private sector and the possibility of self-sufficiency. It is doing absolutely nothing for the country other than filling the grab bag of the Liberal government.

Who are the real losers in the legislation? It is not the government. It will be the government in the long run, but today it does not realize this. When that much money is taken out of society, who are the real losers? The real losers are middle Canadians or working Canadians who are the guts of the country. I should like to relate the situation in Canada to the figures in the United States where there are lower taxes, lower CPI and lower inflation. Canadians will pay higher taxes with this bill. Also it is creating higher unemployment, higher inflation and higher rates of interest. As I mentioned last night, higher interest rates were created by the deployment of risk capital to other countries. Bill C-103 will certainly Canadianize the oil industry in the United States and drive it out of Canada.

Who will be the beneficiaries of this legislation beyond the government? It will be foreign banks and passive Canadian investors who put all their money in safe Canadian bonds. Canadians should really consider the safety of those bonds. We have great potential and assets behind us, but we are not doing anything with them. We are not producing. I have challenged the Minister of State for International Trade (Mr. Lumley). I think he is an honourable gentleman who is trying his best, but what is the government doing to create productivity in the country? It brings in Bill C-103 which removes people from the employment ranks in the west and in this part of the country.

I should like to continue on this point by referring to something which I was told this morning. On April 2 I referred to an engineering company connected with Lasco Steel, a very successful corporation which was moving its offices from Whitby. I obtained the facts of the matter this morning, that this was a direct result of Bill C-103. A senior officer of the company told me that its personnel was reduced by 50 per cent since the introduction of the National Energy Program. It has dropped from 323 people to 151 people, which is actually more than 50 per cent. On April 2 I also indicated that the engineering firm was moving its office to Texas or perhaps that it was closing its office. It is not closing its office in Whitby, for the sake of clarification, but nine senior engineers are being moved to Texas. These are nine qualified Canadian engineers. The Minister of Employment and Immigration referred to the fact that his department has to bring in 20,000 to 25,000 skilled people. I believe this is so because many people are being driven out of the country. This gentleman told me, "Yes, it is true that we are cutting back seriously. We hope it is over and that we will not have to lay off any more employees, but any future expansion will take place out of the country". Also he referred to the fact that over the last 12 months the firm had been hoping that something would be resolved on the Alsands project. The Alsands project is the tragedy of Canadian industry, the tragedy of the Ontario economy.

Also I should like to refer to the fact that Ferco Engineering put together a consortium of six engineering firms called Tars which guaranteed one million man hours of work. He wants to know what will happen because his company cannot keep people employed. He does not know how it will keep them involved. What the government is doing is having disastrous and tragic effects.

• (1230)

I would like to illustrate how a few other industries are affected by Bill C-103; for instance, the rubber industry. Contracts for the manufacture of hundreds of millions of feet of conveyer belts have been cancelled or delayed prohibiting further expansion of the rubber industry. Fewer car tires are being produced because all our cars are being imported with the tires already on them. The government does not demand Canadian content wherein we could ship rubber tires abroad for those cars which are to be imported.

Steel works and rolling mills are being affected. I have already mentioned Lasco Steel. That company is now down to 40 per cent of capacity and it is one of the most successful Canadian steel companies. The manner in which they must operate now is to employ their workers for one week in every three. The reason for this is that they cannot afford to carry the inventory while we have high interest rates.

Another company which I contacted indicated that it had 402 tons, involving 1,500 man-years, lost. It has been dislocated because they have been forced to lay people off. The National Energy Program and Bill C-103, instead of trying to deal with problems which may arise in the future, is just attempting to grab money now without any concern for the future.

I will not dwell on the problems of the automobile industry.

Another sector which is concerned about Bill C-103 is the wire, rope and cloth industry. Just imagine the potential millions of yards of wire rope that is not being produced. We should be proud of the fact that this is a competitive Canadian industry which produced an excellent finished product in Canada.

Another industry adversely affected by this bill is the structural steel industry. Algoma was ready to sign a contract with an engineering firm in order to expand its operations and thereby employ more people in northern Ontario, which is a critical part of Canada. But this bill has forced the postponment of those plans. Algoma is in a holding position, as is the rest of Canada.

Mr. Foster: Mr. Speaker, I rise on a point of order. I represent the Algoma constituency and just this morning I talked to the president of Algoma Steel. He told me that indeed it was spending $240 million this year on the expansion of its tube mill. As well, it plans to spend over $1 billion in the next five years on the expansion of its facilities.

The Acting Speaker (Mr. Blaker): Order, please. If the hon. member wanted to seek the consent of the hon. member who has the floor in order to ask him a question, or if he wanted to phrase his remarks in a different manner, it might more closely approach a point of order. However, the hon. member is debating right now.

Mr. Fennell: Mr. Speaker, I am pleased that the hon. member for Algoma (Mr. Foster) raised that point. I agree that Algoma is planning to spend that amount of money. I acknowledge that the design engineering is proceeding. The hon. member can verify with the president of Algoma that it is Ferco who is going the design engineering. However, Ferco Engineering is concerned that this project will be postponed. Since Algoma has not given a firm commitment to go ahead, Ferco does not know where it stands. I acknowledge that Algoma is preparing for this expansion in anticipation of proceeding, but I gave this example in relationship to the fact that Algoma was in a hold position, the same as Canada is in a hold position. The hon. member should check with Algoma and its consulting engineers.

The hon. member referred to the fabricated pipe industry and said that he thought it will proceed. The provisions of Bill C-103 will make certain that it will not proceed. The compensation charge encourages the importation of oil into Canada, the export of $6 billion a year and that Canadian oil is not used or developed.

We can also look at what has happened to the boiler and pressure vessel business. That industry has almost shut down. I am sure that my colleague, the member for Cambridge (Mr. Speyer), can confirm this fact. He is faced with the prospect of his constituents who work in the boiler industry being unemployed. Once again it is a result of Bill C-103, which proposes to take money from the private sector and transfer it to the government trough. It is unfair and inequitable.

I am sure everyone knows what has happened to the valve manufacturers. Fortunately, since the tariff is not excessively high in this area, that industry is not able to export their product to the United States. However, some of the U.S. concerns have been told of the undesirability of importing so much from Canada. Since there is no demand, valve manufacturers cannot sell their goods in Canada. As a result, workers have been laid off with the anticipation of more severe lay-offs in the future.

The turbine manufacturers and the pump industry have also reassessed the situation. Their conclusion from reading Bill C-103 is to ask what prospect there is for success when the government takes away all hope from Canadians. Contracts for the manufacture of compressors have been cancelled virtually every day in the last year. There is no longer any compressor industry—which was a major industry—in this country.

One of my constituents is the director of the electrical association in my riding. He wanted me to tell the government what Bill C-103 is doing to the companies in his association. It is removing the incentive to expand. He told me that they had a number of contracts from the west which are now being cancelled. People in Ontario are hurting, with the exception of those people represented by the hon. member from Ottawa because his area is well protected by the civil service. There is no industry on which he has to depend. I invite him to come to my riding and talk to some of my constituents.

I could go on and cite examples of other industries in trouble, such as the transportation equipment industry. Trucks and semi-trailers which were being built to be sold in western Canada were being partially constructed in Ontario and shipped to western Canada. I can cite one example after another.

I would like to read some conclusions about the National Energy Program made by the C.D. Howe Institute. I am sure the hon. gentleman this institute was named after would be shocked and embarrassed to see what his Liberal successors are doing. The conclusion by the institute states:

> The NEP is an economic policy that is severely constrained by political factors. It represents the federal view of how Canada's energy resources can be used as a tool to orchestrate the country's economic future, with the federal government conducting and playing the leading role.

It went on to say that Ottawa has failed to realize that it is a co-operative arrangement between the provinces. The leader of the Liberal Party has stated that there must be co-operation with the west for this program to succeed. The institute went on to say:

> But the policy takes risks. If the attractiveness of competing activity in the United States has been underestimated, if reduction in oil demand has been overestimated, if the oil sands projects are delayed much longer, and if the response to frontier options is weak, Canadians may pay lower prices and own more of their industry by mid-decade, but they should also be aware that part of the price may be lineups at the gas pumps.

• (1240)

I am speaking in this debate on Bill C-103 because I am concerned for my children and my grandchildren. We have stopped development in Canada. We have encouraged multinationals to buy oil overseas. We have done everything to discourage the private sector of this country.

I hear the President of the Treasury Board and I do know that his philosophy was right before he became a cabinet minister in this government. I admired that gentleman; I have read his book. However, will he get his guts together and his back up and stand up for Canada and for the people he represented for so many years as a very able lawyer in Montreal?

Some hon. Members: Hear, hear!

Mr. Fennell: I also appeal to the hon. members of this government who are from Quebec to please consider what has happened and go to talk to the people at Mirabel who have been ill treated before endorsing unilateral expropriation under this bill. I ask them to go and talk to their people to see how they have suffered.

Therefore, I say that this bill will mean nothing but another disaster to Canada. I plead with the minister, withdraw it. We took 16 days in which to try to get our point across. I guess the

public was with us. That has been proven. At least, we got the bill broken down. However, to my way of thinking, that is not enough: the whole of Bill C-94 should have been withdrawn and abandoned.

I appreciate the opportunity of speaking in this House and the fact that your Honour has been bearing with me and has allowed me to express my views. I tried to stay on the point as much as possible, and I think I did. However, I am concerned for Canada and I really hope the minister will take my words to heart and do something about withdrawing this entire bill.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Lachance: On a point of order, Mr. Speaker. I have consulted both sides of the House, and I think that if you were to ask the unanimous consent of the House for reverting to routine proceedings, tabling of reports of Standing and Special Committees, you would obtain that consent, Mr. Speaker.

[*English*]

The Acting Speaker (Mr. Blaker): The hon. member for Rosemont (Mr. Lachance) indicates that there may be unanimous consent to reverting to tabling of documents for the purpose of tabling a committee report. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

JUSTICE AND LEGAL AFFAIRS

TABLING OF FOURTH REPORT

Mr. Claude-André Lachance (Rosemont): I wish to thank my hon. colleagues for their courtesy.

Mr. Speaker, I have the privilege of tabling, in both official languages, the fourth report of the Standing Committee on Justice and Legal Affairs.

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

[*English*]

The Acting Speaker (Mr. Blaker): Agreement has been sought and given by the House to the tabling of the report.

The House will now revert to Government Orders, and the Chair will recognize the next hon. member who wishes to speak on Bill C-103.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it is a pleasure to speak once again on another item in the continuing saga of the national energy policy. This one is particularly insidious and is very onerous to the Canadian people because it will take a lot of money out of their pockets. If we look at the principles behind the national energy policy which are again incorporated into Bill C-103, we find that what the government wants to do is to impose strict control on the Canadian oil, gas and energy industries. The government wants to be able to direct where energy will come from, how it will be sold, the prices at which it will be sold and the amount of public revenues which will be generated. The government wants to regulate and tighten all aspects of the Canadian energy industry.

The members of the NDP may be a little more honest than the hon. gentlemen opposite. Their policy is to nationalize the energy industries and they are quite frank about it. They want to nationalize the oil and gas industry in the same manner they want to nationalize the steel industry, the banking industry and everything else. Pretty soon they will want to nationalize the little family farm which is presently somewhere down on the list, but its turn will come.

The hon. gentlemen opposite have a different approach to things. They are a little bit more intelligent, and I give them credit for that. They are a little bit more clever. I am not saying much, because one does not have to be too clever to be more clever than the average member of the New Democratic Party. The plan of the Liberals is to turn the energy industry into a utility where people will be able to make a certain return on investment, but there will be no real incentive to go out into the market and compete or to try to find new sources of energy as cheaply as possible, because the profit motive will no longer be there. Energy in Canada will be produced on a utility basis. The investor-owned corporations still involved in the industry, if they survive, instead of trying to maximize their profits and efficiency, consider new ideas and take new risks, will try to justify as large a cost base as possible under the new system in the same manner as many people in the gas distribution business at the present time. This is really the aim of the government. A few senior bureaucrats in the Department of Energy, Mines and Resources will be able to control all energy matters in Canada by diktat.

That is really what the national energy policy and Bill C-103 are all about. The government has a plan to control, not necessarily own, the Canadian oil and gas industry and other

aspects of the energy system. It is not really necessary to own things in order to control them. The government envisages Petro-Canada as having much greater participation in the business than we would like on this side, but at this point in time it does not see it as encompassing the entire industry. The government found that it could control the industry without necessarily owning it or nationalizing all of it, although we have seen from the bills put before us in the last couple of weeks that it does intend radically to increase the nationalization which has been going on for some time.

I think that such a system as envisaged by the Minister of Energy, Mines and Resources (Mr. Lalonde) and his cabinet colleagues will be detrimental to Canada in the long run. I have some concern as they are taking over a dinosaur. They are using billions of the taxpayers' dollars to take over an industry which has reached its peak. I think that funds would be better invested, if they were to be invested by the public sector at all, on new and upcoming sources of energy. Instead of buying out the oil industry which is at or past its peak, the government should be devoting the same taxpayers' dollars to investments which will return a greater dividend in the years to come.

The policies being pursued by the government will result in higher prices in the long run. They will result in decreased efficiency of the energy industries because the incentives will no longer be there. The utilities in the business will operate on a bureaucratic basis very similar to that of government. One can see that at the present time there is very little difference between the way in which the bureaucracy of Imperial Oil operates and the way in which the bureaucracy of the government operates. There does remain one fundamental difference in that the bureaucrats, for want of a better word, who work for Imperial Oil can get fired if they screw things up too badly, whereas people in the employ of the government rarely suffer that fate. However, there is a general tendency on the part of the technocrats in the Liberal government to want to extend their existence and the way they do things to Canada in general.

• (1250)

I think it is important that we maintain a proper distinction between what properly comes within the purview of the government and what properly should come within the purview of the private sector of the economy. It is my opinion that the energy industries in Canada can best be developed by the private sector.

We are slipping into state control of the basic resources of the country. The analogy I like to think of is the ancient hydraulic civilizations of Egypt and Mesopotamia. The governments of the day controlled all life in those earlier civilizations by controlling the most important and basic resource, water. If the state controlled the water, they controlled everything. They had control over the individual lives of all the people. They controlled everything through control of the major resource, water.

I am sure the Minister of Energy, Mines and Resources, the Prime Minister (Mr. Trudeau) and others in government are thinking in exactly the same terms for Canada. If they can control energy supplies, they can control everything.

It is frightening when you think about it and where a country like Canada, which heretofore has had very high regard for the freedom of its population, might end up. Look at what might result from these policies that have been consistently employed by a Liberal government for some 14 years.

The other aspect of Bill C-103 is revenue. The Government of Canada has discovered in the oil and gas business a new source of revenue. I should not say new because there have always been reasonable taxes on oil and gas at the federal and provincial levels in the past. It now looks upon energy, oil and gas in particular, in the same way we look upon whisky. It costs a couple of dollars to produce a bottle of whisky and there is $8 or $9 tax on it. The tax is out of all proportion to the value of the commodity. This may be well and good in the case of a luxury such as alcoholic beverages. We can live with that and accept it. Most people are quite prepared to pay very high taxes on alcohol and tobacco because they are strict luxuries. We do not really need them. Hopefully some of those moneys will go to use in other areas.

People do not mind paying high taxes in those areas. However, the Liberal government has adopted that way of looking at taxation on oil and gas. Unfortunately, people have become used to it. When they go to the gas pump, of every dollar they pay, 30 cents goes to the explorers, producers, refiners, distributors, marketers, retailers, wholesalers and everyone else in the business doing production work. The remaining 70 cents goes to governments, federal and provincial. People are accepting that. It is wrong that they have been led into that acceptance. When you go to the gas pump, the price per gallon or litre should specify the amount of taxes you are obliged to pay to various levels of government.

We should not treat gasoline, and especially home-heating oil, the same as whisky. Taxes and royalties on energy products should bear a reasonable relationship to the true value of those products. A rate of royalties and taxation not dissimilar from the federal sales tax would be reasonable. I am surprised the Canadian public has accepted what is going on. I guess there has been some kicking back; unfortunately, their protestations have been in vain. Those opposite have pursued them relentlessly, beaten down the Canadian public and forced them to pay these energy taxes.

This bill legitimizes the 28-cent a gallon tax that has been unlawfully collected for some time, in some instances going back two years. Canadians know those taxes were unlawful, that there had been no parliamentary approval given. What could they do about it? They could not go to court. They would have spent millions of dollars on a lawsuit to prove they had been unjustly taxed and a few weeks later the government would have turned around and brought in retroactive legislation, such as it is now doing. That is not the way taxes are

supposed to be levied in a free country. It is not the way citizens of a free country should be subjected to a government that has very little else in mind except getting as much money as possible by bleeding dry the taxpayers of the country.

Remember the mandate given to the present government in the election two years ago; remember the election slogans at that time—"Vote Liberal and keep energy prices down". The 18-cent a gallon tax that had been proposed by the then minister of finance was shot down across the country. Now what do we have? We have a tax of about 70 cents a gallon. That has been in the increase in the price of a gallon of gasoline since those characters opposite found their way back into office as a result of promises to keep gasoline prices low.

The national energy policy in Bill C-103 has been sold to the Canadian public on three bases. The government said it would Canadianize the oil and gas industry. It said this would result in energy security and in fair prices. The National Energy Program and Bill C-103 fall down on all of these. Canadianization was in progress and would have continued. The excessive rate of Canadianization, especially through nationalization and ownership by government and not by individual Canadian citizens, has had an adverse effect on the level of our currency. It has chased foreign capital out of the country at a time when it is most needed. That was not done in a balanced way.

We have had example after example presented to this House of the ways in which the oil industry and capital have been chased out of this country. The rigs are leaving the country as well as technical expertise. People in the industry have been leaving the country. I do not want to recite this time and time again. I just want to bring it to the attention of the House once more. May I call it one o'clock, Mr. Speaker?

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2.00 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at one o'clock the hon. member for Western Arctic (Mr. Nickerson) had the floor.

Some hon. Members: Hear, hear!

Mr. Nickerson: If I recall correctly, Mr. Speaker, before the lunch break we were discussing the follies of the Liberal Party and in particular the failures of the Liberal cabinet when it came to formulating a reasonable energy tax policy. These, unfortunately, are subjects with which many Canadians are very familiar. We were describing how the national energy policy and its tax implications have driven out capital, equipment and people from Canada. By virtue of the National Energy Program, the Alsands project and the Cold Lake project, which would have done so much for the areas in the west in which they are located and for industries right across Canada from coast to coast, have been set back and likely delayed indefinitely. The hon. member for Ontario (Mr. Fennell) gave a vivid description showing how these policies would affect many manufacturers in his constituency, everything from the rubber industry to valve manufacturers.

If we look at the supposed energy security aspect of the NEP, we find that this also has failed. Canada is just as dependent today, if not more so, on imports of oil from Mexico and from Saudi Arabia as it was before the implementation of this ill-founded policy. If we look at the fair prices component of this supposed policy, we see that this has not worked either. There is still disparity between one region of the country and another with respect to oil and gas and energy prices. There has been a tremendous increase in prices. We have not got security, we have not got fair prices; what we have got is higher and higher taxes, and higher taxes again under Bill C-103 which we are dealing.

The three enumerated aspects of the policy put forward by the sales pitch the government gave us—the Canadianization, the energy security, and the fair prices—have not worked.

What the national energy policy really entails is an increase in federal control, an increase in centralization. That is what they are really after. And it means also an increase in taxation. Look at the billions of dollars that are going to roll into federal coffers as a result of taxation measures associated with the national energy policy. There will be $50 billion alone as a result of the agreement between the federal government and the province of Alberta. That was the expected amount; the government has already made plans to spend that money. Now, because of the glut of world oil and the lowering of prices, their financial estimates are likely to be away out of line, resulting in even greater federal government deficits. That will lead again to inflation and to a continuation of the sorry state into which the Liberal government has allowed the Canadian economy to fall.

• (1410)

I have dealt with the overall policies contained in Bill C-103, and at this time I would like to go through the bill and deal with it clause by clause. I do not want to deal with the policy matters so much as with the specifics of the bill.

Mr. Deans: No. That is for committee.

Mr. Nickerson: The first item we notice is a change of name. It used to be the Petroleum Administration Act. The Petroleum Administration Act was originally brought in for a very specific purpose at a time where there had been a rapid escalation in the price of OPEC oil. It was felt necessary to shield Canadians from what was expected to be a short-term fluctuation in oil prices. That is how the government sneaked it through the House of Commons in the first place. Unfortunately, it is now becoming a permanent fixture. It will be in the statute books of Canada forever, and it no longer deals just with petroleum. The name is changed to the Energy Administration Act. That is what it will now be called, and if we look

through the bill we find that it also deals with coal and coal products. We wonder where the government will go from there. Does the government want to control uranium and geothermal energy? Where will it stop? The idea in this bill—and the government has now made it known—is that it is not just a temporary thing to deal with petroleum but a statute with which the federal government will control all aspects of energy in Canada for ever and ever. We will never get rid of this thing.

Let me deal with the oil export charge. Many of the observations we could make about this particular aspect could equally be made about the other provisions in the bill. The oil export charge was originally $8 a barrel. Under this legislation it will be raised or authority is given to the minister through order in council to raise the export charge to some $350 per cubic metre. According to my figuring, that comes out to a little over $50 per barrel. We are authorizing a manyfold increase, from $8 to $50 all in one fell swoop. What we are doing is giving authority to the minister and his colleagues in cabinet to increase taxes up to that maximum at any time they want.

Surely Parliament should jealously guard its privilege to set rates of taxation. We should not give blanket permission to the government to increase taxes whenever it wishes. We should make it mandatory that whenever the government wishes to impose additional taxes on the Canadian public it come back and get authority from the representatives of the people of Canada in this House.

Mr. Munro (Esquimalt-Saanich): We know what happened to Charles I.

Mr. Nickerson: I would like the same kinds of things to happen to some other people in this House with whom we are familiar.

With respect to the way this measure is to be administered, originally there was a board. I think it was called the petroleum administration board and it was charged with the administration of policy. That was something of a safeguard. I am afraid that boards and committees appointed by the Liberal government very often are composed of people who are appointed because of their party affiliations. We all know that, but at least they are outside government. They are people to whom complaints can be made. Presumably they have the time and the competence to look into the administration of affairs and come to judicious decisions not based on the political expediencies of the day. They have not always worked out in the way we would have liked, and I am sure occasionally they have done things at the persuasion of the government—things which people on their own might not have done—but these boards have served a purpose. However, under this bill the various boards which did exist in a safeguard capacity are now to be dispensed with, and it will be the minister, and the minister alone, who will decide how much tax we will have to pay, how much rebate we will get and how all the complex technical details contained in this legislation will be dealt with. There is no safeguard any longer. Previous safeguards were not as good as we might have wished, but now there are no safeguards whatsoever. The minister and his senior departmental officials will administer every last little item in this legislation, which undoubtedly will be passed into law.

If we look at Clause 10 of Bill C-103, we will see how the power and authority of the minister are being increased. The Minister of Energy, Mines and Resources will end up as a super minister. He will be the reincarnation of C. D. Howe. In fact, C. D. Howe will look like a piker, in view of the power and authority to be granted to one individual super minister. With the powers Parliament has already been forced to grant the minister under Bill C-48, for instance, and other energy bills Parliament has dealt with in the last few weeks, this man and his colleagues will virtually control the whole Canadian energy industry. Nobody else will have a say at all.

The minister will be sloshing around in millions or billions of dollars of taxpayers' money. He will be giving it out here and taking it in there and exercising all kinds of powers and authorities which normally should go through the parliamentary system. However, because these provisions are outside the normal budgetary provisions and the normal way by which we deal with tax matters, and because these funds are isolated from the Blue Book, taken out of the budget and put into special funds about which nobody really will know what is going on, the minister will be in his glory. He will be wallowing around in billions of dollars of taxpayers' money and directing the energy industry from a central location here in Ottawa.

That is the type of situation in which we will find ourselves if this type of legislation is consistently passed by the House of Commons. Time and time again we on this side of the House have pointed out these dangers and, because of the overriding majority of hon. members opposite and the way they stand up and vote whichever way they are told, we are getting ourselves into a sad situation.

Let us look now at the second provision of the bill, the one dealing with transportation fuel and the compensation recovery charge. The effects this tax—for that is what it is—will have on the Canadian shipping industry—for example, the shipping industry on the Great Lakes—have been well described to this House by my colleague, the hon. member for St. Catharines (Mr. Reid). All we have to do is read the editorial pages in technical journals dealing with shipping and the management of seaports to find out what the effect on the Canadian transportation industry will be. Here again we are giving the government blanket authority to raise taxes up to a maximum of $350 per cubic meter. According to my reckoning, that is about $1.60 per gallon. Again we are giving this authority retroactively, in this case back to May 1, 1981.

Another clause of the bill with which I have some difficulty—I just want to mention this in passing because it is a major item, and it has been discussed many times—is Clause 13, which claims Sable Island for Her Majesty in right of Canada. We are all well aware of the dispute between Nova Scotia and the federal government over the ownership of Sable Island. In this bill we do not keep to the good faith presumably shown in

the recent agreement between those two governments; the federal government claims that ownership for itself alone.

• (1420)

Clause 15 of Bill C-103 grants to the governor in council the authority to establish maximum prices for crude oil produced in the Yukon and Northwest Territories, where this government claims sole jurisdiction despite the wishes of the people who live there. This is a battle we fought when Bill C-48 was debated and I do not want to repeat the arguments I made then. However, I would point out that this clause will create a great deal of difficulty in the north. People do not like being governed by regulation out of Ottawa; they would like some form of consultation. They feel they have the same ownership rights as any other part of Canada. They do not feel those resources are exclusively for the benefit of Canada, although they are quite willing to share them.

The government of Ontario retains the right to say what the maximum price should be for oil produced there. I think it should be set by market conditions, but the jurisdictional authority lies with the government of Ontario, the same as in Saskatchewan or Alberta.

However, this bill indicates that the federal government is going to grab for itself alone the authority to make those decisions in the two territories. The people who live there pose the very sensible question: Why should we pay the highest price in Canada for oil and gas when the federal government sets our wellhead price and does not attempt to equalize the price between the southern areas and the northern territories where much of Canada's oil and gas will be produced in the future? This bill would be another opportunity to legislate some form of energy revenue-sharing agreement between the territories and the federal government, as has recently been done with Nova Scotia and Newfoundland. But it is another opportunity lost.

The Government of Canada is selling out the interests of northerners in order to be able to supply southerners with a slightly reduced cost of energy for a short period, thereby keeping themselves in office. I suspect that is the real reason. It seems to me grossly unfair that oil and gas produced in the north is to be sold in the south for less than the people in the northern producing areas have to pay.

Another objectionable part of the bill is Clause 18, which deals with penalties for non-payment of these taxes. Under the old legislation, for a summary conviction the penalty was $20,000 or six months in jail. Under this legislation the fine can be $100,000 and one year in jail, or five times the fine and twice the jail sentence. Under the old legislation, for a conviction by way of indictment the maximum penalty was two years in jail. Under this legislation you will be liable to a fine of $1 million and/or five years in jail. I think these penalties are vicious, cruel and unusual punishment. It seems that in this country people get off kind of lightly for many Criminal Code offences, but if you forget to pay your taxes then the government comes down hard on you with these penalties.

The same argument I used in the case of oil in the Northwest Territories applies equally to this bill's provisions concerning the pricing of domestic gas. The federal government will have the authority unilaterally to set gas prices in the Yukon and Northwest Territories. However, the provinces will come in for some of the same treatment here. They are going to find out what it is like to be ruled by Ottawa. There is a provision in there which provides that if, in the opinion of the governor in council—which really means the Minister of Energy, Mines and Resources in this case—the federal and provincial gas pricing agreement is deemed to be ineffective, then the federal government by order in council has the authority to regulate those prices.

That is a terrible thing in a country where we would like to see agreement between the federal and provincial authority. Surely it would be to everyone's advantage to have some measure of co-operation between the two levels of government. But here the Liberal government says "No, if we do not like your suggestions on gas pricing then we will do it ourselves; we are not going to take any notice of the provinces. If we do not like what you have to say, we have the authority to do exactly what we want." That, Mr. Speaker, is what the government gives to itself in this bill.

In the former legislation the section dealing with domestic gas prices had a built-in safeguard. If the federal government set gas prices in a province it had to file that information before Parliament within a certain time, and there had to be the opportunity for debate because this is a very unusual use of the federal government's powers. Parliament would then have the opportunity to rescind it by way of a vote, which is unlikely to happen with a majority government but at least it made Parliament cognizant of the fact that this was a major and unusual use of federal powers. In Bill C-103 that safeguard has been taken away. The government can set gas prices and they do not have to tell Parliament about it. The safe containers legislation is an example of how the government misused its authority in that it failed to bring before Parliament certain statutory instruments issued under that legislation.

• (1430)

Let us go now to the petroleum compensation charge. Originally in Bill C-94, the omnibus bill, that dog's breakfast we eventually got rid of by ringing the bells for two weeks, the charge was to be a maximum of $20 a barrel. I guess we can claim a victory for Parliament because under the new legislation the maximum allowed by way of governor in council authority, the way government can raise taxes, has been reduced from $20 a barrel to $12 a barrel. This is something of an accomplishment for Parliament, in my opinion. But we must remember that under this one charge authority is to be granted for an increase in taxes in the amount of 35 cents a gallon, which is still a significant increase.

Again, under Section 30, the board which administered the petroleum compensation charge in the disposition of funds raised by way of that authority has now been eliminated. Once more, the authority lies solely at the discretion of the minister.

The minister enjoys the prerogative of levying this charge and determining its amount, saying where that money will be spent and who will be granted the proceeds.

One of the worst things that has happened as a result of the petroleum compensation charge is that now refiners have found it cheaper to use imported oil than to use oil produced in Canada itself. This is an anomaly. I suppose no one could foresee this when this complex legislation was brought into effect in the first place. But so much for the designs of the national energy policy where encouragement is given to refiners by virtue of tax relief to bring in oil from Mexico, Saudi Arabia and other countries and not to use oil produced in Canada but to leave it shut in. This does nothing for Canada's balance of payments. It is an anomaly and I hope it can be rectified in the near future.

I notice that the provisions of the petroleum compensation charge which originally dealt only with petroleum, as in the title, is now being extended to coal products. If someone finds a good way to produce synthetic crude from coal, they will not be able to enjoy the benefits of that discovery because all the benefits will be taxed away. All the benefits will be taxed away the minute anyone uses initiative and expertise to come up with a better process advantageous to Canadians to reduce our dependence on foreign oil and to reduce our balance of payments. People will not be able to enjoy the benefits because the Minister of Energy, Mines and Resources will come along and take any profit which might be made from the discovery by way of taxes.

Next I want to deal with the Canadian ownership charge. Under Bill C-94 the amount would be a maximum of $4 a barrel. Again, Parliament can claim a victory by having reduced that amount to a maximum of $1.15 a barrel, or thereabouts if you work out the numbers of dollars per cubic metre. It is still under 3.5 cents a gallon. Another little charge is tacked on there somewhere else. The Canadian ownership charge is a misnomer for the Petro-Canada tax. It is a tax levied at every gas pump in the country to help pay for the government's acquisition of Petrofina. It amounts to something well over $1 billion Canadian. This amount is proving very useful for alleviating unemployment in Belgium, but it is not doing very much at all for Canada.

That matter has been debated many times in this House, and I do not wish to be repetitive and go over the whole Petro-Canada issue again. However, I do like people to be aware that every time they go to a gas pump they are paying a few cents a gallon toward the acquisition of Petrofina. This money would have been better used in looking for new gas and oil and energy resources within Canada.

The special compensation charge in the bill could amount to 5 cents a gallon if the government uses all the taxing authority which is to be made available to it under this bill. What we can say about the special compensation charge is that it was absolutely unnecessary in the first place. It was arrived at because of the inability of the federal government to agree with the government of Alberta over oil pricing. The deal that was worked out by December, 1979, was set aside and it took two years of fighting and bickering before an agreement was reached. The Canadian people, those who buy gasoline at the pumps and who use oil and gas to heat their homes, have paid for this failure on the part of the government. Canadians have paid for the antagonistic attitude the federal government maintained during those years.

Once more, the authorities previously invested in the petroleum compensation board have been transferred to the minister and his departmental officials. Again protection has gone.

One of these days I would like to make a list of all charges—the compensation charge, the special compensation charge, the ownership charge etc. There are so many of them floating around that never show up in the blue books. People do not know the extent of the taxes they are paying. The only thing they know is that a considerable amount of tax is paid when ever they buy gasoline at the pump.

Of all the energy bills originally comprised in Bill C-94, Bill C-103 is probably the worst and the most insidious. It certainly has the greatest impact on Canadians through their pocketbooks. It will take money from every Canadian in this country. If we are at all concerned with the onerous levels of taxation in Canada, especially on energy, and if we are at all concerned with the methods of taxation and the way in which taxes should be imposed and seemed to be imposed by the people's representatives, then, Mr. Speaker, I submit that we must vote against Bill C-103.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to be able to address a few words to Bill C-103, which will amend the Petroleum Administration Act and set up the energy administration act. This is a very important aspect of the National Energy Program. It has a number of elements to it. They relate to the oil export charge provisions; the establishment of the transportation fuel compensation recovery charge; amendments to the domestic oil and gas provisions; amendments to the petroleum compensation charge and petroleum compensation provisions; the establishment of the Canadian ownership special charge and it gives authority for the Canadian ownership account; finally, there are provisions relating to the special compensation charge.

Today I would like to talk about the Canadian oil industry as it was before the introduction of the National Energy Program in the fall of 1980. I want to talk especially about the dominance by foreign-owned oil companies and how the Canadianization program under the NEP is being implemented under this particular program.

Toward the end of 1980 we, as Canadians, were faced with an oil and gas industry that was very heavily foreign owned and controlled. A full 72 per cent of oil and gas revenues ultimately accrued to foreigners. Furthermore, some 78 per cent of these revenues were accounted for by foreign-controlled companies in Canada. This compares with levels of foreign ownership and control in the United Kingdom of some 52 per cent, and some 10 per cent to 15 per cent in the United States.

• (1440)

I think we must put the matter in perspective. We hear Americans complaining about the move by the government to Canadianize the oil and gas industry. We must ask ourselves, if their oil and gas industry was 72 per cent controlled by foreigners, rather than 10 per cent or 15 per cent, what would be their attitude, response or concerns, especially with the prospects over the long haul of oil and gas reserves increasing dramatically in value as they have done in the last seven or eight years? Over this period of time there has been an increase from $2 or $3 per barrel to some $40 per barrel. The long-term forecast suggests that this will probably continue. We must think about the additional revenues which will flow out of the country in terms of interest and dividends.

Not only was the level of foreign ownership and control very high, but a glance at major industry competitors clearly shows the dominance of foreign companies in the Canadian oil industry. Eleven of the 15 oil and gas producers were foreign owned and controlled, with the top eight positions being held by foreign companies. Not only was the domination by foreign companies pervasive, but it seems likely that the situation will become even worse. Future major oil supplies in Canada will not be from traditional sources in the western basin. Rather, oil and gas supplies will be increasingly derived from massive oil sands plants on exploration sites in the Arctic Islands and on the east coast offshore. These future sources of supply require vast sums of money and a great deal of technology, technology which is often beyond the financial resources of small Canadian-owned independent companies. Foreign-owned companies were and in many cases still are in the best position to take advantage of the future opportunities of oil and gas reserves.

Given this situation, the following questions must be asked. What government in the developed world would tolerate this degree of foreign participation in an industry as significant as oil and gas? What government would allow such dominance in a strategic industry which in Canada's case is responsible for 10 per cent of our gross national product? These were the types of questions which the Canadian government faced in relation to its own economy in the autumn of 1980. Its response was the Canadianization objective and the policies embodied in the National Energy Program of October 28, 1980. In the NEP we sought to establish greater Canadian control of the oil and gas industry by the establishment of, and the increase in control by, Petro-Canada, as well as by the establishment of the Canadian ownership account which is embodied in this bill.

In the year since the announcement of the National Energy Program, some strides have been made toward Canadianization. The eighth, Hudson's Bay Oil and Gas, the fourteenth, Aquitaine, and the eighteenth, Petrofina, largest oil and gas companies have switched from foreign ownership to Canadian ownership and control. The level of Canadian ownership measured by upstream production reserve revenues have increased by over 6 per cent as a result of some $7.5 billion in mostly private sector acquisitions. Petro-Canada, the nationally-owned oil company, now has refining and marketing facilities across Canada, after its recent acquisition of Petrofina.

Although the government is generally pleased with its progress, it realizes that there is much to be done. Before the Standing Committee on Energy Legislation this week it was rather impressive when the representatives of Petro-Canada indicated that for the $2.9 billion of investment made by the Government of Canada in Petro-Canada, the market value of the company is now estimated at $8 billion to $9 billion.

Of course, this is a nice increase in the value of that asset and an impressive capital gain. It is important for taxpayers to see a capital gain of that magnitude. If we look at the entire oil and gas industry and at the amount of capital gain we will see during the course of this decade, there is no question that we will see even greater gains than this one, which represents almost a 300 per cent increase. If we calculate the dividends and interest payments which will be made to foreign countries, principally to the United States, we see the urgency of getting on with the Canadianization program. It is for this reason that we are proposing the establishment of the Canadian ownership charge and the Canadian ownership account.

The Canadian ownership special charges, used initially to help Petro-Canada's acquisition of Petrofina Canada Incorporated, will consist of the following: a special charge on domestic petroleum received for processing or consumption in Canada and foreign petroleum amd petroleum products imported into Canada. Currently the charge is $7.25 per cubic metre, which is the ceiling set by this bill for the charge. No further increases are authorized by this legislation. Second, there will be special taxes increasing the natural gas and gas liquids tax, which is a tax on marketable natural gas, propane, ethane and butane. Increases in the natural gas tax are now 14 cents per gigajoule. The increases in the taxes on propane, ethane and butane are $3.55, $2.60 and $3.95 per cubic metre respectively. These amounts are the ceilings set in the bill for the increases. They would not be applied to exports of natural gas and gas liquids. No further increases are authorized by Bill C-103.

Revenue from these charges will be placed in the Canadian ownership account. Initially the revenues will be used to help defray the cost of the Petro-Canada acquisition. In future, the use of any funds from the Canadian ownership account for other acquisitions would have to be authorized by the governor in council, acting on the recommendation of the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance (Mr. MacEachen). Such uses would be subject to a negative resolution in Parliament, in the Senate and the House of Commons.

It should be made clear that the direction of the Canadianization thrust has also been toward the mobilization of predominantly private Canadian investment—from existing companies, pension plans, insurance funds and individuals. To a great extent this policy has succeeded, since all but one of a dozen acquisitions to date have been by private companies. Furthermore, the government is acting as a catalyst for the

establishment of a co-operative energy corporation which will bring into the oil and gas sector the savings of millions of Canadian co-operative members. Senator Argue played an important part in negotiating that arrangement with the Canadian co-operative movement.

• (1450)

A misconception which we have heard, particularly from abroad, is that the government is creating an unattractive environment for foreign firms which will reduce the value of these firms, thus allowing them to be purchased at fire sale prices. This is simply not true. The facts are that Canadian companies have paid prices which are above market value for foreign-owned assets. Furthermore, foreign-owned oil and gas subsidiaries trading in Canadian exchanges have done no worse than their Canadian-owned counterparts.

Another misconception involves the belief that the Canadianization policies for the energy sector will be applied in all energy sectors of the economy, specifically the minerals sector. The government has already stated that this is not the case and the evidence on the difference in the foreign ownership and control situation in the two industries is a major reason for the difference in the policies.

Finally, the objective of Canadianization does not mean that foreign investment and ownership in the oil and gas business is no longer wanted in Canada. Canada is well known for its exciting geological potential. The combined financial and fiscal incentive package offered by the government makes Canada one of the most attractive countries for investment. For example, a foreign investor operating in the north will, after tax deductions and incentive payments, be spending only 53 cents of every exploration dollar. In fact, a recent comparison made by Petro-Canada of rates of return expected by a foreign investor from a representative pool of new oil shows the following: Canada lands, 27.7 per cent; 24.4 per cent in the United Kingdom; in the United States, 21.6 per cent; and in Norway it is 18.3 per cent. I repeat that these calculations are for foreign investors.

The figures reveal that we have created an environment which will be attractive to foreign investors when compared to other locations. The government welcomes their participation and asks only that they take into account the legitimate aspirations of Canadians to own a share of this vital sector of our economy and exercise some control over decision-making in the petroleum industry.

This view is widely supported by the vast majority of Canadians. Indeed, it is one of the most popular programs established by the government in the National Energy Program. The results of a poll conducted by the Canadian Petroleum Association last year show that 84 per cent of Canadians favour the government's move to make the oil and gas industry at least 50 per cent Canadian-owned by 1990. This is a very important statistic because it is taken from a poll which was carried out by the Canadian Petroleum Association. Many of its senior members are not Canadian-owned petroleum corporations.

With respect to the Canadian ownership special charge, I would like to mention the signficant change that was made to these provisions as they appeared in Bill C-94. The legislative authority that appeared in Bill C-94 to raise the Canadian ownership special charge above the present level has been removed. Under the new amendments, the existing Canadianization charge can be decreased, but not increased beyond that level by order in council. The change is as follows: the ceiling on the Canadian ownership special charge on petroleum has been lowered from $25 to $7.25 per cubic metre. The ceiling on increases to the excise tax on natural gas has been lowered from 60 cents to 14 cents per gigajoule and the ceiling on increases to the excise tax on natural gas and gas liquids has been lowered from $17 per cubic metre to $2.60, $3.55 and $3.95 on ethane, propane and butane respectively.

Therefore, this bill which is before us today comprises an important part of the National Energy Program. It puts in place the amended price which was foreseen when the policy was adopted; that is, that we would have one price for the oil in the existing western basin which was produced at relatively lower cost and that we have a higher price for the much more expensively produced oils discovered in the high Arctic or on the offshores of the east coast or the Beaufort Sea. We would have a new oil price for the tar sands, for tertiary recovery, as well as for the discovery of new oil in the western basin.

It also provides for the compensation on imported oil which has allowed Canadian oil prices to be well below world prices wherein we have had a gradual build-up in prices during the last several years. Consequently, we have had a greater growth than many western industrialized nations.

Therefore, I would contribute my support for this Energy Administration Act which is before the House. I hope that it will receive the full consultation, discussion and detailed consideration which has already been given to the Petro-Canada bill in the standing committee. At this point, I must compliment the members of that committee who have been meeting from nine o'clock in the morning until ten o'clock at night with only a break at lunch and dinner. I can attest to the fact that the committee is working very hard. It will have a great deal more work to do in the next few weeks in considering the bills which are before us. However, I am sure we will carry it through and conduct a thorough study at the committee stage on all bills, but particularly on Bill C-103 which is one of the most important aspects of the entire National Energy Program.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I wish to contribute to the debate on Bill C-103. This bill is an act to amend the Petroleum Administration Act and a measure to impose many new taxes on Canadians. This bill authorizes two taxes which are already imposed upon energy consumers. Certainly, it bears almost no resemblance to the promises which were made by the Liberal Party during the last election when they promised Canadians cheap gas.

The petroleum compensation charge is currently levied at $6.30 per barrel. This results in price increases at the pump of 24 cents per gallon. The Liberal candidate who ran against me

in the last federal election stated that gas would not go up any more than 8 cents to 10 cents per gallon under a Liberal government. Obviously, he was being provided with false information by the Liberal Party with regard to cheap gas. But what is new about that? In addition, the PCC provides that the maximum would be about $12 a barrel and could thus raise prices by about 24 cents.

The Canadian ownership charge which was used to pay for Petro-Canada's purchase of Petrofina is levied at $1.15 a barrel and results in gasoline prices being 4 cents per gallon more expensive. As was pointed out by my colleague, the hon. member for Western Arctic (Mr. Nickerson), all that money—approximately $1 billion—went to Belgium in order to buy this company and provided absolutely nothing for the Canadian economy or any Canadian.

The government earns a total of approximately 60 cents per gallon of gasoline. A sampling of some major United States and Canadian cities has shown that the price of gasoline in some U.S. cities is less expensive. For example, the price of gasoline in Seattle is almost 3 cents per litre, or 13 cents per gallon, less than that sold in Vancouver. The price of gasoline in Detroit and Windsor is virtually the same. Other regions in the United States sell gasoline at 99 cents a gallon. Of course, this has been brought about by government regulations being removed. However, in Canada we see more government regulations and interference which drives the price of energy higher.

• (1500)

The government has given various assurances that the price of Canadian oil will remain below prevailing world prices. The price of old oil will not exceed 75 per cent of average world oil, and the price of new oil will not exceed 100 per cent on a floating year average. However, this does not protect consumers as the bulk of the federal taxes are added after the comparison is made. Thus, while crude oil may be cheaper at the wellhead, consumers may actually be paying more than the world price at the pump. This policy of the Liberal Party to pay world price for oil has had disastrous consequences on the price of gas and heating oil and what have you. This actually goes back to about 1960 when the Diefenbaker government introduced the road to resources program to open up the north. But unfortunately, in 1963, the Liberals dumped the road to resources program and did absolutely nothing about developing our resources in the north. If they had continued with Mr. Diefenbaker's road to resources program we would be self-sufficient today and we would not be paying world price for oil.

Also, imports are much higher than needed to complement Canadian supply. Canadian crude is being shut in. The result is that the PCC is being used to pay for imported oil that we do not even need.

The Conservative Party has long maintained that the introduction of these two taxes by notice of Ways and Means was improper. Now the multiple injuries arising from the budget of the Minister of Finance (Mr. MacEachen) are still being assessed. This budget is a far cry from the sensible budget brought in under the Progressive Conservatives, as theirs was not a budget which was trying to look for every conceivable, possible way to tax Canadians more and more. There is certainly a sharp contrast between the two.

Now, along comes the Liberal energy minister's National Energy Program, riddled with bullet holes which he tries to plug with all the dexterity of a one-armed paper hanger. The actions he announced last Thursday, designed to adjust his programs to the new reality of world oil glut and the shutdown of production in western Canada, managed to offend both producers and consumers in equal measure. Will these patch-up measures introduced by the Minister of Energy, Mines and Resources (Mr. Lalonde) result in resumed production in Canada's oil fields and the accelerated programs of exploration which the minister foresees? I ask, will they do that? The answer, almost certainly, is no. The minister himself indicated he knows it when he said that if the people who buy and sell oil do not act as he urges them, he will implement further measures if warranted. They will be warranted, all right, especially if the world glut continues and world prices keep coming down, as the minister hopes and prays they will not.

I would like to speak for a few moments about the bell ringing and about our reference for having the bill split up. We now find that the 98 cents a gallon taxing authority sought by the minister has been reduced to 52 cents a gallon. The bell ringing has saved Canadians 46 cents a gallon in possible taxes under Bill C-103. On April 4, the Conservatives voted against the 53 cents a gallon tax. The Liberals voted for the 52 cents a gallon tax. One should compare that to 18 cents a gallon tax.

Because the bill was split, this tax will be voted on three more times in the House of Commons between now and June 30. It can be stopped or reduced if the Liberal MPs can be convinced to vote against it. Concerned Canadians should write or phone their Liberal MPs and ask them to vote against the 52 cents a gallon taxing authority, as they promised in the last election that gas would not be increased over 18 cents a gallon. Public support for our bell ringing has already saved 46 cents a gallon. So let us see the Liberal hon. members getting down to business here and stopping this other huge increase.

Bill C-102, which is tied in with Bill C-103, would allow cabinet, not the elected members, to set up unlimited numbers of Crown corporations. There are 438 Crown corporations now. We do not need any more Crown corporations. Taxpayers will pay but the people they elect will not be able to vote on whether or not the taxpayer wants cabinet to run around spending money on new businesses. There will be a tax of four cents a gallon forever, to allow cabinet members to buy whatever they choose.

Bill C-101, which is also connected with Bill C-103, would allow the Liberal cabinet to give $4.9 billion of taxpayers' money to the board of directors of Petro-Canada to spend as it sees fit. The Liberals voted to decrease money for health care and post-secondary education by over $500 million. Instead, they want that money to go to the board of directors of Petro-Canada. So much for their priorities.

We all remember Bill C-94, an earlier energy bill, and Bill C-103 is a devilish offspring of Bill C-94. The Liberal government has conceded that the energy bill will be split into eight separate bills in ways suggested by the Progressive Conservative Party. In addition, the Conservatives forced the government to concede to a timetable which guarantees over three months of debate and guarantees Canadian citizens the right to come before committees. It also guarantees members of Parliament the right to vote a minimum of 24 times on the separate parts of this package. It guarantees MPs the right to move amendments and have them voted on.

It is the Canadian people who achieved a victory which will now allow taxi drivers, homeowners, farmers and small businessmen the right to come before a Parliamentary committee to explain to Members of Parliament how a 98 cents a gallon tax increase will affect the cost of food, clothing and shelter. Then Canadians will have an opportunity to judge their Members of Parliament on how they will vote on that massive tax increase.

A few things to remember about Bill C-103 and the other energy bills are that they amend 15 current pieces of legislation, they create four new taxes, they allow the government to form new energy companies at will, they include 28 cents of taxes on each gallon of gasoline, and they provide for increases of another possible 70 cents. I will certainly be using these figures in the next federal election on the campaign trail to indicate clearly to the electorate that they will not be able to believe anything they hear from any Liberal after what the Liberals said in the 1980 election. At that time, they said they would lower interest rates and would give Canadians cheap gas. They will not get away with their packaged lies in the next federal election.

The bill incorporates many parts of the National Energy Program, which has been opposed by the Conservative Party from the outset. The Conservatives were voted out of power because of an increase of 18 cents a gallon for gasoline. The Liberals have already raised gasoline prices by about 65 to 75 cents a gallon, and now they plan this further increase of 75 cents a gallon in this series of energy bills. The Trudeau government's concessions to split the omnibus energy security measure into eight separate bills to be examined by a special standing committee able to call witnesses and to assign ample time for meaningful debate in the House of Commons and at committee is exactly what the Conservative opposition requested, beginning last December. So we finally won out in that battle. The concession that a special standing committee will deal with all aspects of the energy legislation over a six week period is something we requested more than a year ago. The assigned time will effectively mean that the House of Commons will spend most of April debating second reading of various bills, that there will be six weeks of special standing committee examination with witnesses, and that most of June will be devoted to report and third reading debates in the House of Commons. The Conservative Party has brought that about.

Let me just comment on gasoline and heating oil prices. There have been 15 increases in the price of petroleum since the Liberals came into power on a promise of keeping prices down. The 1980 summary showed the last increase in 1980 brought total increases for that year to $4.70 west of the Ottawa Valley and $4.88 a barrel for eastern Canada. The Liberals promised that increases would not exceed $4 for the year. They also promised that gasoline prices would rise by no more than 14 cents a gallon. My opponents said eight cents to ten cents. Others across the country were saying 14 cents. They could not get their act together on what they were not going to give the Canadian people. In fact, increases in many centres across Canada approach twice this amount.

• (1510)

The 1981 summary shows that prices of gasoline rose by about 12.5 cents per litre or 56 cents a gallon, and heating oil by 7.9 cents per litre or 36 cents per gallon during the year. The Conservative Party stated we would not raise the price of heating oil. The last thing that should be increased in this country is the price of heating oil. However, that does not bother the Liberals.

In all, crude oil rose in price by $8.40 a barrel, not including special levies of $1.86 imposed and subsequently removed during the year. Federal taxes accounted for 75 per cent of this increase. In comparison, the Conservative budget would have raised crude oil prices by $4.50 a barrel. You can see the difference.

I now want to deal with oil sands. The blame for the delays with the oil sands projects, both Cold Lake and Alsands, rests squarely on the federal government. If the government had been reasonable with Alberta two years ago, both projects would have long been underway. The immediate problem with Alsands is beyond the government's control. World prices are falling. That is not the time to negotiate a rate of return.

The government's Canadianization policy is a distraction from the real task of finding oil. Since the mid-1970s, Canadianization of the oil and gas industry had been proceeding at a measured but accelerating pace. The Canadianization policy, a bastardization of the policy that we introduced while in power in order to differentiate ours from the Liberal's nationalization policy, has completely destablized the industry.

The government has completely twisted the rationale behind high energy costs. Whereas our government was prepared to accelerate the rise in the price of energy in order to encourage new supplies and only secondarily to encourage conservation and raise government revenues, the present government has raised prices, first, as a means of increasing government taxes, second to conserve oil and only third to encourage production.

While consumer prices for gasoline are only slightly more than they would have been under the Crosbie budget, heating oil is much more costly. There is no equivalent to our energy tax credit which Canadians would have been enjoying these past two years. They have lost that. The consumer is worse off under the disastrous budget of this Minister of Finance.

The larger Canadian companies have used the Canadianization incentives as a means of growing to a point where their debt load threatens their existence. They have not found any more oil as a result of their increased size, but now they can at least compete with the multinationals.

Small Canadian-owned companies have experienced the brunt of the National Energy Program's contradictory policies. The pricing and exploration policy has more than removed any benefits from Canadianization. Some of the multinational oil companies have chosen to sell out, but most have had no choice but to stay with a decreased exploration budget. They are laying off large numbers of employees at the present time.

In conclusion I will say that two years of this Liberal government has produced an increased burden on consumers and a certainty that Canada's chance at obtaining oil self-sufficency by the early 1990s has been lost forever.

The way to measure whether you have a good government, good policies or good legislation is by the investment you attract. Not one aspect of the National Energy Program or of Bill C-103 has attracted one dime of investment. The NEP was responsible for driving over $18 billion of investment money out of this country. That was the last nail in the coffin. The NEP has just about destroyed the free enterprise system in Canada. This country cannot survive economically with that amount of money leaving the country.

The New Democratic Party has spent considerable time goading the Liberal government into these nationalization policies. They will have to accept a large part of the responsibility for the implementation of the National Energy Program, Bill C-103 and all the other bills with regard to their disastrous effect on the Canadian economy. It is certainly helping economic policies in the United States. They would be a lot worse off there if it were not for our $18 billion.

Now that the NEP has got the Liberals into this disastrous nationalization policy, their leader and the premier of the province of Manitoba have called for exchange controls. Their answer to the disastrous NEP is to bring in exchange controls. When you ask for such controls to be brought in to stop the outflow of capital from Canada to the United States and other countries, you do not have an answer to anything.

If you have good government and good policies, you attract money rather than drive it out. I hope the Liberal Party will wake up and realize that it is doing absolutely nothing to attract investment and to assist the Canadian economy. If they had any sense, they would withdraw this whole energy package and start again from scratch. I advise them to get free enterprisers to assist them, those with a knowledge of the industry, rather than socialist academics who write reams of theory on these different policies. We on this side can certainly lend them some people to draft sensible policies with regard to energy. I suggest they take another look at the Crosbie budget. It would be a step in the right direction.

Mr. Jack Masters (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, today we are dealing with an extremely complex piece of legislation. When it is sorted out and implemented, we will have gone a long way toward helping this country progress and participate in the great future that will be ours. It should be in place before long. Like many Canadians, I abhor the fact that every time action legislation is planned, there is a long time lag before it is implemented, due to tactics that serve no purpose other than to obstruct.

Before talking about the petroleum compensation charge and a few other items, I should refer to the interesting outlook of members opposite about the energy program in Canada. On the one hand they want the private sector to look after it all. They make interesting observations about our energy program, but they do not get their act together. A predecessor of mine, who has been mentioned in the House in two different ways by members opposite, the Hon. C. D. Howe, was responsible for helping Canada, particularly in the west, to get their product to market by pipeline. That helped to raise Canada to a new plateau and helped with our GNP. It provided revenue from outside sources through the marketing process and by bringing the opportunity to the manufacturing centre to obtain energy from an exciting new source in quantity large enough to be significant.

• (1520)

What we are about to do now through the National Energy Program, I believe, is another of the very important items in the building blocks of Canada. We must recognize that the country and the world is changing profoundly and changing quickly in recent years. We have had the opportunity to be flexible and do better than most countries partly because of our natural resources but more because the will of the people is to make this country work and to take advantage of our resources, share them with one another and take a responsible position in the world in which we live.

At present there is a lack of activity in the oil industry, which is having a profound economic effect, for many reasons. It seems to be a temporary situation. I honestly believe that when this bill has been passed, when a total national energy program is in place, we will have opportunities for Canadians to control their own resources, and that is of fundamental importance to the good of Canada. We will see Canadians participating in the development of the oil and gas industry as never before and reaping the profits from it. The people of Canada will more properly have their say on how the resource—which by everyone's admission is a non-renewable resource and is not infinite—will be husbanded for the future use of the country. We can make immense use of this prime energy resource at this time in history and at the same time reduce our dependence on other parts of the world. That is a key element of the National Energy Program and the legislation before us. It will put us in a position where we will not have to rely on decisons made outside our country. We can make those independent Canadian decisions that are not hidebound to what happens in the area south of us or in Europe or in the Arab states.

We want to maintain control over our destiny, we want to be able to plan our future in our own Canadian way. In order to do that, some things are absolutely essential. One of the essential elements is the opportunity to control that non-renewable resource, oil and gas and subsidiary products.

It is not only for its fuel and heating capabilities but for all of the other chemical elements that we count on oil to produce, to drive the economy and to give us a chance to trade in the world on a truly competitive basis. We will be able to make many of the rules ourselves here and will not have to depend on other people and on their resources. No other country would allow a great percentage of its prime resources to be controlled by others. The National Energy Program gives us an opportunity to regain control of our resources and put them to good use.

The process has been an interesting one. It is not admitted that there has been as much consultation as really has taken place in this area. The opposition is trying to create the impression that no one on this side of the House ever listens, that we on this side never sit down with those involved in the industry and learn from them.

At another point in my life, Mr. Speaker, I was involved very much in a body interested in the business community, namely, the chamber of commerce. I still have some private enterprise thoughts and feelings and the desire to ensure that the government listens to all segments of Canada, including the business community, particularly in things of this nature. A great deal of consultation has gone on and continues to go on.

What the hon. members opposite fail to say is that one of the big opportunities of the National Energy Program is that Canadians will be encouraged to invest in Canada and that by doing so we will gain from our investment in our own resources.

Some hon. Members: Hear, hear!

Mr. Masters: We must recognize that we really need to have Canadians with a very strong sense of being Canadians, in position in large enterprises such as the oil and gas industry. We must have such Canadians in place so that they view things from a "Canada first" point of view. If members opposite find that a disagreeable or socialistic attitude, I am sorry. I am a proud Canadian. I feel we have the right to expect that we as Canadians will benefit most from our resources. As a trading nation we must have the investment dollars coming from other parts of the world. We must keep our doors open wide to that. The National Energy Program does not destroy that idea. It simply means that Canadians will be encouraged and will be given greater incentives to take a larger share of their future and be in a better position to direct their future.

I heard some interesting comments during this debate. Some hon. members spoke as if the National Energy Program were the cause of all our economic woes. There has to be some recognition that the current glut of oil was not anticipated. That may be the prime reason for the lack of activity in such projects as the Alsands project.

We all know we must keep searching for new oil. The petrochemical industry will be a large part of our present and future energy for the next 30 or 40 years. All of a sudden we have a downturn in our economy and in the world economy. There are other parts of the National Energy Program which have already begun to work. Conservation is beginning to have its effect. We find that we now have a glut of the product. We find we do not have the same sense of immediate urgency to look for those petroleum resources that we know are there.

We should look into this aspect of it. We know that part of the ongoing future of Canada will be in the megaprojects. One of the most important megaprojects will centre around the tar sands of Alberta and the resources of other parts of Canada as they come onstream. We have been blessed by the fact that it appears that we have more conventional sources of petroleum available to us than we expected. Those resources still exist and we must not forget that. We should realize the potential of the Alsands and other such resources. Nevertheless, the need to do so is not as immediate as it once was.

• (1530)

A timing dilemma was thrust upon us by a very sudden change in the world situation but, being the eternal optimist, I do not think we should be fooled by that because I expect we will see a greater need for energy in the future as the world's economy and Canada's economy turn around. The wisdom of putting in place a National Energy Program with which we can all live will be seen.

I for one am glad we now have a limit on the time for debate of the important matters before us because we really need to put into place legislation on which people can count for a period of time, and when the National Energy Program is passed and implemented, those people who will want to invest in this field—and many of them will be Canadians—will have a feeling of certainty. They will have the necessary knowledge of how to proceed and where to proceed.

However, the bottom line is that the National Energy Program will give us energy self sufficiency on schedule. It will give us the proper amount of Canadian control, and it will give Canadians the opportunity to invest more heavily in their own country and to benefit to the maximum from their prime energy resource of the day coming from petroleum.

I am pleased to have had this chance to participate briefly in this debate today. I hope we will continue to act in the proper fashion and get this legislation through so that we can carry on.

Finally, I remind all hon. members that there has been a great deal of consultation with the producing provinces and the people in the industry. They have been listened to, and I believe we have come up with the game plan Canada needs and can live with, and I believe it will help us to enjoy the prosperity which rightfully belongs to us.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, before beginning my principal comments I would like to refer to some of the remarks which have been made by the two previous speakers on the other side of the House.

I find it quite distressing that there should be such a broad difference of opinion on the course this country should follow in energy matters. We seem to have a dialogue of the deaf. Perhaps it is a dialogue of the deaf, the blind and the mute. I do not know how the mute carry on a dialogue, but there seems to be no understanding whatsoever—there is a disbelief—that the National Energy Program as set down in the House in October of 1980 has so far succeeded in driving Canadian enterprise out of this country. The minister of Energy, Mines and Resources (Mr. Lalonde) just does not believe that. I do not know why he does not believe that because it has. Somehow he has managed to convince the "trained donkeys" behind him of his view of the degree to which that false budget, which was more properly called the "National Energy Program, of October of 1980" has, in effect, destroyed a great part of the industry in Canada.

I heard expressions of hope from the hon. member for Thunder Bay-Nipigon (Mr. Masters). We must exist only on hope. We cannot survive on the basis of the legislation which is being brought before us. All we have left is hope.

This legislation basically boils down to the question of Canadian ownership. I think that is the main thrust. But I wonder if it is. When the Liberal Party says "Canadian" and "Canadian ownership", it somehow feels that ownership through the government is the same thing as Canadian ownership. Perhaps that is our problem. I do not believe that. I believe that Canadian ownership is ownership by Canadians individually, not through their government. Hon. members opposite have talked themselves into believing that when they say "Canada" and "Canadians" they are the spokesmen for Canadians. On a majority basis they are spokesmen here, I agree, but let hon. members opposite not carry this to the point where when they say "Canadian ownership" they mean ownership by the Canadian government. That is what they intend to do through Crown corporations.

Earlier this week we dealt with one of the eight energy bills which is designed to authorize the Minister of Energy, Mines and Resources to create as many Crown corporations in the energy field as he wishes. Presumably that will Canadianize something. It will not; it will "governmentalize", it will nationalize, but it will not encourage Canadians to invest in the energy field. We are being required to invest in Canadian enterprise through the tax system.

When the hon. member for Algoma (Mr. Foster) spoke, he said Canadian ownership could be encouraged by providing an investment climate in Canada which would induce Canadians to invest in this country. I do not believe this bill will create that kind of climate. I suppose there is a basic difference in philosophy between hon. members opposite and hon. members on this side of the House—this side to a certain point only, excluding the NDP.

The example of White Farm Equipment Company comes to my mind. White Farm Equipment Company was operating in Canada, and it got into difficulties. As a result of an application by the parent company—I think it was a 49-51 per cent proposition, the 49 per cent still being held by the parent company in Texas or somewhere in the United States—FIRA authorized the American parent to take over the White Farm Equipment Company of Canada, which manufactures not just trucks but farm implements as well. Why would an American company take on a bankrupt Canadian company? I think the answer is pretty obvious. The investment climate for Canadians to invest in Canadian companies is not nearly as good as the investment climate in Canada for Americans to invest in Canadian enterprise. That is the whole problem, and hon. members opposite consider that they are "Canadianizing" our petroleum enterprise when, in fact, they are destroying the incentive for Canadians to invest in their own country.

I have mentioned it before, and I will mention it again: whatever surpluses I have to invest I invest in Canada, and I have run into some pretty serious losses in the last couple of years as a result of the policies of this government.

Mr. Deans: That is why you are so bitter personally.

Mr. Munro (Esquimalt-Saanich): I am not bitter. I am proud to have invested in Canada, but the decision to do so has been mine. That investment was not made through taxation. That is where the crazy notions come in. Why should we be required to invest in things that they choose? Why should I not have that freedom of choice? That is where the philosophical difference is, and it is high time the Canadian people realized it. In Liberal eyes Canadian ownership means government ownership; in the eyes of the Progressive Conservative Party it is ownership by Canadians through individual decisions.

• (1540)

I was speaking of taxes. We are having trouble in the extracting industries, as I think the hon. member for Algoma and the hon. member for Thunder Bay-Nipigon would be aware. However, there is one extracting industry which is flourishing, that is the Department of National Revenue, the greatest extracting industry in Canada. It extracts more money from Canadians now than it has ever done in the past, in order to create what this government claims to be a Canadianization policy. A governmentalization policy is the best name for it because that is what it is.

If it were not so disastrous and distressing one would have to admire the ingenuity with which this government's public servants can devise means of sopping up through taxation every single pool of potential investment in Canada and discouraging individual investment decisions. It is destroying the Canadian ethos. I think of my mother and father who decided before the turn of the century to head west, one from Ontario and one from Nova Scotia. I still think of that trip in about 1890 when they went by train from Truro, I guess it was—because I am sure it did not stop at Stewiacke—to High Bluff, Manitoba. They went by their own decision to open up

this country, and how many are doing that today? Unfortunately, not too many.

The public servants I mentioned, who are so intent on sopping up everthing they can by way of taxes, are motivated of course by one thing, the high burden of debt this country is faced with, which was created by that side over the past 13 or 14 years. We celebrated 14 years of debt earlier this week. They are also motivated, I suggest, by the principle of socialism, in total disregard of the experience anyone can see with their eyes half open. It is beyond the doubt of any reasonable person that governments are not fitted to run industry as efficiently as the private sector which has other motivations. The comfortable security of state employment is enough to deaden initiative and incentive for all time, and it causes the public interest to be disregarded in an enterprise-oriented role.

Public servants have a role to play, I do not question that. It is a matter of service to the public. But they are not, by training or the nature of their jobs, capable of making the same sort of decisions about running an enterprise that the private sector is.

Mr. Deans: How about Chrysler, Massey-Ferguson and a few others?

Mr. Munro (Esquimalt-Saanich): The public service by its nature and makeup is just not equipped to be entrepreneurial, particularly when management is loaded with political appointees. And I can think of a lot of them. That role properly belongs to the private sector.

I hope, Mr. Speaker, that I have not been over-dramatizing the situation. But, unfortunately, the drama and tragedy of Canada is there for all to see. This government, in its economic, constitutional and other policies, seems bent on destroying this country, for reasons which I am at a loss to understand. It is sad to have to make that comment but I am forced to because, as I look back over just the last nine and a half years in which I have been in the House, I have seen Canada's unity, its potential being, shattered and lying there in front of us.

Last Saturday should have been a day of rejoicing, and it was because the Queen was here. It was not a day of rejoicing, let us be honest, because the Constitution was here. I think everyone, if they are honest with themselves, is prepared to admit that. I was delighted the Queen was here, but what changes did she bring with the Constitution? It should have been a day of rejoicing, but that feeling is tempered by the problems created by this government through its confrontational approach to every problem, economic, linguistic or others, and this in a federal union. It is not only nonsense, it is disastrous, sad and disgraceful.

On Wednesday of this week, Mr. Speaker, we gave second reading to a bill which would permit Canadian corporations to expropriate from non-Canadians, and which entitles them to apply for and obtain special concessions from the federal government such as write-offs, subsidies, loans and licences, which would be denied to those corporations who do not meet the requirements of Canadian ownership. I listened to that debate on Wednesday and heard some members on the other side say this will encourage foreign investment. That, Mr. Speaker, defies human logic. Why should any non-Canadian risk his money in an enterprise in Canada when he is faced with, not the likelihood or the possibility, but the certainty of having that investment taken away from him without any say in it whatsoever? I cannot imagine anything more calculated to destroy the desire of foreign investors to invest in this country. And these trained donkeys over there all voted for it.

Mr. MacBain: Well, we are not horses' asses like you are.

• (1550)

Mr. Munro (Esquimalt-Saanich): As I have said, I cannot imagine any non-Canadian investing in Canada with such a provision on the statute books. If non-Canadian investment is being deliberately discouraged, from what source is the investment to come? That was not a very smart comment the hon. member just made, was it?

Mr. MacBain: I would not have said it if it were not true.

Mr. Munro (Esquimalt-Saanich): We have heard there is no sufficient private investment in Canada to fill the void. I have asked myself for a number of years since being in the House, and for a number of years before that, whether there has been any real encouragement to Canadians to invest in Canada. The fiscal climate is just not geared that way. It is geared to collect money from Canadians so that the Canadian government can do the investing for them. That is what this government calls Canadianization. But I do not. I do not think that is Canadianization at all. I think it is governmentalization, and that is wrong. It is a dead end. There is no light at the end of that tunnel at all.

Stemming from the fact that there is no proper encouragement for Canadians to invest in this country, there are two possible conclusions confronting us. Perhaps the government is planning to bleed Canadians through taxes so that it, the government, can do all our investing for us. That is, of course, a form of state socialism, so dear to the NDP but foreign to the real Canadian Liberalism of Laurier and St. Laurent. I do not understand how Liberalism came on such sad days. If that is not the explanation, is the government planning to drive foreign capital out of the country entirely and leave us as a resource rich country, which is not going to be developed, for some non-Canadian predatory power? Those are pretty extreme conclusions to have to reach. We could become the battleground of the latter half of the twentieth century for those who want the resources we have, which we have so badly abused, and which we have failed to encourage Canadians to reap and harvest.

What sort of real full-blooded Canadianism is this? It is not my vision of Canada, nor, as I suggested in my comments a little earlier, was it the vision of my mother and father when they went out west. Where has Canada's individual initiative gone? I suggest that it is being sapped by this government's attempts, very successful I have to admit, to cause citizens to look to government for all things; womb to tomb, if you like. It

is the great Robin Hood. The Liberals are robbing and they are a bunch of hoods, there is no doubt about that. But it is not the Robin Hood of history in any proper sense.

The government has created a brand of Canadians who seem to think that whenever they are in distress or have a little problem they have to rely on government. The government has encouraged that and thereby it has robbed Canadians of their initiative. Is this being done deliberately? Do not ask me. Is it malicious, or is it just downright stupidity? I wonder if it is MacEachenomics? It could be. One thing certain is that Canada is being taxed out of its patrimony. Canada will end up without its patrimony. I wonder what sort of country it will be when that happens.

A few other elements of our problem need to be underlined. There was a time when Canadians were taxed legally by parliamentary decision. That used to happen. In this bill, as we shall discover, we are being asked to cede—and no doubt the donkeys will assemble in sufficient numbers to grant the cession—

An hon. Member: That is not right.

Mr. Munro (Esquimalt-Saanich): It was the Prime Minister (Mr. Trudeau) who used the language. We are being asked to cede to the minister of energy in conjunction with the Minister of Finance (Mr. MacEachen) the decision on how taxes will be levied.

My recollection of the constitutional history of this institution, in which fortunately we can still speak freely, is that there were a number of monarchs or heads of state who decided to levy taxes on their own without consulting Parliament. In fact, it was that proclivity on the part of a number of British monarchs which brought this institution into being to be sure there were constraints placed on the monarch, that he would act within those constraints and that Parliament would determine what they were, would vote the money to the monarch and he could then do what he wanted.

Now we are seeing a reversal of that. I do hope, Mr. Speaker—because you will be out of a job—that this does not mean the end of Parliament. What we are doing is giving two ministers the power to increase taxes, and that is wrong. This bill also will make legal what has been collected illegally for over two years. The retroactive elements of this bill are really quite impressive. I do not know whether the people in the gallery are aware that they have been paying taxes for which there is no legal statute to entitle the government to collect those taxes, but they are paying them nonetheless. So am I, so is everyone here and so is every Canadian paying them, not only at the gas pump but when paying for fuel oil for furnaces. These taxes have been imposed for over two years. They will now, if this bill passes, become legal.

Finally, the unit that was once taxed—and I think this is supposed to introduce an element of confusion, and it does—namely, the $8 a barrel is now to become taxed on the cubic metre. I still have not worked out just how many barrels there are in a cubic metre or vice versa, but I gather there are more barrels than cubic metres than vice versa.

Miss Nicholson: It is 0.1637.

Mr. Munro (Esquimalt-Saanich): It is 0.1637? I had better make a note of that because I will need it one day if we go into this business. But the tax limit on a barrel which was $8 will become $350 on the cubic metre. Let us not get too excited about that because it means the tax level will be about $55, up from $8. That is only eight times more than the current tax. I guess we need not worry too much.

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

The Acting Speaker (Mr. Blaker): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions, public bills, private bills.

• (1600)

PRIVATE MEMBERS' MOTIONS

[*English*]

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

PROPOSAL FOR REVIEWS OF EXTERNAL, DEFENCE AND AID POLICIES

Miss Pauline Jewett (New Westminster-Coquitlam)

That, in the opinion of this House, a full parliamentary review should be undertaken of Canada's external, defence and aid policies to redefine Canada's objectives in these areas.

She said: Mr. Speaker, as you have just said, this motion calls for a full parliamentary review of Canada's external, defence and aid policies in order to redefine Canada's objectives in these areas. Since this motion was first proposed almost two years ago today, there have been several parliamentary reviews in specific areas of foreign and defence policy. There was the parliamentary subcommittee engaged in preparations for the conference on security and co-operation in Europe. There was the parliamentary full committee discussing Canada's relationships with the United States under the NORAD agreement. There was the discussion by the committee of the Canadian Armed Forces Reserves and, of course, the very important task force on north-south relations. There is a more recent committee, which I am glad to say is still sitting, on Canada's relations with Latin America and the Caribbean. Another committee was terminated just a few days ago on security and disarmament in preparation for UNSSOD II. Other committees have also been active in defence and foreign affairs matters, such as Canadian trade relations with the United States. A very important report was made in that regard.

There is no question in my mind that many of these specific parliamentary inquiries have had some influence on government policy, particularly those reports which have forged new paths, developed new concepts, re-examined past practices and proposed different ones. I am thinking particularly of the interim report of the subcommittee on Canada's relations with

Latin America and the Caribbean. I am thinking of the full report of the Commons committee on security and disarmament, but of the minority report prepared by six members of the full committee. Also the north-south task force has had some effect upon the position of government in north-south relations. Particularly when the committees, subcommittees and task forces have differentiated themselves from the status quo and have looked at exciting new ways in which policy might be developed, they have been important and influential.

In another respect many of the specific parliamentary inquiries have been valuable because they have brought forth a host of Canadians as witnesses or as brief writers representing hundreds of thousands of Canadians and therefore have helped to increase Canadian interest, concern and involvement in international affairs. Canadians care a great deal that the Parliament of Canada should be involved and make recommendations to the government on these matters. When it looked the other day for a moment as if the Latin American committee would be sabotaged, the protest from the Canadian public was so vast that the committee's life was in fact restored and retained.

We could continue with specific parliamentary inquiries. In the last two years since I put forward this legislation, there have been more than half a dozen. We could have a specific inquiry on the Middle East. Canada's relations there are a very important matter. We could have a specific inquiry on CIDA, its objectives, how well they are being carried out, and whether they should be defined differently. We could have a specific parliamentary inquiry on the structure and operations of the Department of External Affairs. I am sure many of my colleagues and friends in the other parties feel as I do, that we still need a comprehensive parliamentary inquiry to thoroughly examine Canada's role in the world. We have not had a real study of Canadian external policy embracing defence and development policies for approximately a dozen years. A foreign poicy for Canadians came out more that a dozen years ago. Since then there has not been any comprehensive government or parliamentary inquiry.

Mr. Munro (Esquimalt-Saanich): The last one was in 1968.

Miss Jewett: Yes, the last one was in 1968. Many people such as George Ignatieff, Walter Gordon and others, have suggested a royal commission. Perhaps the matter has reached such a degree of uncertainty about our foreign policy that we should have a royal commission. There are many good things to be said for it, but if we had a parliamentary inquiry with the power to travel across the country and to examine any aspects of Canadian foreign affairs, it might do as well.

There has been no effective leadership from the government in the field of foreign affairs in the last decade. I can think of only one example where Canada played an active leadership role, although it turned out to be only rhetoric, and that is at the United Nations Special Session on Disarmament in 1978 when the Prime Minister (Mr. Trudeau) spelled out his policy of nuclear suffocation. Professor M. J. Tucker said at York University in February of this year at a conference on Canada and UNSSOD II:

> The strategy itself seemed to hold out hope that something could be done in a tangible way about the nuclear arms race in all its dimensions, while the prime ministerial presence at the special session seemed to suggest that Canada would be actively involved in this process.

Rather than Canada being actively involved in this process, Canada has said and done almost completely contradictory things. The Prime Minister, the Secretary for External Affairs (Mr. MacGuigan) and the Minister of National Defence (Mr. Lamontagne) have agreed on one matter. They have said, and indeed even boasted about the fact, that Canada is the only power which could have developed nuclear arms and did not. Canada has now said that it will no longer have nuclear arms on its land and the new fighter aircraft will not be nuclear equipped. They have made a great deal of the fact that Canada has insisted upon there being no nuclear role for Canadian forces in Europe. In other words, they have proudly said time and time again that Canada is non-nuclear. On the other hand, they have found no inconsistency whatsoever in Canada being involved in the creation of the guidance system for the new Cruise missile. It has given substantial grants to Litten Industries, for example, which is helping in the manufacture of the guidance system for the Cruise missile.

• (1610)

More recently, the government says that it has found no inconsistency in Canada's secretly agreeing, as we have now learned, to flight-test the air-launch Cruise missile over Canadian soil.

When we asked the Prime Minister approximately a year ago if he would make any statment on whether or not the neutron bomb should be deployed in Europe, he said that he did not have a position and that it was a matter for the Europeans to decide upon. Not only has Canada contradicted the strategy of nuclear suffocation or its spirit, it has, perhaps even more seriously, contradicted the spirit and, I believe, the letter of its own non-nuclear weapon status.

I cannot understand how the government can state that we are proud of the fact that we will not have nuclear arms on our soil, not equip our forces with nuclear arms or equip our aircraft with nuclear arms but will gladly equip every one else. I am not the only one who viewed that as illogical reasoning behind its policy. The consultative committee on disarmament, meeting with the ambassador for disarmament, recently shared much the same view.

When a number of Europeans declare that they do not want nuclear weapons on their soil, the government scoffs at them. The government scoffs at the peace movement in Europe and claims that that movement is making unilateral decisions, as if the government itself did not make them. The government scoffs at the Kennedy-Hatfield proposals in the United States and calls them unilateralist.

The government's position on the nuclear arms position, or lack of position, is so baffling that six of us who are on the Standing Committee on External Affairs and National

Defence felt obliged to issue a minority report. Not only does a lack of leadership and follow-through on the part of the Canadian government become apparent in this area, it is evident in many other areas as well. There are some unbelievable contradictions in government policy. Government policy can differ, depending on whether you listen to the Prime Minister or the Secretary of State for External Affairs, as was evidenced by the Canadian responses to the imposition of martial law in Poland. Its policy with respect to that crisis was vacillating and unpopular.

Another example is Canada's position on El Salvador. Its policy was ill-informed and misjudged. The Secretary of State for External Affairs said on June 17, 1980, at the hearings of the Standing Committee on External Affairs and National Defence that:

—Central America is not an area of particular concentration of interest for us.

Last year in the House he said:

—it should be remembered that historically Canada has not had strong or important links with El Salvador. It is a country near our part of the world but hardly a neighbour.

In this same speech given by the Secretary of State for External Affairs, he said:

In light of the full circumstances, therefore, as we see them, we are prepared to contest the U.S. policy of military aid but not to protest it; we are prepared to pronounce on it but not to denouce it; we are prepared to criticize it but not to condemn it.

A senior Canadian diplomat abroad reported to me during that period that it was extremely difficult to be a diplomat and had been for some time. The reason for this is that there is no clear foreign policy direction coming from Ottawa with no clear goals and objectives to our foreign policy. There is no leadership within the foreign policy sector in Canada and no leadership displayed by Canada in the international community.

Canada could even have played a role in the Anglo-Argentinian dispute, a role which it has often played in the past, that of mediator. I was interested to read in the *Toronto Star* that Ottawa declined an opportunity to mediate in the crisis and kept quiet about that opportunity. The *Toronto Star* report, dated April 18, 1982, stated that it emerged from Washington last week, though it went unnoticed and apparently unrecorded, that Ottawa ignored a United States request to help in the mediation. Right at the start of the crisis, according to reports from Washington, U.S. officials had asked Canada to consider how it might serve an intermediary role. Canada apparently refused this request.

Another area where we thought Canada wished to play a creative role involving taking strong diplomatic stands on some occasions and playing the more traditional mediating role on others, concerns the matter of foreign aid and development programs. Aside from the fact that the amount of Canadian aid is less than 0.5 per cent of our gross national product, the quality and direction of aid must be seriously examined. A proposition of our aid which is tied to Canadian goods and services is still too high. Some 80 per cent of all CIDA bilateral dispersements are tied. In other words, 80 per cent of the money spent on bilateral aid never goes overseas. It is spent here in Canada for Canadian aid to Canadian industry. I admit that Canadian industry does need help during these times, but why is it budgeted as foreign aid? Furthermore, the goods and services provided are often of questionable value to the cultures and economies of developing countries. If these goods and services are useful, they could often be purchased much cheaper from other developing countries.

I could proceed to question the government's policies on the voting of aid funds through multilateral development banks to regimes with the most serious human rights violations. What I want to stress is that the House has never had the opportunity to discuss the terms of reference for CIDA. It is questionable whether or not CIDA has any clear terms of reference regarding development assistance, other than those set by itself or the minister. It needs a very thorough review. This should be embraced in an important aspect of the total parliamentary review which I am requesting and that many of Canada's senior officials in the various departments we are talking about are quietly requesting. This was revealed in Miss McDougall's report.

I will conclude by pleading with other members in the House that in the absence of clear direction from the government in the presence of a multitude of contradictions, some of which I have illustrated, we must have a comprehensive study by a special committee of the Standing Committee on External Affairs and National Defence, which would have the authority to travel throughout Canada and have the time required to conduct a thorough investigation, in order to delineate more effectively where Canada's obligations now lie, what foreign policy interests are vital and what Canada's role in the international community should be.

• (1620)

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I would like to take this opportunity to review some of the current policies which are of importance to Canadians. Some of these issues have been touched, others have not. Canada's foreign policy has been relatively constant. The goals set out in the foreign policy review of 1970 continue to reflect the aspirations of Canadians. Those goals are the fostering of economic growth, safeguarding sovereignty and independence, working for peace and security, promoting social justice, enhancing the quality of life, and ensuring harmonious natural environment. These goals present continuity in Canadian foreign policy.

While the strategies of attaining these goals may change according to the environment, these goals themselves remain unchanged. There must be a constant process of foreign policy adjustment to meet changing conditions in the world, but this does not require an ad hoc, fundamental review from time to time of foreign policy goals or objectives.

Canada's foreign policy has been characterized by promotion of international co-operation and the building of international institutions. We are a middle power, not a major power, and we can only operate by co-operation. This has been the

hallmark of Canadian foreign policy since the Second World War.

Canada is dependent on a world of co-operation and openness. The fact is that without this international co-operation and stability, Canada's options for a diversified set of relationships and the ability to conduct a global foreign policy become very narrow, if not so minimal as to be almost non-existent. I would like to deal with some of these current foreign policy issues, and I would say that none of these issues can be resolved without international co-operation.

I would first like to refer to the disarmament and arms control, because this is an issue of vital importance to all Canadians. I would like to begin by reminding the House that Canada's security policy has three complementary thrusts. First, we seek deterrence of war through collective security arrangements of NATO and NORAD. Second, Canada is involved in promoting efforts to achieve equitable and verifiable arms control and disarmament agreements. Third, Canada seeks to support the peaceful settlement of disputes and collective efforts to resolve underlying economic and social issues of international attention. These three goals are clear and unequivocal.

The government remains fully committed to the pursuit of equitable arms control and disarmament measures. The government has advocated and will continue to advocate the negotiation of agreements between the two major nuclear powers to achieve balanced limitations and the reduction of nuclear weapons consistent with common security. This would include binding and verifiable agreements in accordance with the strategy of suffocation put forward by the Prime Minister (Mr. Trudeau) at the United Nations' First Special Session on Disarmament in 1978. The government does not favour a policy of unilateral restraints on the development and deployment of the weaponry of our allies. The strategy of suffocation was never intended to promote self-strangulation.

We attach a great deal of importance to disarmanent and arms control measures. The arms spiral must be broken, and this must begin by meaningful negotiations between the U.S.A. and the U.S.S.R. The government will take every opportunity to reaffirm the importance it attaches to the continuation of the negotiation process between the U.S.A. and the U.S.S.R.—

Mr. Deans: Do you feel abandoned?

Mr. Irwin: —and to the realization of a verifiable, comprehensive test-ban treaty. These priorities, together with assisting in the preparation of a conventional ban on chemical weapons and the promotion of the evolution of an effective non-proliferation regime, will guide Canadian preparations for the second United Nations Special Session on Disarmament in which Canada intends to take an active part.

In the 1980s, we must look for new ways of dealing with tension and threats to peace through new forms of consultation and crisis management, including ways of dealing with regional crises.

Mr. Speaker, it is Friday afternoon, and most hon. members have gone home. It is unfortunate.

Miss Jewett: You are all alone, Ron.

Mr. Irwin: What has happened in the world in the last ten years has been a tragedy of the first order. We can be proud of certain things. Barney Danson, a former minister of national defence, pointed them out in an article in *Maclean's* magazine. He said that Canada was the first NATO country to relinquish its nuclear capability. He said that we virtually invented peacekeeping, we have contributed heavily to it, and that we spend less of our GNP, 1.7 per cent, on defence than any western alliance except for Luxembourg. We have the most stringent safeguards on the export of armaments and on nuclear power plants, and we have the safest nuclear power plants. But what has happened in this decade? One cannot turn one's eyes away from it. I notice that the NDP is renowned for turning its eyes away and taking specific positions. I do not know if it is for NATO or against NATO, or whether it changes from Wednesday to Wednesday. I really do not know. I hear their party leader saying one thing and I hear their members saying another thing, much like during the debate on the Constitution. I remember they had one seat and the issue was God. They sent one hon. member to support God, one hon. member to speak against God, and the third hon. member to vote on the same issue. It is much the same as what has happened here.

The reality of the world in the last decade is that there has been a Soviet arms buildup. The situation in Afghanistan has occurred. The situation in Poland has occurred. SALT II is now ratified. Our armed forces had been drastically reduced. The situation in Iraq has occurred. Why do we get into nuclear arms? It is because it is cheaper to get into nuclear than conventional arms. Since 1945, there have been 130 wars and 25 million people have died. Isn't that something? We have spoken about World War II and World War I, but there have been 130 wars and 25 million dead. I just recently saw the results of evidence which came from the parliamentary committee mentioned by the hon. member. Even though there are now six countries in the world which have the capability of making a nuclear device, within a decade there will be 44 countries which have that ability. It staggers the imagination. The parliamentary committee did a great service. I think most of its members were more active than I was on that committee, but I must say that the committee did a great service in hearing the evidence, the pros and the cons, and in coming out with balanced and reasonable suggestions. I really do not argue with the suggestions in the minority report because I know that they came from the heart. None of us want what is happening in this world to continue. In the past decade, we have spent $4 million millions on the military. When my secretary typed out my notes, she thought it was a misspelling and only typed in the first million. No one had ever seen $4 million millions, but that is how much we have spent. What are 500,000 of our scientists, 40 per cent of our scientists in the world, doing? They are carrying out R and D for the military.

In 1980, the U.S.A. launched 14 satellites and 89 were launched by the Soviets. What are they doing up there? Forty per cent of these satellites are taking reconnaissance photography. That is ridiculous in the world that we live in. Since 1945, there have been 1,271 nuclear explosions. Who uses up most of the metals and oils in the world? It is the military. Current military spending in the world is $500 million. Anyone who knows anything about spending knows how much is being spent in the world by the military. At the same time we have this going on, 154 countries cannot grow enough food to feed their people. There are 9 million people in the world who cannot buy firewood. The trees we have now are scarce. By the year 2000, half of those will be gone.

• (1630)

In Haiti, one in four children dies before the age of four. This U.N. definition of "absolute poverty" blows the mind. According to that definition, 800 million people in this world live in absolute poverty. Four out of ten children complete more than three years of primary school. Of each ten children born, two die within a year, another dies before five and only five survive to 40, yet around the world we continue to spend $500 million per decade, and that is rising.

I was preparing my notes because I did not know the approach which the hon. member would take. I got to the end of one report, which I think most members have read, and it gives some comparison. Numbers do not mean much if you are not in the military. Megatons or warheads do not mean much, but Hiroshima has some meaning. We have some idea of the size of Hiroshima.

John Gellner, the editor of *Canadian Defence Quarterly*, estimates that the United States now has 9,500 warheads, which means nothing, equal to 3,500 megatons, which means nothing, which is equal to 200,000 Hiroshima bombs. I repeat that, 200,000 Hiroshima bombs. The U.S.S.R. has 8,000 warheads, which means nothing, equal to 7,800 megatons, which means nothing, equal to 430,000 Hiroshima bombs. Even France, which I had not thought of as a major nuclear power, has 4,700 Hiroshima bombs.

Mr. Deans: It's scary. When you stop to think about it, it is stupid, isn't it?

Mr. Irwin: I agree with the hon. member. It is scary and stupid. I agree with what Mr. Danson says. He says we have much to be proud of as Canadians. I apologize for nothing, as far as our aims are concerned. But the hon. member is absolutely right. This debate, this House and this country mean nothing unless we come to grips with the problem of disarmament in this world.

I will end with this bulletin. It was very significant to me. I will not change a word. It is from the February 1980 *Disarmament Bulletin*. It reads:

> The world's military budget equals the annual income of 1,800,000,000 people in the 36 poorest nations.
>
> In two days the world spends on arms the equivalent of a year's budget for the United Nations and its specialized agencies.
>
> The developed nations spend 20 times more for their military programs than for economic assistance to the poorer countries.
>
> The developing nations import arms at the rate of more than $6 billion a year.
>
> The U.S. and U.S.S.R. together account for 60 per cent of the world's military expenditures and for 75 per cent of the world's arms trade; they have more military force than all other nations combined.
>
> Although first in military strength, the superpowers rank lower than many other nations in indicators of social well-being.
>
> World military expenditures average $14,800 per soldier; public expenditures for education $230 per school-age child.
>
> The cost of one Trident submarine equals the cost of a year's schooling for 16,000,000 children in developing countries.
>
> The $80 billion a year spent on arms procurement makes munitions one of the largest industries in the world.

I have to laugh when I see what is coming out of Sweden. At one time they were making grandiose statements. I had no idea of the great arms dealer Sweden has become.

Mr. Deans: Since the Tories took over.

Mr. Irwin: I say to the hon. member, it has nothing to do with socialism. It has much to do with profit and greed. I continue the quote:

> Military and space research together get more public research funds than all social needs combined.
>
> The cost of the existing stockpile of weapons in the world is estimated at more than twice the value of the capital stock of all manufacturing industry in the United States.

Quite frankly, I do not accept what the hon. member says about laying down everything we have because there is not much more we can lay down in Canada. The last I saw, the natural resources of Ontario involved a larger amount than the budget of the navy and air force of Canada. We do not have that much left to lay down, but I accept the hon. member's sentiment. Her sentiment is one that has to prevail in the world or there will be no more world. We cannot talk of nations anymore. With all that devastating fire power, it cannot be nation A against nation B or nations A and B against nation C. Dag Hammarskjold said correctly in 1955 at Stanford University:

> The question is not either the nation or the world it is, rather, how to serve the world by service to our nation and how to serve the nation by service to the world.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, the parliamentary secretary started off well. However, he got lost in the field of nuclear or molecular and came up with all sorts of horror stories. I did not quite know where he was going. Perhaps he was just filling in time.

I take seriously the proposition put forward by the hon. member for New Westminster-Coquitlam (Miss Jewett). As she said, the motion has been on the Order Paper for almost two years. I am not clear in my mind, but I think she leaned toward the notion of a special subcommittee of the Standing Committee on External Affairs and National Defence or perhaps a special committee, maybe joint with the other place, although probably not, coming as it did from her. I suppose she may want a travelling circus driving across Canada.

She has not given full credit to some of the institutions in Canada which provide a forum for the discussion of matters of foreign policy, defence and foreign aid policies, mainly the Canadian Institute of International Affairs from which we hear from time to time. I hope all members of the standing committee are members of that institute.

Parliamentary debate would not do. I suspect there would be barely time in the period allotted to an opposition party to have a parliamentary debate on the matter in one day. Even a long day is not enough. My impression is that the Prime Minister (Mr. Trudeau) would be rather opposed to this because it encroaches upon the area in which he feels he is the expert. He claims to have been the expert for the 14 years plus a few days.

I recall vividly the creation of a special foreign policy division within the prime ministerial office very shortly after he assumed that office. It gradually destroyed any creative initiative. It adversely affected the creative initiative of the foreign service then in place. It was not only on foreign policy matters. He cast off the members of the Department of External Affairs by saying "I can read a much better account in *The New York Times* the next day. Why do we send these people abroad?" I think he was doing one of the great members of the Canadian Public Service a great disservice. This also happened in CIDA. I could tell some horror stories of CIDA when it set out to operate on its own in complete disregard of the local representatives of Canada. It was in my experience, and I am sure it happened in the experience of others.

• (1640)

We now get into the other areas mentioned by the hon. member for New Westminster-Coquitlam. She got into the area of disarmament and security. She avoided the term "security" and insisted on the word "disarmament".

Miss Jewett: No, I mentioned security, too, in the minority report.

Mr. Munro (Esquimalt-Saanich): The minority report which she and a number of others decided to issue was admittedly given greater attention in the press than the principal report. But that was simply because it was a minority report, not because of its content but because some members ventured to differ from the majority. That was a report on disarmament and security, with a certain amount of emphasis on security.

We were talking about the cost of a Trident submarine perhaps enabling 16 million children to be educated in a year. Has it ever occurred to you that perhaps a Trident submarine is just making it possible for 16 million children to be educated? It is just possible that in the absence of that submarine these 16 million children would not be educated in the manner in which we would like.

Let us balance this. I am glad the parliamentary secretary mentioned that we are a middle power. Some of us develop grandiose notions about the influence we as Canadians have on the international scene. When we go abroad on holidays or on missions and are greeted as great Canadians, that is because we do not have an axe to grind. We interpret that as meaning that they think we are great, influential people who can help them. That is a misleading interpretation of the obvious welcome which foreigners have for us. We do not have the clout. Let us face it and be modest about it. Let us not get a swelled head about our influence in the foreign field. With a good foreign service we should be in a position to inform the government as to what is developing in foreign countries. It has been asked why Canada did not engage in an intermediary role. How do you "intermediarize" in a situation where there is a declared aggressor who takes over someone else's territory? It is difficult to take part, because they end up in positions from which it is difficult to back down, particularly when they are in a rather delicate position at home as the Argentinians are.

Canada may have some influence in certain areas, due to the impact which certain indviduals have in particular areas such as in the Law of the Sea discussions through the influence of the Canadian delegation there. However, that should not be carried over into the whole international community with the notion that Canada is the great middleman, the fixer for all international crises. We were not very effective in doing anything about Afghanistan and we have not been able to do much about the Argentine, either.

We should have a more thorough examination than the estimates permit, in the field of external affairs, in these particular matters. For example, I tried to get the McDougall report referred to that committee so that we might examine it. The aid program is another subject which could be looked at carefully in that standing committee. We have already looked at the reserve situation on the defence side and on disrmament and security.

On external affairs generally, I feel the committee as it exists today is useless. No one even listens. We take the opportunity to ask questions of the minister in a very scattered fashion. The committee needs to be restructured, and that may be what is at the back of the hon. member's suggestion. Then what they decide will have a bearing on government policy. As committees are structured now, they have none. I can testify to that over ten years of experience in this House.

Some hon. Members: Hear, hear!

Miss Jewett: That is not true of the Latin-American subcommittee.

Mr. Deans: More parliamentary reform!

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, it is important to inject into this debate some real facts of life about NATO and the very difficult international circumstances with which NATO is faced at the present time. The members of NATO have their own internal problems as well.

It is fair to say that in spite of all the talk, nothing has been done. Every effort has been made by the North Atlantic Assembly, the members of parliament from 15 countries who meet twice a year to try to promote disarmament and at the same time maintain security. That may seem like a two-edged sword, but it really is not. If you do not maintain security you have absolutely no bargaining power to carry out disarmanent. That is a key point which must be remembered in this debate.

With regard to nuclear force, modernization and arms control, the issue in 1979 was simply to meet the Soviet threats which had then emerged. NATO embarked on a program to modernize the nuclear forces assigned to the alliance in Europe. We have heard a lot about those forces in Europe and the forces among the population that have been opposing nuclear force.

I heard an excellent speaker on the podium in an address in Munich. It was a military person who said that many people think that the military are out to kill, to create war. He said that is absolutely not the intention of the military, because they would be the first persons in the firing line. He said he was wearing that uniform in order to retain peace in the world through a balance of power, so that foreign relations in various countries would have some bargaining power. He said that the military community was the last one that would want to go to war. He did not like being called a warmonger.

• (1650)

I think it is very important that the views of Canadian armed forces personnel or personnel of any other force within the NATO alliance be represented clearly in this debate. They are peacemakers. The Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Irwin) has just stated that there has been a number of skirmishes since 1945, but in all fairness I think it must also be said that major forces to retain peace in the world since 1945 have been the United Nations and, certainly, NATO.

After two years of study of nuclear rearmament in Europe, on December 12, 1979, NATO decided to proceed with a program to modernize the United States theatre nuclear forces assigned to the alliance in Europe, in part to counter the massive and continuing build-up of new Soviet theatre nuclear forces. The Soviet program involves principally the mobile, triple-warhead SS-20 missile of which at least 250—with a total of 750 warheads—are now operationally deployed. There have been many more since the paper to which I am referring was written. The Russian program is continuing at the rate of more than one new missile each week. The NATO program envisages the deployment, beginning in late 1983 at the earliest, of 108 Pershing 2 missiles, replacing—not adding to—an equal number of old Pershing 1 missiles now deployed in Germany, and the introduction of 464 ground-launched Cruise missiles in Britain, Germany, Belgium, the Netherlands and Italy. For each new nuclear warhead thus introduced an old one will be withdrawn, so that there will be no increase in the NATO stockpile. This is contrary to much of the thinking today.

When deciding to proceed with this program, NATO simultaneously decided to offer to engage the Soviet Union in arms control negotiations to limit the number of these new weapons on both sides. Here again I want to emphasize the role of NATO in pursuing the aim of getting the major nuclear powers in the world to sit down and talk common sense about the future of humanity, therefore playing a peaceful role rather than that of some great enemy to the public out there trying to create military problems in the world. NATO is there to solve those problems. This was a sincere and reasonable proposal NATO put forward, particularly given the fact that none of the projected new NATO weapons would become available for at least three years. Nevertheless, what did the Soviet Union say? The Soviet Union rejected the offer to sit down for consultations, maintaining that the NATO decision had "destroyed the basis for negotiations". NATO was not going to start replacing its old nuclear weapons until 1983, but the Soviets are going ahead with more than one new SS-20 triple-warhead missile per week. The Russians were saying that they would negotiate if NATO cancelled, or at least suspended, its program. Where would it place NATO if it suspended its program or delayed it altogether for five years or so while at the same time the Warsaw Pact is going ahead and continuing to rearm every week which goes by? NATO would be losing negotiating power because there would no longer be a balance of power to carry on any sensible discussions.

The final result of it all was an announcement following in Haig-Gromyko meeting in New York in September of 1981 which confirmed that the U.S.A. and the Soviet Union agreed to begin theatre nuclear force arms control talks on November 30 last year in Geneva. We now hope those talks will get underway again and continue.

In the few minutes remaining I want to say a few words about our Canadian Department of National Defence. The motion before the House calls for a full parliamentary review of Canada's external, defence and aid policies to redefine Canada's objectives in these areas. I will speak about the defence aspects of the motion.

Canada's defence objectives, like its foreign policy objectives, have been remarkably constant over the past several decades. The principal defence objectives can be simply stated as, first, the prevention of nuclear war; second, the deterring of any conflict which might lead to nuclear war; and, third, the protection of Canadian national interests.

These objectives are as valid today as they were ten years ago, and the government sees no need to review or redefine them at this time. While these objectives have not changed and are unlikely to need change in the foreseeable future, the policies adopted by the government to meet these objectives have been, and must continue to be, dynamic in nature to respond to changing threats, circumstances and priorities.

The protection of Canadian interests and all that implies for the safeguarding of our constitutional process, the protection of our territory and our right to exercise jurisdiction and our ability to enforce our laws is an objective which must be met by Canada alone. We cannot, however—nor can any other

single nation in the world—achieve the objectives of preventing nuclear war and deterring conflicts which might lead to such a war strictly on our own. It has to be in co-operation with others. Nor can Canada, given its geographic position between the United States and the Soviet Union and its external interests, prudently follow a neutral or non-aligned foreign policy. Let us not kid ourselves; if there were a nuclear war between the United States and Russia, where would Canada sit geographically?

Mr. Deans: Right where the bombs drop.

Mr. Hopkins: We are right in between, so to worry about trying to persuade one of our neighbours not to test in Canada equipment—which has no nuclear weapons on it at all—is a poor way to carry on the kind of co-operation we must have within NATO and among NATO countries.

It is the view of the government that, given the economic and political constraints on a middle power such as Canada the only prudent course to achieve our defence objectives is to promote political reconciliation to ease the underlying causes of tension. We have done that with our peacekeeping missions, and the Canadian Armed Forces are well known as some of the finest diplomats we have sent abroad. We must work for equitable and verifiable arms control agreements. We have done that, we are still doing it and will continue to do it. And we must contribute to collective defence arrangements which will provide a system of stable mutual deterrence. Again I must say that without that deterrence we have no bargaining power to bring about any realistic discussions about the reduction of theatre nuclear forces in Warsaw Pact or among NATO nations. We must bargain from a position of strength, and that strength must come from a united group of NATO countries which must retain its strength so that the western powers are in a position to negotiate effectively with the Warsaw Pact to bring about future continued peace in the world.

The Acting Speaker (Mr. Blaker): The hour provided for the consideration of private members' business has now expired. Accordingly, this House stands adjourned until Monday at two o'clock, pursuant to Standing Order 2(1). Have a good weekend.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 26, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

METRIC CONVERSION

PROSECUTION OF BUSINESSMEN—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Liberal Government of Canada seems hell bent on bankrupting small business. First, we had the national energy policy, and then the November 12 budget. One small-business man is now being prosecuted—persecuted would be a more accurate word—and other prosecutions are in the offing, for advertising in imperial measurement, a language his clients understand. This is even more totalitarian than in Moscow where a business may advertise in any language and in any measurement. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House deplores such prosecutions based on laws passed by order in council and urges the government to straighten out its tangled priorities before the patience of the people reaches the breaking point.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

FALKLAND ISLANDS—RECAPTURE OF SOUTH GEORGIA BY BRITISH FORCES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, under the provisions of Standing Order 43 I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House convey to the British government an expression of our approval for the manner in which the Royal naval task force, including the Royal Marines, carried out their operation in South Georgia over the weekend with a minimum of bloodshed and casualties thereby restoring, at the least possible cost in human suffering, the situation in that area that existed prior to the Argentinian aggression in the South Atlantic.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

LOSS OF STATUS BY INDIAN WOMEN—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In the four years between 1976 and 1980, 1,810 Indian women lost their Indian status under Section 12(1)(b) of the Indian Act, which clause has been declared discriminatory by the United Nations Human Rights Commission.

Given that the Charter of Rights and Freedoms is designed to do away with such discriminatory legislation, but that the allowable period to effect such a change is another three years, I move, seconded by the hon. member for Peterborough (Mr. Domm):

That the government immediately introduce legislation to remove Section 12(1)(b) from the Indian Act, so that Canada will not suffer the shame for another three years of this abuse of the human rights of Indian women who marry non-Indians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Membeèrs: Agreed.

Some hon. Members: No.

* * *

FREEDOM OF INFORMATION

POSITION TAKEN BY CANADIAN BAR ASSOCIATION—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, this morning the Canadian Bar Association held a press conference at which it denounced the stalling of the government on freedom of information legislation and urged quick passage of this legislation, so essential for participatory democracy. In view of the fact that the paper prepared by the Canadian Bar Association lawyer, Murray Rankin, totally destroys the foundation of objections to the federal legislation, I move, pursuant to the provisions of Standing Order 43, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

S.O. 43

That the House commend the Canadian Bar Association for its outstanding efforts on behalf of all Canadians for effective freedom of information legislation and urge the government to stop stalling and pass this long overdue legislation, removing Crown privilege, and including the fundamental principle of independent judicial review.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSE OF COMMONS

BIRTHDAY CONGRATULATIONS TO SPEAKER OF HOUSE—MOTION UNDER S.O. 43

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Madam Speaker, under the provisions of Standing Order 43, I wish to ask the unanimous consent of the House to present a motion on an important and particularly pleasant subject.

Madam Speaker, we must confess that curiosity got the better of us and we found out that today our distinguished Speaker is celebrating her thirty-second birthday. I am sure that all hon. members will join me in offering you, Madam Speaker, our best wishes for health and happiness, and, in view of your sparkling youth, a large and happy family.

Madam Speaker: I can only thank the House for such thoughtfulness.

Some hon. Members: Hear, hear!

* * *

INDUSTRY

INCLUSION OF LEATHER SHOES IN GLOBAL IMPORT QUOTA—REQUEST FOR STATEMENT BY MINISTER—MOTION UNDER S.O. 43

Hon. Roch La Salle (Joliette): First of all, my very best wishes, Madam Speaker.

I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas three months ago, the Minister of Industry, Trade and Commerce agreed to re-examine the feasibility of reintegrating leather footwear within the global quota, and whereas the survival of the footwear industry depends on a positive reply by the minister, I move, seconded by the hon. member for Perth (Mr. Jarvis):

That the House unanimously invite the minister responsible to announce his decision this week, in order to put to rest the increasing anxiety of thousands of employees in the Canadian footwear industry.

Madam Speaker: Under the provisions of Standing Order 43, a motion of this kind requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE ECONOMY

GOVERNMENT RESPONSIBILITY FOR INTEREST RATES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, in view of the statement made by the Secretary of State (Mr. Regan) that in order to bring down high interest rates the Prime Minister (Mr. Trudeau) will try to persuade the President of the United States to ease up on interest rates, I move, pursuant to the provisions of Standing Order 43, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Government of Canada accept its own responsibilities and opportunities to fight high interest rates at home, that it stop blaming others, and that it stop putting on a show of the mouse twisting the elephant's tail.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, on the weekend, in Belleville, the Leader of the Liberal Party of Ontario, David Peterson, said:

The Prime Minister is a millstone around our necks.

Since the Ontario Liberal leader's brother sits in this House as the hon. member for Willowdale (Mr. Peterson) and his wife has a position in the Prime Minister's office, I am sure the following motion will receive unanimous support. I move, pursuant to the provisions of Standing Order 43, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Prime Minister assure this House that the Peterson family feud which affects him directly will not place in jeopardy the job of Heather Peterson in the Prime Minister's office or the leadership ambitions of her husband, the hon. member for Willowdale.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Kamloops-Shuswap.

• (1410)

ENERGY

GOVERNMENT INVESTMENT IN BRITISH COLUMBIA COAL DEVELOPMENT PROJECT—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, first of all I wish to extend my congratulation to you.

I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. As hon. members of the House are aware, the British Columbia northeast coal development consortium issued a $350 million debenture to investors of this project. Among them the federal government has been placed low on the list of creditors. Therefore I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That the government clearly outline what specific safeguards exist for Canadian taxpayers for this project that is having its economic viability called into question virtually daily.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE LEADER OF THE OPPOSITION

MOTION UNDER S.O. 43

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that a prominent Tory member, one who has "difficulty not telling the truth", stated that his leader "will have a difficult time holding on to his job if he doesn't call a leadership convention before the scheduled review in January 1983", and that "there seems to be a consensus that he's going to have a difficult time to win that majority", I move:

That the Tory party members reconsider their desire for a leadership convention and work together in support of their dynamic leader.

I know the hon. member for Cariboo-Chilcotin (Mr. Greenaway) will want to second the motion.

Some hon. Members: Oh, oh!

Madam Speaker: Order.

* * *

FINANCE

CALL FOR SCRAPPING OF NOVEMBER BUDGET—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, we in the back benches also extend our congratulations to you.

The combination of a vigorously pursued high interest rate policy by the government and a regressive anti-business budget has further weakened the industrial productivity of the country. Industrial production has fallen for the eighth consecutive month and is now at its lowest point since 1978. In view of our staggering unemployment situation, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Meach Lake musketeers adopt the employment priority put forward in the letter of the "Gang of Ten" by scrapping the November budget in favour of one which would allow industry to expand, grow and, above all, provide jobs for Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

SUGGESTED REINSTATEMENT OF SUPER CONTINENTAL PASSENGER TRAIN—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, last year I had occasion to call the Minister of Transport (Mr. Pepin) the worst thing to happen to passenger trains since Jesse James. This has proved to be only true. Having robbed the people of Saskatoon, Edmonton and Jasper of transcontinental train service, it turns out that the minister's new intercity schedules are not living up to expectations, according to briefing notes prepared for the Prime Minister (Mr. Trudeau), and that a review of the minister's disastrous and stupid cutbacks may well be in order. Therefore I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That this House calls on the Minister of Transport to reinstate the Super Continental passenger train, to order new transcontinental train equipment, which he has not yet done, and to use new light rapid comfortable trains already on order to improve service between the cities in western Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

REQUEST THAT NEW BUDGET BE INTRODUCED

Miss Pat Carney (Vancouver Centre): Madam Speaker, my first question is directed to the Minister of Finance who, after studying the entrails of the Canadian economy, at Meach Lake, apparently could not bring himself to face the Canadian public and dispatched the Minister of Justice to announce that

there would be a new budget in the fall. Considering the fact that Liberal government economic policies have created record unemployment, rising bankruptcies, the highest borrowing costs in the industrialized world, and eight consecutive months of decline in production, why wait for fall? Why does the minister not abandon his current budget and bring in a new one now?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the normal time for bringing in a budget is in the fall.

Some hon. Members: Oh, oh!

Mr. MacEachen: That was precisely the question answered by the Minister of Justice. He was making clear what was quite obvious, that there is a period each year when a budget is brought in, and the normal cycle was what the minister was referring to in his answer.

• (1415)

DATE OF BUDGET PRESENTATION

Miss Pat Carney (Vancouver-Centre): Madam Speaker, my supplementary question is for the Minister of Finance. In view of his answer, and in view of the fact that there is to be no budget legislation before the fall, why does the minister add to the confusion by indicating that the Justice minister was making a routine statement about the budget? Will or will there not be a budget in the fall?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is no problem in replying to that question. If the hon. member had read the paper on the budget process which was recently tabled in the House, she would have learned that that is the attitude of the government. In the normal event, the budget will be introduced in the fall.

* * *

THE ECONOMY

RATE OF INFLATION

Miss Pat Carney (Vancouver-Centre): Madam Speaker, my supplementary question again is to the Minister of Finance. His alter ego, the Secretary of State, announced that the Liberal government plans to stick by its current economic policies to fight inflation. While inflation rates are declining in the United States and the United Kingdom, they are accelerating in Canada. One of the reasons is that the government keeps increasing the price of fuel oil and continues to increase interest rates, which are two of the biggest components of the cost of living. How can Canadians lower the rate of inflation when the government itself keeps increasing prices through higher interest costs and energy costs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is aware that we have followed a policy which has resulted in lower energy prices than in any other country in the world. We have not agreed to go to world prices, while every industrialized country in the world has moved to world prices. We have taken a different view in order to protect Canadian consumers from international prices.

EFFECT OF INFLATION ON WORKING POOR

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Minister of Finance. Given the difference in Canadian and American inflation rates—Canadian rates are almost double—I will pose to the minister the situation of a Canadian family which earns $12,000 per year, one of the working poor. Were that family living in the United States its cost of living increase would be $50 per month less than it is in Canada. The Secretary of State indicated that the problems facing Canadians are wholly due to international situations. If this is so, how does the minister explain to a family such as I have mentioned why they are $50 per month worse off in Canada because of inflation than their counterparts in the United States?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, knowing the Secretary of State as well as I do, and knowing his deep understanding of the economy, I do not believe he would say that our problems were solely due to international events.

Obviously, what is happening in our traditional markets and what is happening to American interest rates are all factors which affect Canadians very adversely. That is a fact of life. But it is true that the performance of the American economy on the inflation front is better than Canada's. Not only is the cost of living index in the United States much lower than ours, the average wage settlement at the present time is from 4 percentage points to 7 percentage points lower in the United States than in Canada. That is why, if we are to remain competitive and create more jobs in Canada, as is our principle objective, we must do everything possible to reduce our inflation rate even further.

Miss MacDonald: The minister will also recognize that those income figures which he cited do not really apply to the working poor, most of whom are non-unionized and therefore have very little in the way of collective action on their behalf.

INCREASE IN UNEMPLOYMENT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, how does the minister explain to low income families whose job security is precarious at any time, why the number of employed has fallen more sharply in Canada during the current recession than it has in the United States? Why should these people have to face both higher prices and fewer job opportunities than their counterparts south of the border?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member began her series of questions on comparisons between Canada and the United States and asked me to address my concerns to the working people of Canada—

Miss MacDonald: Working poor.

Mr. MacEachen: —and those in receipt of social benefits. Since taking on this job it has been my objective not to do anything to disturb the social programs which have been in existence in the country.

Some hon. Members: Oh, oh!

Mr. MacEachen: In fact, very early in the mandate of this government, we brought in a very substantial increase—

Miss MacDonald: A cutback of $5.9 billion.

Mr. MacEachen: —to the guaranteed income supplement in an effort to help those who needed help most. That is our policy. Despite the difficulties and despite fiscal restraint, we have maintained and strengthened our social programs.

Mr. Nielsen: What restraint?

Mr. MacEachen: That cannot be said about policies in the United States. In that country, as the hon. member knows, very large cuts have been made in social entitlements. That is not a policy that I would like to follow.

Some hon. Members: Hear, hear!

GOVERNMENT INTEREST RATE POLICY

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question to ask of the Minister of Finance, as well. The Government of Canada may be content to wait until the fall to make any change in financial policy, but I want to let the minister know that Canadians who are losing their homes, their jobs and their businesses, want action now.

Some hon. Members: Hear, hear!

Mr. Broadbent: In that light, following news reports of the session the cabinet held at Meach Lake on the weekend, I would like to ask the minister a question. Is it the case that, in spite of people losing their homes, jobs and businesses, the government has no present intention of changing its disastrous, high interest rate policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, we are not following a high interest rate policy. No one in this government advocates high interest rates.

Miss MacDonald: Don't choke.

Mr. MacEachen: Every possible step is being taken to reduce the level of interest rates in Canada. Every possible step has been taken to help home owners meet—

Some hon. Members: Oh, oh!

Mr. MacEachen: —the very heavy burden of high interest rates. But the hon. member knows as well as I do, and maybe better because he is a graduate of the London School of Economics—

Some hon. Members: Shame.

Mr. MacEachen: —and I am not, that there is an inevitable relationship between the level of inflation and the level of interest rates. There will be no deep impact on bringing down interest rates unless the inflation rate is brought down. That is why I find it offensive that the hon. member is always referring to the government's high interest rate policy. There is no such animal.

Mr. Broadbent: Madam Speaker, I hate to upset the Deputy Prime Minister, but the Prime Minister said last Thursday that we did have a high interest rate policy in Canada.

REQUEST THAT GOVERNMENT REDUCE INTEREST RATES

Hon. Edward Broadbent (Oshawa): I would like to ask the minister a supplementary question because I listened with care, as I always do, to the explanation of the Deputy Prime Minister of the reason for high interest rates. The Prime Minister gave a similar explanation last week to the hon. member for Etobicoke Centre when he said that the reason for high interest rates in Canada "was because inflation was high and people were only lending their money at higher rates of interest".

If we dropped the prime rate in Canada by three percentage points, we would still have a prime rate which was 2.5 percentage points above the rate of inflation. Under such circumstances people would perhaps still be able to keep their businesses and more Canadians would be able to hold on to their jobs. If that would be the case, why does the government not drop the prime rate?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as the hon. member knows, the prime rate generally moves in line with the bank rate which is set every Thursday as the result of an auction, when individuals and financial institutions—

Mr. Broadbent: It will always be done that way, Allan.

Mr. MacEachen: —bid for treasury bills. The rate that is set on every Thursday is a market response based upon what is happening in other markets, particularly in the United States. I do not believe that artificially bringing down the bank rate would do very much. It might have a very short-term impact. It would have immediate repercussions on the exchange rate.

Presence in Gallery

It would have an additional impact on inflation, which would be bound to increase. Then the rate would probably go up higher than it had been when the hon. member's not very ingenious suggestion had been implemented.

• (1425)

Mr. Broadbent: If I had not seen the disastrous effects of the London School of Economics on the Prime Minister, I might suggest that the Deputy Prime Minister take an additional course in economics at that institution.

REASONS FOR NOT REDUCING INTEREST RATES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a supplementary question for the Deputy Prime Minister. We could have a drop of three percentage points, which would mean that thousands of Canadians could keep their jobs. Canadians would not have to continue losing their homes because of higher mortgages. We could get some stimulus in the economy. Why will the Government of Canada not take such action in full recognition that exchange controls of some sort may be necessary? The Americans did not hesitate to put such controls on their economy during the past two decades to protect it. Why does the government not give us a low interest rate policy, and bring in exchange controls if necessary to protect jobs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I suppose there are people listening to the hon. member who think his policy may work. I do not know a better way to convince the hon. member than to take an illustration from the most recently elected socialist government in the world, namely, the Government of France.

In order to protect the French franc from even further devaluation, to protect its currency and protect its workers from imported increased inflation and further unemployment, that government recently allowed its short-term interest rates to go up over 20 per cent. That was not done because the Government of France was stupid or because it was hidebound by ideology, but because it took into account the best interests of the French workers, which we are doing in Canada as we develop and implement our economic policy for Canadians.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PARLIAMENTARY DELEGATION FROM SPAIN

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of a delegation of Spanish parliamentarians headed by the Speaker of the Senate, Senõr Cecilio Valverde.

Some hon. Members: Hear, hear!

[*English*]

ADMINISTRATION OF JUSTICE

URANIUM PRICE FIXING TRIAL—POSITION OF CROWN CORPORATIONS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Minister of Justice. The minister will know that he initiated the uranium cartel prosecution based upon the results of the Bertrand report and upon the sworn affidavit of Mr. Orest R. Samitz, a combines investigation officer who believed that there was a conspiracy to fix the prices of uranium. On Friday afternoon last the Supreme Court of Ontario decided that Crown corporations were immune from prosecution. The shocking implication of this is that the courts of this country do not have jurisdiction over potential illegalities or criminal offences of Crown corporations. Since there is no accountability by the criminal courts of this country with respect to Crown corporations, will the minister make the Bertrand report public? Also, will he release us from the gag rule which has been an impediment to free speech since 1976?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, this morning we decided to appeal the decision of the Supreme Court of Ontario, and the case is now before a higher court. As for the Bertrand report, there were, of course, two things we could do: either take legal action, which we have done, or refer the report, as was done in the case of the oil companies, to the Restrictive Trade Practices Commission. In this case, which concerns the uranium question, we decided to bring the matter directly before the courts, where it is now. After the decision by the Supreme Court of Ontario on Friday, counsel for the Canadian government decided to appeal.

• (1430)

[*English*]

POSITION OF MINISTER

Mr. Chris Speyer (Cambridge): Madam Speaker, in this particular prosecution the conduct of the Minister of Justice has been absolutely disgraceful.

Some hon. Members: Oh, oh!

Mr. Speyer: It has been absolutely disgraceful.

Mr. Clark: Like Jack Austin?

Mr. Speyer: Where is the fairness in having private corporations prosecuted in circumstances where public corporations, Crown corporations, are immune from prosecution? Secondly, prior to the prosecution being initiated, was the minister not aware that Crown corporations could not be prosecuted because they were immune, and is that why he did not charge the officers of the company?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have answered this question several times before. At the Department of Justice, on the advice of counsel who had served as such on the Bertrand Commission, we decided to take both the private sector and public sector people to court. That is what we have done. A decision was handed down by the Ontario Supreme Court Friday, and, Madam Speaker, I cannot change the laws of this country. The case is before the Ontario Court of Appeal, and we have followed the procedure prescribed by the laws of Canada. When we receive a report from the Director of Investigation and Research, either we take legal action or we refer the case to the Restrictive Trade Practices Commission. We have taken one of these options. The court has handed down a decision, and we are appealing that decision because, at the time, we decided that legal action had to be taken against both private and public sector companies. The entire matter is now before the courts, and it is not up to me to comment on court decisions.

* * *

INDUSTRY

INCLUSION OF LEATHER SHOES IN GLOBAL IMPORT QUOTA—INQUIRY WHEN DECISION WILL BE MADE

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. I am sure the minister realizes that all industrial sectors are facing considerable problems, but the fact remains that one specific sector, namely the footwear industry, is not asking for government subsidies but only for a minimum of protection to be able to survive.

The minister has said several times that he intended to make a decision after a reasssessment of the feasibility of reintegrating leather footwear within the global quota. After this exercise, is the minister today in a position to give us the assurance that he will announce his decision this week?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I can assure my hon. colleague and all hon. members of this House that we have an abiding interest in the welfare of this industry and its employees. That is why cabinet is now considering the representations it has received, but I am not in a position to advise the House whether a decision will be announced this week.

Mr. La Salle: Madam Speaker, it seems that according to the information obtained from members on the government side, the minister is giving the matter serious thought. This question is extremely important because of the negative consequences involved for the industry. The footwear industry cannot wait much longer, as the minister is aware. In the interest of thousands of workers who are living in an atmosphere of almost intolerable uncertainty, could the minister at least tell us when he intends to announce his decision and explain why, after so many weeks, he is still unable to respond positively to recommendations made by the industry, which is not asking for money or subsidies but only for a decent measure of protection on the part of the government?

Mr. Gray: Madam Speaker, quotas are a form of subsidy which is paid by all Canadian consumers. However, we have kept a quota system in order to protect our footwear industry. We announced our policy last fall, and it is because we are taking the concerns and representations of the industry seriously that we are giving very serious thought, as the hon. member just said, to these representations. I am hoping to obtain a review at the cabinet level as soon as possible.

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THE ECONOMY

INQUIRY WHETHER GOVERNMENT WILL RECOMMEND DEVALUATION OF DOLLAR

Mr. Claude-André Lachance (Rosemont): Madam Speaker, my question is directed to the Minister of Finance. In view of the soon irreparable structural damage being done to Canadian industry and workers by abnormally high interest rates, which are the direct result of the rigid monetary policy being followed in order to fight inflation, could the Minister of Finance inform the House whether he intends very shortly to make some changes in the policy being supported by the Bank of Canada and, more specifically, to recommend that the Governor of the Bank of Canada consider devaluating the Canadian dollar, which according to most independent economic analysts would have the immediate effect of drastically reducing interest rates without necessarily leading to a substantial increase in interest rates over the long term?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, similar questions were put earlier in the question period by the Leader of the New Democratic Party.

Mr. Clark: And by many others.

Mr. MacEachen: The hon. member asks about the impact of a devaluation and whether indeed it would lead to any real relief from the interest rates. Obviously all of us are concerned about the damage that high interest rates are creating. As the hon. member may recall, that subject was thoroughly considered at the First Ministers' Conference. At that time the Prime Minister indicated that in present circumstances such a policy would likely lead to even greater inflation and probably even higher interest rates if an artificial reduction in interest

rates led to extreme pressure on the currency. For these reasons, Madam Speaker, I have not found it possible to adopt that policy. I believe it would be more harmful than helpful for the Canadian economy. Indeed, it would have unpredictable consequences for all of us. That is the view of the government on the hon. member's question.

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NUCLEAR ARMAMENTS

TESTING OF WEAPONS—GOVERNMENT POSITION

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Prime Minister. In his absence I wonder if I could address it to the Secretary of State for External Affairs. As the minister will know, Canadians across Canada are becoming incredibly concerned about the nuclear arms spiral. Indeed, on Saturday last over 30,000 Canadians marched peacefully through Vancouver and held an enormous rally. It was really a spectacular rally, protesting the nuclear arms spiral.

Mr. Nielsen: What did you do?

Miss Jewett: Above all, they were asking for a nuclear arms freeze, to allow negotiations to catch up. Could the minister tell us if the Prime Minister—if the minister knows his mind on this—is thinking seriously of following the lead taken by a great many distinguished Americans and others, and which has been urged upon the government by the people of this country, to press as vigorously as we can, in the United Nations and elsewhere, for a mutual freeze, a global freeze, on the production, testing and deployment of nuclear weapons and their delivery vehicles?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the Government of Canada shares the concern which the hon. member has expressed, and which the protest to which she referred has obviously expressed, about the spiralling arms race. We have just received a report of the Standing Committee on External Affairs and National Defence regarding our position on UNSSOD II. We are continuing to consult and prepare for that conference. I think Canadians will be satisfied with the position we will take publicly at that conference with respect to the arms race.

I am sure what the hon. member really wants is that we take an effective position with regard to arms control and disarmament, and not go for any quick fix, which would not be successful. If it were just a freeze, it would remove the possibility of negotiations with the Soviet Union; if it were a freeze without the necessity of their making any concessions it would certainly not motivate them to further negotiations.

• (1440)

Miss Jewett: Madam Speaker, I am glad the minister did not say what the Prime Minister is thinking, because he obviously does not know. Surely the Prime Minister is looking more seriously than the minister at the utility of a nuclear freeze now and, indeed, at why other countries are pushing for it.

TESTING OF CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, specifically on the question of testing the Cruise missile, it is not quite clear to me yet whether the government is postponing any testing of the Cruise missile until after UNSSOD II and, indeed, until after we have seen what consequences might flow from UNSSOD II.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, in case I did not make it clear in my first answer, the reply I gave was a reply on behalf of the government.

The question about the Cruise 2 tests has to be answered with a distinction. There is a framework agreement under which various kinds of arms tests will be able to be established under joint Canadian-U.S. control, tests which may take place on Canadian territory. The negotiations on that agreement are going forward. An agreement may or may not be reached before UNSSOD II.

With respect to the sub-agreement under that framework agreement which would authorize tests of the Cruise missile, we will not be going forward with that agreement before UNSSOD II.

I might add that even if we did, and if there were a general disarmament agreement at UNSSOD II, that would take priority over any bilateral agreement we had with another country.

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METRIC CONVERSION

PROSECUTION OF INDEPENDENT RETAILERS

Mr. Bill Domm (Peterborough): Madam Speaker, government policy concerning forced metric was clearly stated at the weekend by the Minister of Consumer and Corporate Affairs when he said "Nothing will be imposed on any group against their will".

Independent retailers are now receiving notices of court hearings and being threatened with fines and prison terms for printing Canadian measurements on their products, and to date all cases, to my knowledge, have been adjourned until at least August of this year. My question is directed to the Minister of Justice. Given the fact that all manufacturing industries can use either metric or imperial without threat of prosecution and given the fact that all newspapers and radio and television outlets can advertise in imperial measurement free of prosecution, how does the Government of Canada justify taking some independent retailers to court for printing imperial measurements on their in-store merchandise when it is clearly documented that the working group on scales in the retail food industry does not wish to go metric at this time?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, this is a problem for the Minister of Consumer and Corporate Affairs, and I will refer the question to him.

ADVERTISING ISSUED BY METRIC COMMISSION

Mr. Bill Domm (Peterborough): Madam Speaker, condemnation of metric by force and the elimination of imperial measurement has been recorded by the governments of Prince Edward Island, Nova Scotia, British Columbia, and by the soon-to-be-elected P.C. government of Saskatchewan—

Some hon. Members: Hear, hear!

Mr. Domm: —not to mention municipal governments from coast to coast. Would the Minister of Justice or his designate look into the possibility of fining or locking up the offices of the Metric Commission, or taking to court the executive director of the Metric Commission, for allowing Government of Canada printers to print false advertising in a current brochure put out by the Metric Commission which says, "Canada is joining the United States in using metric"? This propaganda is being handed out in grocery stores all across the country—

Madam Speaker: Order. It seems that the question has been asked.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I heard the question. I think it was more of an argument than a question. This problem is the responsibility of the Minister of Consumer and Corporate Affairs, and I will discuss the matter with him.

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ASTRA TRUST

POSITION OF DEPOSITORS

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the Minister of State for Finance. The federal government incorporated Astra Trust Company, a trust company which operated in southern Ontario, under pressure from several Niagara and Ottawa politicians, including former members of Parliament of Liberal persuasion, and when the Astra Trust Company was in financial difficulty, that same government advanced an $8 million loan to bail it out. That bailing out did not happen. Astra Trust collapsed. The Canada Deposit Insurance Company has received and returned practically all its moneys which were placed on deposit as guarantees. The federal government got back its $8 million, but what about the hundreds of depositors who deposited their money in good faith with the Astra Trust Company, who now get zilch?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member will recall that the incident and the company to which he is referring are connected with other companies that fall under provincial jurisdiction. As far as the company under federal jurisdiction is concerned, those who suffered losses were compensated by the Canada Deposit Insurance Corporation, as the hon. member said, and he also knows perfectly well that legal action is being taken against certain shareholders of this company and that the courts are to judge the charges brought against them.

[*English*]

Mr. Reid (St. Catharines): Madam Speaker, the minister well knows that the other related companies were companies subsidiary to the Astra Trust Company and that the Astra Trust Company was the parent corporation, which made it possible for the deposits to be taken.

MINISTER'S STATEMENT

Mr. Joe Reid (St. Catharines): Madam Speaker, in addition to that there was a recent federal court decision to the effect that the depositors would not be allowed to sue the Superintendent of Insurance or the Minister of Finance for negligence in the operation and control of the Astra Trust Company. Is the Minister of State for Finance really saying that because he and his government have recovered all the moneys the government advanced, those depositors will be left with nothing? Is the government saying, "I'm all right, Jack, but you will have to look after yourself"?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I think the hon. member is somewhat confused. If there are depositors who suffered losses through the subsidiary companies which fall under provincial jurisdiction, he should find out what the provincial authorities intend to do to compensate these people for their losses. As for the company which was under federal jurisdiction, as I said before, under the deposit insurance guarantees, these depositors were compensated in accordance with the provisions of the Canada Deposit Insurance Act.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

URANIUM PRICE FIXING TRIAL—INSTRUCTIONS TO COUNSEL

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister of Justice, and it is supplementary to that of my colleague, the hon. member for Cambridge. Now that the minister has decided to appeal the decision of the Ontario courts on the uranium cartel with respect to immunity of prosecution of Crown corporations, I

want to ask the minister why he instructed counsel to seek immunity for Crown corporations in the first instance.

Second, now that the minister has decided to appeal that, to be consistent will the minister lift the gag rule imposed on public servants, and will he release the Bertrand report?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I believe the statement made by the hon. member to be false. I have never instructed anybody and Crown corporation counsel manage their own files. They use these facts in their files which militate in favour of their case. Neither myself nor my department has been in touch with counsel for the Crown corporations involved. I have chosen the same counsel as the Bertrand Commission and appointed him government counsel in this matter, and he is the one who laid the charges before the courts.

As for the second part of the question, Madam Speaker, the proceedings before the American courts are not yet completed, and it is to safeguard Canadian interests involved in the legal action in the United States that we have put certain restrictions on the papers to be published in Canada. We have said that the papers required to lay charges in Canada would be available to our counsel, Mr. Brown, and to counsel for the defence.

• (1450)

[*English*]

REQUEST THAT BERTRAND REPORT BE RELEASED

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a further supplementary question. If, as the minister states, Crown corporations are masters of their own destiny, why did he, as Attorney General, not lay charges against the directors of some of these Crown corporations in the first instance? Also, why does the minister insist on imposing the gag law on public servants in Canada? This has nothing at all to do with the U.S. courts. Why does he not release the Bertrand report so that people in this country can judge for themselves?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I said that the prosecutions in the case of the uranium cartel had been instigated after the Bertrand report. That report recommended to the government that it prosecute the corporations and not the individuals that the hon. member would like me to prosecute. In order to make sure that I would follow the advice of the Bertrand Commission as quickly as possible, I hired the same counsel, Mr. Brown, from Toronto. He acted as counsel for Mr. Bertrand and is acting as counsel for me at this time. I do not think I could have done better than to make sure there was a lot of continuity between the Bertrand report and the prosecutions.

As far as the other part of the question is concerned, I have answered that many, many times in this House.

LEGAL ADVICE RESPECTING CROWN CORPORATIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I should like to put a question to the Minister of Justice. When the government was preparing action against some of the people involved in the uranium cartel, did it receive any legal advice at that time suggesting that Crown corporations would be found to have Crown immunity from prosecution?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the legal advice I have received is the same legal advice as in the Bertrand report. In order to implement the recommendations in the best way possible, we have asked the same prosecutor, the same lawyer that Mr. Bertrand had hired, to be our prosecutor. At that time the legal advice we received from the Bertrand report and from our legal adviser was that we had to prosecute the list of people and corporations mentioned in the Bertrand report. We decided to prosecute every one of the people and corporations mentioned, not one more and not one less, but exactly those recommended by the Bertrand report.

REQUEST THAT BERTRAND REPORT BE MADE AVAILABLE TO HOUSE OF COMMONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Minister of Justice. Because he refused to answer that direct question on whether or not the government knew in advance, or was warned by its legal advisers in advance that the Ontario court would grant the Crown the immunity that it has, and since he said that his advice was based upon the Bertrand report and that that report might or might not have warned that the consequence we saw on Friday would occur—all this makes it absolutely imperative that the minister stop hiding the Bertrand report. The House of Commons and the people of Canada have the right to know if the Government of Canada is trying to hide something that should not be hidden. We can begin to know by seeing the Bertrand report. Will the minister make that report available to the House of Commons?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I believe that the position is very clear in this regard. The Act of Parliament provides two options when we receive a report from the Director of Investigation and Research: either to lay charges as recommended by the director, which we have done in this case, and, moreover, as an additional precaution, we have

hired exactly the counsel who worked for the Bertrand Commission, or else to refer the problem to the Restrictive Trade Practices Commission, which the director did not recommend. We have done exactly what the act provides, and the reports from the Director of Investigation and Research are not supposed to be made public under the act passed by Parliament.

[*English*]

LEGAL ADVICE RESPECTING CROWN CORPORATIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we do not know what illegalities are being covered up. We do not know what options that were available to the government and are being covered up. We do not know why the Minister of Justice refuses to make the Bertrand report public which he admits he has the power to make public. The only reason he is not doing so is because he has decided to hold secret this document which should be a public document.

Let me return to the question he evaded earlier. At the time the Minister of Justice or anyone else in the government was deciding to bring action against some of the people involved in the uranium cartel, did they receive legal advice at that time from anyone—from the Bertrand report or anywhere else—that Crown corporations, including the shell corporation controlled by the Government of Canada, might be able to claim Crown immunity from prosecution successfully? Did he receive that warning in advance?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have said that I followed exactly the legal advice that was given to the Bertrand Commission and to myself as Attorney General of Canada. It came from the same prosecutor. I am not surprised that the Leader of the Opposition does not know much about the law, because he did not stay in that faculty very long.

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HEALTH

SPRAYING OF PESTICIDES AT GAGETOWN, N.B.

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of National Health and Welfare and concerns a long held principle of medical science in Canada, and that is, to err on the side of caution.

I know that minister is well aware that there was no monitoring of the spraying of Agent Orange at Gagetown, New Brunswick, in 1966-67. In view of the irrefutable proof that the Department studied the wrong people recently, in that three out of the four communities studied were upwind of the spraying, would the minister tell the House why she will not support a thorough, independent medical inquiry into the Gagetown spraying and into the medical linkage of birth defects to the present spraying of fenotrothion?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, several well conducted long-term animal studies have been performed on this pesticide which demonstrate the absence of a carcinogenic hazard.

I want to repeat to the hon. member that the way he phrases his question does not help anybody. I am not aware of the facts that he tries to establish.

Mr. Fulton: I am very surprised at that, Madam Speaker.

REGISTRATION OF PESTICIDES

Mr. Jim Fulton (Skeena): Madam Speaker, I will put my supplementary question to the Minister of State for Science and Technology and Minister of the Environment who, I know, is aware of this very serious problem. For 20 of the last 30 years the federal government has funded the bug spraying program in New Brunswick. Scientists in the minister's department know very well what the impact of this spraying has been on bird populations. It is obvious that the Department of National Health and Welfare is covering up a very serious medical problem. I wonder if the minister would comment on the recommendation given to him by Dr. Ross Hall, the consultant he hired, in a report that is unanimously supported by the minister's advisory council, which calls for the stripping of the powers of pesticide registration from the Department of Agriculture?

Since at least six further studies are required to re-register fenotrothion for this year's spraying in New Brunswick due to the IBT fraud, will the minister intervene on environmental grounds, not just medical, and stop this year's spraying in New Brunswick until the studies can be completed?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, I do not think there is anything I can add at the present time to the answer given by my colleague.

* * *

PENSIONS

POSITION OF SINGLE WOMEN BETWEEN AGES 60 AND 65

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I should like to direct a question to the Minister of National Health and Welfare. Before doing so, I should like to thank her for the various greetings she sent to me a number of times while I was in hospital. I may say that many others did the same, and I should like to say a special thanks to you, Madam Speaker.

My question this afternoon relates to my concern about the unfairness of the plan respecting old age pensions under which certain women—there are some men but it is mostly women—between the ages of 60 and 65 can get a pension provided they are married to someone who is 65 or over. However, persons between the age of 60 and 65 who are single, whose husbands died before that age, are not allowed any such pension. Will the minister seriously consider a plan to change that, so that

persons between the ages of 60 and 65 who are in need will get that kind of pension?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, as the health minister I think I can say in the name of all of us, that I rejoice that good medical care and great courage have returned the hon. member to the House.

Some hon. Members: Hear, hear!

• (1500)

Miss Bégin: That being said, I do not like to receive his questions. I will have to answer what he underlines, which is a serious problem. I would just like to put it back into perspective, without denying the problem. The spouse's allowance was implemented a few months before the time my predecessor hoped to have a form of guaranteed annual income for all Canadians in need. In that context, spouses, under the age of 65, of pensioners would have been the first Canadians to enjoy what would have gone to all Canadians in need, whatever their age or cause of poverty. Unfortunately, we all know of the failure of the federal-provincial conferences on social security in those years.

We then, all of us in this House, remedied part of that injustice so that when the pensioner died, the spouse continued to receive the pension. However, in these economic times, we cannot extend that benefit to those in need below the age of 60. That is the dilemma we are facing. But the whole issue of housewives, particularly those younger than 65, who do not receive a pension, is addressed in the green paper on pension reform which will be out within a few weeks.

PROVISION OF PENSIONS FOR THOSE WITHOUT OTHER INCOME

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, because of the interest of the minister in this problem may I ask &ws1753;-1 if she will give her help and the best attention she can to making improvements in that plan, even if it means some money from this country, to provide pensions for those between 60 and 65 who have no other incomes?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): I am deeply worried about the problem of the 60 to 65 age group, in particular the women. I discussed this more than a week ago with the French Minister of National Solidarity, Madam Nicole Questiaux, who just undertook to lower pensions to age 60 for some in France. I have checked this again and that is the question, if we have some more money to add to the GIS, should we not instead start lowering the eligibility requirements for those who need it most below the age of 65? I for one am not yet convinced that we can do that until we have raised everyone over 65, most of whom are women or single pensioners, above the poverty line once and for all. So the step the hon. member recommends would become the second step for the future.

* * *

PETITION

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred twenty-ninth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Spadina (Mr. Heap) on Friday, April 23, 1982 and finds that the petition meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,639 and 3,969.

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

[*Text*]

CANADA ACT, 1982

Question No. 2,639—**Mr. Anguish:**

1. Since October 2, 1980, what was the total cost incurred by the government as a result of its efforts in London, England to secure the passage of the proposed Canada Act, 1981 by the U.K. Parliament?

2. For the same period, did the government hire on a permanent, temporary or contract basis any person to work at or in concert with the Canadian High Commission in London and, if so, what was his/her name?

3. For the same period, were employees of the government re-deployed to work at or in concert with the Canadian High Commission and, if so, in each case (a) what was the (i) name (ii) salary (iii) amount of expenses (iv) function or job description (b) was the employee a Canadian or a non-Canadian?

4. For the same period, did the government, through the offices of the Canadian High Commission or in any other way, sponsor meetings or social functions in London with members of the U.K. Parliament, officials of the U.K. government, officials of British political parties and/or members of the British press and, if so (a) on what date (b) what were the names and titles of the persons who attended (c) what was the cost to the government?

5. Was the hon. member for Hochelaga—Maisonneuve asked to perform duties on behalf of the government during April and May, 1981, in London and, if so (a) what were the duties (b) at what cost?

6. Did the government retain, directly or indirectly, the services of any consultant or firm of consultants in the United Kingdom with respect to securing the passage of the proposed act and, if so, what were the names of the consultants and what amount was paid or is payable for their services and expenses?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): 1. Since many officials and ministers often combined work in London with respect to securing passage of the Canada Act 1982 with other official business, it is not possible to determine with any degree of accuracy the total cost incurred in London to secure the passage of the Canada Act 1982.

2. Yes. L. Burton, S. Burke, N. Burpee, L. Cyr-Mowers, M. Fitzhenry, L. Giroux, J. Manthorpe, A. Stacey, A. Stankovic.

3. Yes. (a)(i) Reeves Haggan; John McNee.

(ii) Mr. Haggan is classified in the public service as an EX-3. His salary is in the range of $54,700 to $64,300. In addition, the application of foreign service directives for salary equalization on foreign postings resulted in a payment of $16,200 for the period November, 1980 to April, 1982. Mr. McNee is classified in the public service as an FS-1. His salary is in the range of $21,177 to $29,204.

(iii) Mr. Haggan's expenses from November, 1980 to March, 31, 1982 were $28,338.47. Mr. McNee's expenses were $10,648.34.

(iv) Mr. Haggan was minister and special advisor to the High Commissioner and was head of the patriation task force from November, 1980 to April 8, 1982. Mr. McNee acted as second secretary from May 11—July 10, 1981 and from October 30—December 15, 1981. He was seconded from his position at the Canadian Embassy in Madrid, Spain.

(b) Both are Canadian citizens.

4. Yes. (a) During the period October 1980—March 1982.

(b) Members of Parliament, Peers, journalists and officials who accepted the hospitality offered by the High Commission did so with the full understanding that their names would not be made public.

(c) Hospitality expenses during the period October 2, 1980—March 29, 1982 totalled 19,947.70 British pounds.

5. Yes. (a) The duties included representing the Minister of Justice at a seminar on the Canadian Constitution at All Souls College in Oxford University. In addition, his duties related to his position at the time as Parliamentary Secretary to the President of the Treasury Board. He also assisted the High Commission in explaining the role, the work, and the report of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada.

(b) $3,750.00.

6. Yes. (a) B. Donoghue; D. Scott. (b) 12,466.62 U.K. pounds.

PORT OF LANSDOWNE, ONTARIO

Question No. 3,969—**Mr. Cossitt:**

1. If persons are arrested for immigration infractions at the port of Lansdowne, are such arrests made by (a) immigration officials (b) Ontario Provincial Police from Gananoque or Brockville in the constituency of Leeds-Grenville (c) officers of the Royal Canadian Mounted Police detachment in Brockville in the constituency of Leeds-Grenville and, if so, what would be the merit in transferring authority to the Department of Employment and Immigration at the port of Lansdowne outside the area of Leeds-Grenville to the port of Kingston?

2. Was it customary for immigration at Lansdowne, the Ontario Provincial Police at Gananoque and Brockville and the RCMP at Brockville to maintain close liaison with the immigration centre located at Prescott in the constituency of Leeds-Grenville and, if so, what advantage could there be in placing immigration at Lansdowne, under the authority of the port of Kingston, outside the constituency of Leeds-Grenville, which has never been involved with Lansdowne?

3. Would such a move involve delays in processing and additional costs and, if so, what are all the details?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Persons arrested for immigration infractions are arrested by immigration officers; RCMP and the OPP may subsequently lay charges if a violation of the Criminal Code is involved.

2. There was and is no specific close liaison between the immigration personnel at Lansdowne with that of immigration at Prescott other than that normally experienced between all immigration points of service. Naturally, it is customary for all immigration points of service to maintain a good liaison with all enforcement agencies within their area of operation. There are several advantages in placing Lansdowne under the authority of the port of Kingston. Staff from Lansdowne will be immediately available for secondment to the Kingston inland centre during low traffic periods, affording better utilization of human resources at minimal costs and, thus, providing developmental exposure to border staff at a more complex inland office. The Ontario Provincial Police at Gananoque and Brockville and RCMP Brockville do maintain a liaison with Lansdowne. However, in most cases the OPP and RCMP contact Ottawa District office of CEIC to seek guidance on immigration cases.

3. Such a move would neither involve delays in processing normal cases nor additional costs.

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed from Friday, April 23, consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, when I called it four o'clock on Friday I was in the course of trying to determine the factor for converting barrels into cubic metres or vice versa. As I recall, I was being assisted by a member other than the hon. member for Trinity (Miss Nicholson), but I see that she is credited on page 16578 of *Hansard* with having provided the conversion factor. Be that as it may, I think it is worth while knowing what that factor is.

Can I ask for order, Mr. Speaker, please? There is more than one conversation going on at that end of the House and I find it a little disconcerting.

The Acting Speaker (Mr. Blaker): I appreciate the hon. member's point. Perhaps, since he has brought his difficulty to the attention of the House, he can now have the attention he wishes.

Mr. Munro (Esquimalt-Saanich): Thank you, Mr. Speaker. I do believe the curtains were put there for a purpose. However, I will endeavour to override with my strident tones the conversations taking place.

I was about to say I thought it fortunate that I am covered by parliamentary immunity when I started talking about barrels and cubic metres and so on, because the notion of converting from one to the other is a dangerous operation these days. I learned, for example, that a carpet merchant on the west coast who displayed carpets at so much per square metre, but also had the temerity to advertise them simultaneously at so much per square foot or square yard, is now appearing before a judge because he has broken the law. So it is fortunate that we in this House are covered by parliamentary immunity and can still seek the conversion factor where necessary between barrels and cubic metres.

I find it very helpful, when looking at a bill as complex as this one, to go through it extremely carefully and break it up into its various parts to determine just exactly what the thrust of the bill is. This bill now before us is in effect a copy, with certain important downward changes in tax limits, of the first 40 pages of the bill which caused the bells to ring, Bill C-94, with the exception of page 32 which has already appeared in Bill C-105. That is the iniquitous proposal which would authorize the Minister of Energy, Mines and Resources (Mr. Lalonde) to spawn as many Crown corporations as he and his officials see fit, independent of Parliament. Even the annex in Bill C-103 has been transcribed faithfully—in cubic metres, mark you—from the earlier bill. The main intent of this bill is described in the explanatory notes. The purpose of this bill is, we read:

• (1510)

—to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade.

There are two purposes of this bill, one, to raise funds and the other, to regulate. Prior to having the bells to ring, we sought in our discussions, to have Bill C-94 broken down into uniprinciple bills. Yet here we have one with two principles, to raise funds and to regulate.

One of the purposes of this bill is to raise funds, and as a result it deserves to be dealt with in a manner quite different from a regulatory bill. Because this bill has two principles, to raise funds and to regulate, I find it rather intolerable. In fact, it is an affront to Parliament to have these two particular principles in the same bill. At least though we were able to have the matter split from Bill C-94. Which in itself was an even more monstrous piece of legislation.

There are several kinds of taxes to be raised. I would like to deal with them separately if I can, not only to get them clear in my own mind, but also to keep them clear in the minds of all other canadians who will have to pay some of those taxes.

First, the explanatory notes state that there is to be an oil export tax. That tax has been in effect for almost 18 months, in fact, since the October, 1980 budget. Its collection at current levels is in the first place to be retroactively legitimized and legalized. That is one of the first things Bill C-103 will do. It will legalize taxes now in place which have been in place since October, 1980. This export tax is, of course, levied at the international border. It forces the price of Canadian oil on the foreign market to higher and higher levels. Legally this oil export charge could be assessed at $8 a barrel but at the present time it is being levied at the rate of $25 per barrel. This is the first legalization procedure through which Bill C-103 takes us. It will legalize the current surcharge up to $25 a barrel. The limit that is placed on this particular levy in the bill, the limit to which the minister can go, will be $55 a barrel with increases at the discretion of the governor in council. I leave you, Mr. Speaker, to inquire how long our offshore markets will last if we double the current export tax level from $25 a barrel to $55 a barrel.

The other comment I have on this oil export charge is that nowhere does the bill specifically require the government to set up a fund into which the tax proceeds are to be fed; nor is there any clear statement as to "the certain petroleum costs" that are to be compensated from it. I find it rather odd for the bill to say that it is in order to compensate for certain petroleum costs and then not specify what those costs may be.

I still hear conversations going on in loud voices and in a very rude manner from the other side of the House.

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): On past experience, funds collected by this government, which has so many rude members who talk loudly in this House while others are trying to have themselves heard—

The Acting Speaker (Mr. Blaker): Order, please. May I draw to the attention of the hon. member for Cochrane-Superior (Mr. Penner) that the hon. member for Esquimalt-Saanich (Mr. Munro) wishes to address him and he would like his attention. The hon. member for Esquimalt-Saanich.

Mr. Munro (Esquimalt-Saanich): Thank you, Mr. Speaker. On past experience, funds collected through taxes for certain purposes have all too often been funnelled off into the Consolidated Revenue Fund, there to be used for general purposes. We shall have to do everything possible in the consideration of this bill in committee to ensure that the oil export tax—sometimes, Mr. Speaker, I do wonder about the courtesy extended the members in this House.

The Acting Speaker (Mr. Blaker): Order, please. The Chair has no choice at this point. The hon. member for Esquimalt-Saanich has three times brought to the attention of the House and the Chair that he is unable to direct his remarks to the House because of the noise factor. I have to agree with the hon. member. If hon. members in the area where I am pointing feel it is necessary to carry on conversations, I would request them either to lower their voices or to solve the problem in some fashion in which the hon. member for Esquimalt-Saanich can be heard. He has brought the matter to the attention of the Chair three times.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I appreciate that. I suppose it is because of the conformation of the House in that particular corner which causes these echoes to occur here.

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): I do hope they will heed your admonition, Mr. Speaker.

My comment about the various sections of the bill causes me at this stage to leap over one of the tax levies in the bill. I will return to it in due course because it is a highly specialized one and it applies to a particular class of user. But the more important one and the next one I wish to examine is called the petroleum compensation charge. It may be that a number of those listening—and I hope some people are listening—are wondering why I am going over this matter by laying out a series of charges this bill will bring into being. But I want to make it clear that in the end the Canadian consumer, whether he drives a car or heats his house, is the one who will be paying these various charges. I am therefore breaking the bill down in this way to demonstrate that.

This petroleum compensation charge is levied at the processing level but it eventually works its way through the system. Owners of cars eventually pay for it whenever gas is pumped into their cars or oil is put into their furnaces. Canadians in the end pay this tax. The proceeds are intended to bridge the gap between domestic oil and offshore oil.

We may ask ourselves in 1982, since we have been talking about energy for as long as I can remember in this House and seeking self-sufficiency for just as long, why we are importing offshore oil? I have wondered about this for a long time. Here we see one of the major accomplishments of the bell-ringing operation early last month. Bill C-94, about which we were protesting so dramatically, set the charges for this petroleum compensation level at a maximum of $125 per cubic metre. Bill C-103 drops that limit to $75 per cubic metre. In other words, the bells rang and the government listened. It was a good thing that the government dropped the $125 charge contained in Bill C-94 to the $75 one in Bill C-103. Again I revert to more meaningful terms when I say from $20 per barrel to $12 per barrel. I guess it was worth keeping the bells ringing after all.

• (1520)

My second comment on this tax and its purpose is to draw the attention of the House to the fact that today we are needlessly importing 300,000 barrels of oil per day while cheaper domestic oil is locked into the ground. I do not know what madman devised the tax to pay for the importation of something which could be produced at home more cheaply. I just do not understand that type of reasoning. I would not be surprised if some Liberal members on the other side examined the bill and had difficulty understanding it. I suspect they have not examined it.

I do not think any apology is required for repeating something that was said by the hon. member for Calgary Centre (Mr. Andre) when he spoke to the bill last Wednesday. As reported at page 16480 of *Hansard*, he indicated that the misguided practice of importing and locking in 300,000 barrels of oil in Canada is costing Canadians $20 million per day. I questioned him at lunchtime as to whether he was sure about the figure. It is an outrageous figure, it comes to $7 billion per year which is being collected, from Canadians who are listening as well as those who are not listening, in order to pay for oil which we already have. Of course, we have to pay in United States funds, which puts a great strain on our exchange rate and the rate of inflation. I wonder whether Canadians have thought about its particular impact on the Canadian rate of exchange. A drain of that sort in United States funds, which have to be bought at 18, 19 or 20 per cent, is certainly considerable.

Why are we spending $20 million per day to import a product which we can produce in Canada and which will create jobs in Canada, rather than creating them in Venezuela, Saudi Arabia and Mexico? In any event, jobs are not being created in Canada, either in the east or in the west. Hon. members opposite still do not understand the idea that to choke and throttle the west is to choke and throttle the east, because the pipes and trucks are manufactured here. For one job lost in the west, two jobs are lost in the east. I see my hon. friend opposite giggling and waving; he just happens to fall in between.

Another tax to which I would like to refer is a specialized one. It is called the transportation fuel compensation recovery charge. It is a long title which is supposed to be self-explanatory, but it is not quite. It appeared in the previous bill in this form, but as it contained certain peculiarities in its presentation, I decided to leave my consideration of it to this point. As its title almost suggests, this charge is to be levied on marine vehicles and aircraft fuelling in Canada but consuming their fuel on offshore routes. The bill provides only an upper limit of levy but gives no hint what the levy will be as of tomorrow or what the levy is today, for that matter. I suspect it is being

levied today. All of this is to be decided, as in some of the other instances, by the governor in council with the advice of the Minister of Energy, Mines and Resources and the Minister of Finance (Mr. MacEachen).

The ceiling is set at $350 per cubic metre or $55 per barrel. Here again Parliament is being asked to turn over to two ministers of the government the power to set the levels of taxes. I think that principle is wrong. If the government wants to phase it in, it should be phased in in statute law as it indicated in other portions of the bill it is doing on the retroactive aspects of it. But I think the future aspects of it should be phased in by statute as well, and not left to the ministers or to the government to decide. Of course, these provisions like the others are retroactive. The levy has been collected since the budget of November 1980. Currently they run at $78 for marine diesel on the east coast and, peculiarly, at $47 for the same fuel on the west coast. There is no explanation here or anywhere which I have been able to discover as to why there is a differential in the charges for marine fuel on the east coast and on the west coast, with a high preference on the west coast for marine fuel being consumed in an offshore voyage. This is one matter which ought to be clarified by the minister in committee.

The charges for aircraft fuel and whether they vary across the country, I have been unable to discover. I hope there is ample opportunity in committee to inquire more closely into these matters.

There is one aspect of the bill which I think deserves some comment at this particular stage. I am wondering whether the definition of "offshore" on page 9 of Bill C-103, which is relevant to this particular levy, has been inserted in order to stake a claim for offshore jurisdiction. Clause 13(2) on page 9 reads in part as follows:

—"offshore area" means Sable Island or any area of land not within a province that belongs to Her Majesty in right of Canada or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources and that is situated in those submarine areas adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is greater;

It looks as though in the course of time this definition may be used to assert a claim over these particular areas. We have heard of the claims being made by the province of Newfoundland to certain areas out to sea. This particular clause of Bill C-103 is one which I am sure members from Newfoundland will look at most carefully. The question that must be asked is whether the federal government has decided to insert this clause in order to acquire title by definition in a statute dealing primarily with other matters rather than by proceeding directly by statute to make this claim. I do not know the answer but I believe we should inquire into this matter more thoroughly in the days ahead.

• (1530)

On page 23 of the bill we see a new clause, in two parts, outlining Canadian ownership provisions. This includes a petroleum ownership charge, which is a levy, and a Canadian ownership account, which is a fund into which the proceeds of that levy are to go. Presumably, future and past acquisitions are financed through that account. For example, there was the purchase of the non-Canadian firm Petrofina. Petrofina was a refining and distribution system which had no petroleum resources—only outlets—but we are expected to believe that through the purchase of outlets the government was contributing toward energy self-sufficiency in this country. I believe it was a highly questionable acquisition because it was obviously done for visibility.

As well, there is the purchase of Pacific Petroleums and Merit, two refiners and distributors in the west which have visible outlets—all displaying white and red signs—and Petrofina in the east with blue and white signs which now have become red and white. Although this is visible evidence of the distribution of products, there is certainly no evidence whatsoever—and therefore no justification for these acquisitions—that they contributed, one drop of petroleum to Canada's self-sufficiency.

It is worth remarking that the bells rang for those 15 days in our favour and for the benefit of Canadians. In Bill C-94, the petroleum ownership charge was to have been as high as $25 per cubic metre, whereas the new bill, C-103, has reduced that levy to $7.25 per cubic metre. That is, from $4 a barrel to $1.15 a barrel, the current rate. Once again the bells won that concession. While other aspects of this bill deserve comment, I think I have exposed enough concerns in order to reach some conclusions.

I do not wish to take up more time of the House because other members wish to speak, but I just repeat that these are some matters which must be kept in mind and considered. I have dealt with these levies separately, remembering that these separate levies should be added to the 60 cents per gallon at the pump which we are now paying the federal government. We are now paying over $2 a barrel for our gasoline. If these extra levies reach their maximum, the cost of regular gasoline will rise from $2 per gallon to $2.96 per gallon. Presumably this is working toward energy self-sufficiency. However, in the process we are importing 300,000 barrels a day and paying $20 million a day for it.

I have not touched upon the issue of home heating oil. The Conservative government had proposed an increase of 18 cents per gallon of gasoline for our cars. We are now faced with a levy of something in the order of 52 cents a gallon, which is almost three and a half times more. With respect to heating oil, our party had made it quite clear that Canadians would be enjoying a heating tax credit. The levy which we have been discussing in this bill will apply just as heavily and onerously to heating oil as it does to automotive oil.

On the strength of that comment I can draw my remarks to a close because I believe the message I wanted to make is now clear. We will be paying almost triple the amount we are now

paying for our gas and we will be paying heavily as well for our heating oil. Next winter will be a hard one for those hit with those increases, Mr. Speaker.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased to speak to Bill C-103 this afternoon. I carefully listened to the comments of the previous speaker and I share a number of his concerns. Various members of the New Democratic Party have had an opportunity to discuss a number of aspects of Bill C-103, particularly with respect to a number of clauses which we would like to see amended. Since the bill will proceed from this second reading stage into the appropriate committee for intensive study where some amendments will hopefully be made, I would like to take this opportunity to sum up a number of concerns which our party has and conclude this debate on Bill C-103 so that we may debate some other bills which form part of this over-all energy legislation.

When Bill C-103 is reviewed, it can be seen that it is not an energy bill, petroleum administration bill or an energy security bill. Although it is entitled the Energy Administration Act, it is not really that either. It is more like a tax bill and could even be described by some as a desperate tax bill. This bill which deals with the very critical, crucial and strategic energy sector will result in Canadians paying more tax than ever before.

When one considers that the Canadian taxpayer will be the loser, I believe it is a fair question to ask who the winners will be. When one reviews Bill C-103 closely we see, as is the case with other energy bills, that the major winners will be the oil companies operating in Canada, most of which are foreign controlled and owned. Those companies will be the primary beneficiaries of Bill C-103. Those Canadians who will be paying these additional taxes on gas and heating fuels are those who can least afford it. That is why these taxes are regressive. Those are the people today who are on fixed incomes and those who find themselves unemployed or about to be unemployed as a result of the policies of the federal government. Those on fixed pensions or fixed incomes of one kind or another are being pressed to the wall. We do not see legislation coming in which will give an energy tax credit to people in need. We do not see legislation coming in to give some assistance to those people who depend for so much of their livelihood on energy. I am thinking here of the farmers, the food producers of the country, when it comes to Canadians generally.

• (1540)

Perhaps the media is not paying much attention to bill C-103, but the people of Canada certainly should be. However, they have essentially given up in their frustration and anxiety. They have been duped by the federal government. They were duped back in 1980 during the federal election when the Prime Minister (Mr. Trudeau) went from one end of the country to the other promising Canadians that the price of gasoline would be going down and that the Liberals would not tolerate increases in the prices of gasoline, diesel fuels or heating fuels. A little over two years ago, he promised Canadians that the Liberals would not tolerate significant increases in these very critical areas. We now know that that was certainly a falsehood and that, indeed, the price is now higher, I suppose, than almost anyone believed possible in two short years.

While prices at the pumps are going up and while prices are going up for home heating fuels, we sit in this House and debate bills which will give billions of dollars in the next handful of years, not to Canadian consumers but, rather, to the oil companies. We are also going out of our way to announce a number of tax concessions, not to Canadians, not to consumers and taxpayers but, rather, to the large oil companies operating in Canada which, as I said earlier, are primarily foreign controlled and foreign owned.

Mr. Deans: So they can sell us back our oil.

Mr. Riis: So they can sell us back the oil that rightfully belongs to us. We wonder why Canadians have essentially given up. We wonder why Canadians feel they have been duped by the federal government. Well, it is perfectly clear. There is certainly no question in our minds in this corner of the House as to why that attitude exists today.

Essentially, this bill can be broken down into six different components. Let me take just a moment or two in which to identify these components, and then I want specifically to refer to a number of them. First, Bill C-103 will raise the oil export charge ceiling, will confirm the charges imposed since May, 1979 and will therefore give authority to turn over 50 per cent of the resulting revenue to the producing provinces. That is one of the aspects of Bill C-103. It will establish the transportation fuel compensation recovery charge. It will establish a blended price for oil. It will establish the authority for, and then the termination of, a special compensation charge relating to the cut-off of Alberta oil last year. This legislation will end the Petroleum Compensation Board and allow for the continuation of its work to be done in an expanded way by the Department of Energy, Mines and Resources. It will also establish the Canadian ownership special charge and the Canadian ownership account.

The petroleum compensation charge will be a mechanism whereby the blended price of oil will be developed. It will be charged at the pumps so that all Canadians depending upon gasoline for transportation will pay it. As I say, that is a very regressive way of taxing people. It is intended to compensate refiners who are now forced to import expensive foreign oils while oil wells are capped out in western Canada.

I think the question we must ask is why Canada is not self-sufficient in oil today.

Mr. Deans: Lack of effort.

Mr. Riis: We are self-sufficient when it comes to energy per se. However, when it comes to this very strategic energy resource, we are continually dependent upon imports from foreign countries. Why is this? I suspect that when we answer the question we then bring into question the integrity of the major oil companies operating in Canada today. This is

because back in the early 1970s we were exporting half our daily production. The oil companies told the federal government that we had enough oil in the ground in reserve to last at least 300 years. Therefore, they asked: "Why not export oil? Why not export half of what we produce on a daily basis?"

If that had been a fact, then perhaps the case could be made. But in 1973, at the outbreak of the OPEC crisis, we had to realign those particular figures, because then the oil companies told us that we did not have enough oil for 300 years; rather, we had enough for only 11 years. They said we needed to get out and explore for new oil and develop new reserves.

Mr. Deans: A "minor miscalculation".

Mr. Riis: As my colleague, the hon. member for Hamilton Mountain (Mr. Deans) indicates, it was a minor miscalculation—about 280 years out. However, that was because at that time this country depended, and virtually still does today, upon information from the foreign oil companies to enable us to plan for the future. What country in the world would tolerate that? What oil producing country in the world would tolerate being dependent upon foreign producers for its data base? Only Canada, once more leading the world in this rather exotic fashion.

Back in 1973, we found out that we had enough oil for only 11 years. Some of the oil companies came to the federal government and to the Canadian public and said: "We need to explore; but, of course, we will not pay for exploration ourselves as we cannot afford it. Our profits are minimal. Therefore, we need support from the Canadian taxpayers." That is what they are stating today. Hon. members have seen the commercials on television and the newspaper ads stating the concern of the oil companies, such as Gulf and Imperial Oil, for the future oil security of Canada, and that they need support in their exploration for new oil. Bill C-103 will be one more step toward giving the oil companies $6.5 billions to assist them in their exploration.

Mr. Deans: We cannot afford it.

Mr. Riis: We certainly cannot afford $6.5 billion to assist in exploration. We are saying to the oil companies that for every dollar they spend up there in the frontier areas and for every dollar they spend exploring for oil offshore, the Canadian taxpayers will pick up 93 cents of the tax, and that we will ask the companies to pick up 7 cents of the tax. We are saying to the oil companies that if oil is found, however, we want a cut of the action. We want some of the equity as a result of this investment. We are saying that we will invest 93 per cent but that we want 25 per cent equity. Can one imagine any business operator running his or her business under those conditions, 25 per cent of the action for 93 per cent of the risk? Yet that is what we are being asked to support here in the House. It is absolute madness. I suspect that if we are to be paying 93 cents on the dollar for 25 per cent of the action, we should probably add on the extra 7 cents, pay a dollar for a dollar, and get 100 per cent of the action. That would be a much more sound business arrangement.

But we know the scenario. The oil companies need support, so they will ask the taxpayers of Canada to help them out. We will find more oil, we will have a surplus of oil, and we will then be asked to give permission to export oil because of this surplus. We will then find out that our figures were incorrect and that we have another problem. We will find that we need to explore for more petroleum opportunities, the oil companies will come to the Canadian government to ask for more support by the taxpayers, and we will give it. Then there will be a surplus of oil and we will be on the old treadmill all over again.

That is the kind of madness that Canadians are no longer prepared to tolerate. They are no longer prepared to support this kind of mentality. I think the recent Gallup poll very clearly indicates that fact. In a very extensive Gallup poll, Canadians were asked, "Are you interested in having Petro-Canada as the dominant oil industry in this country? Are you interested in self-sufficiency by the year 1985, where more than 75 per cent of the oil industry would be Canadian controlled?" The answer was overwhelmingly yes. Seventy per cent of Canadians said that is what they want. That is why I suspect my friends in the Tory party are not responding very positively to the wishes of Canadian citizens. The taxpayers of Canada want this madness to stop.

• (1550)

Let us talk for a moment or two about the refiners who are receiving these compensation charges because they have presumably been forced to buy at excessive world prices and must therefore be compensated. If you look carefully at the figures, Mr. Speaker, you find that many of the refiners are being overcompensated between $7 and $12 a barrel. In other words, they are not able to buy cheap oil on the spot market of the world and are compensated on the average price of landed oil in the port of Montreal.

In a sense, many of the refineries in central Canada are making money to the tune of $7 to $12 per barrel. When you consider the amount of oil being moved through the central Canadian refineries, it means that some people are making virtually windfall profits. Who is paying for these windfall profits? Who is paying for this illogical compensation payment? Once again it is the taxpayers of Canada. They are paying certain refineries in central Canada more money than they require to compensate for the purchase of foreign oil. Very clearly, we need a more accurate system of calculating this compensation rate. That is one thing we will be advocating and speaking very loudly about when this bill goes to committee.

What is sad for a member of Parliament from western Canada is the fact that we are now shutting in wells in western Canada. This is because the refineries in central Canada are not required to buy western oil. This is being done to the tune of about 30,000 barrels per day of production. Each day 30,000 barrels are locked into the ground as we import expensive foreign oil. Some people say that by the end of the summer it will not be 30,000 but 300,000 barrels per day.

That is a tragic situation when you consider the economic problems facing much of the oil industry in western Canada, with special emphasis on the small operators within the industry, the service industries and so on. The big companies are able to take care of themselves, but the small independent entrepreneurs in western Canada are being pushed to the wall. This is because we have a weak federal government that is only asking eastern refiners to give preference to western Canadian oil. If we are going to be locked into this kind of compensation payment, we need to do more than ask the refiners. Indeed, we should require the use of Canadian oil wherever and whenever possible.

The issue is that this whole matter is extremely costly to Canadians. Canadians find it frustrating to know that if they cross the border they can pick up gasoline significantly cheaper than in Canada. While it might appear their prices are going to stabilize or drop a bit, ours are guaranteed to increase. Canadians wonder why they are paying more than they have to in terms of compensation rates to the refiners and why they are paying the oil companies billions of dollars per year. Why are we not prepared to change the tax structure which will result in a more equitable tax flow from the oil companies? These are questions that members opposite have not had the opportunity to respond to.

The present rate of compensation to importers of foreign oil is $17.32 per barrel. Who pays? The consumers of Canada. In 1981-82, compensation charges cost the consumers $5.16 billion in one year. This present year they cost the taxpayers close to $3 billion. It will cost the consumers of Canada $3 billion when it should not be costing them anything. We can and ought to be delivering oil to the eastern refineries, something we would be doing if we had the foresight and planning that this industry requires. The present petroleum compensation charge per barrel of crude Canadian oil is $6.30, again coming from Canadians paying their heating bills.

It is clear that based on the Gallup poll which I referred to earlier, and based on the kinds of charges that are being levied against Canadian consumers and passed along primarily to the oil companies, there is only one way to go. The people of Canada must become a more major player in this critical and strategic industry. The only real way to do that would be through public ownership of a major sector of this industry.

If we are going to pay out $6.5 billion in the next five years to the oil companies, perhaps we ought to ask ourselves what would be the price to buy Imperial oil. How much would it cost Canadian taxpayers to purchase Canadian Imperial Oil? The charge would not be $6.5 billion, but $4.5 billion for the largest oil company operating in this country. That would certainly put us in the driver's seat of this strategic industry. It would go a great distance toward returning to the people of Canada the benefits from this industry.

We do not want to be duped again by the government suggesting that PetroCan is a major player. That is the impression one gets. We know the major player in the oil industry is Imperial Oil. In terms of Canadian owned industry, it is not PetroCan that leads the pack; there are five ahead of it on the list. Dome Petroleum and others are ahead. When you see the fancy ads and the rhetoric of the federal government regarding PetroCan, Mr. Speaker, you must be very careful.

Mr. McDermid: Dome is Canadian.

Mr. Riis: I appreciate that. I said that Petro-Canada is not the largest Canadian oil company operating in this country. Dome Petroleum is the largest, and there are other Canadian owned oil companies with it. What is disappointing is that the present government apparently has no plans to make PetroCan the major player in the league.

The Canadian ownership special charge that was intended to provide the capital to purchase oil companies in order to expand the amount of Canadian ownership has been reduced from a possible maximum of $4 per barrel to $1.15 per barrel. That means the takeover money that was supposed to be coming from this special levy simply will not be available. The strategic industry to which this bill is addressed will continue to be dominated by foreign oil companies. Decisions regarding this strategic resource will continue to be made in the board rooms of foreign countries around the world. I cannot imagine why anyone would suggest that is in the best interests of Canada's future.

I want to refer to a couple of critical clauses of this bill that need to be changed. One allows the federal government to set the price of oil in the territories. Time and again the Prime Minister (Mr. Trudeau) has said that, in his estimation, the concept of federalism is dead in this country. Most members of this House do not feel that way. In fact, federalism is something we want to nurture, encourage and support. The way to do that is not by saying to those who live and govern in the Territories that when it comes to setting the price of oil, we have no faith in them, that we will set the price here in Ottawa because we know what is best for those living in the Northwest Territories and Yukon. It seems to me that a much more positive step, a step that will recognize the concept of federalism that will or ought to exist in this country, is to negotiate a price for oil found in the territories of Canada. This is something that we will be advocating, Mr. Speaker, when the bill gets into committee.

• (1600)

We were very disappointed to find that the draft of Bill C-103 had been altered by the time it got to the House. In the draft it was made very clear that once the pricing arrangements had been made between the federal government and the provincial governments, if there was a difficulty or an impasse, then the federal government would have the final word; they would have paramountcy in this particular matter. In the concept of federalism and recognizing the realities of Canada, we have no difficulty with that; we have to accept it. In the end, if a price has to be determined, we have to accept the responsibility for setting that price.

Nevertheless, in the draft legislation, if a number of members in the House stood up and wanted to debate that issue, so that it became a clearly understood issue in Canada, then that

option would be available to them and there would be a debate, although limited in time; but at least, it would be an issue to be placed before the people of Canada. Bill C-103 eliminates that option. The Liberal government is saying: "Listen, we want the opportunity to set this rate arbitrarily or unilaterally, if necessary; we do not want to discuss it in Parliament; we do not want to have even half an hour's debate on it in Parliament". To me, Mr. Speaker, that is undemocratic; it is not operating in the spirit that Canadians have grown to love over the years and it is certainly working against the very principle of a democratic society and parliamentary government.

I am looking forward to getting into committee and asking the members opposite to explain why it is they want to stop debate on such a critical issue, why they will not allow us to debate it, and what made them change their minds on that original draft proposal.

There are some clauses one could identify, Mr. Speaker, but previous speakers in the New Democratic Party have identified the areas of major concern to us. There are some areas we feel are appropriate and there are some steps in the legislation that we feel are good, that need to be taken; but certainly a great deal of fine tuning still remains.

I suppose that my personal disappointment, Mr. Speaker, when it comes to Bill C-103, is that because of the number of points that my colleagues and I have raised, it demontrates very clearly that the people of Canada have lost faith in their political leaders. It demonstrates very clearly why the people of Canada have lost faith in the Liberal government. At a time when every single Canadian is feeling the pinch as a result of high energy prices, whether they be putting diesel fuel in tractors or in boats or simply filling up an automobile at the pump when going to and from work, or paying the heating bills at the end of the month, the people of Canada would like to see a government that has some courage and is prepared to stand up and say: "Enough of this; it is time that we got control of this very strategic industry". It is not like copper; it is not like the cedar industry; it is not like the apple industry. This particular industry provides the very framework for western culture, for our way of life. It is simply not another resource to deal with; it is the very basis of our western North American Canadian culture.

To permit foreign countries and foreign companies to have the say in how this resource is developed, quite frankly, Mr. Speaker, is almost unbelievable. There is virtually not a single country in the world that is a producer of this strategic resource that would allow this to occur, but we are one. It is amazing how we continue on, by duping the Canadian public, by misleading them in election campaigns, by carrying out extensive advertising campaigns, giving the people the impression that we are rushing headlong into obtaining control over this very strategic industry, when in fact we are not. In this party, Mr. Speaker, we feel that it is our role to speak out against such inappropriate legislation and attempt in whatever way possible to communicate to the people that this particular approach must change.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, like other speakers before me, I totally agree that the proposed new title of the bill before us—the Energy Administration Act—is a deceptive misnomer. Although energy and administration are involved, this is really a tax bill; or, indeed, it is a highway robery bill. The word "energy" simply indicates from which source the government plans to reap these taxes; and the word "administration" is simply a more palatable word for unlimited power to spend money.

The Minister of Energy, Mines and Resources (Mr. Lalonde), when speaking to the bill, made a number of astonishing statements. Perhaps even more astonishing was that he made these statements with a straight face. Even though we are nearly at the end of the month, I had half expected him to conclude his remarks by saying "April Fool"! But he did not, so he was obviously very serious when he said:

> Our oil and gas pricing schedule, as created in consultation with the provinces, reflects the sense of realism and fairness which characterizes our energy program.

In no sense whatever is the price Canadians now pay, or will be paying, for their gasoline and oil either realistic or fair. It is abominable. And because it is, I suppose in a twisted way it actually does reflect the government's energy program. So the minister was right in that sense.

The minister went on to say that the government's pricing system has three essential advantages over what was proposed by the previous Progressive Conservative government. Let us examine that statement. The Clark government, on the record, proposed that an additional tax of 18 cents a gallon be levied on gasoline only, not on home heating oil. During the election campaign, the Prime Minister (Mr. Trudeau) and members of his government toured the country promising Canadians—cross their little hearts—that under a Liberal government the tax increase would not exceed 14 cents a gallon.

Mr. Speaker, I know we have to be careful what we say in the House of Commons. We could say that they are "playing with the truth" there. I am reminded, and I believe I mentioned this before, that a great statesman in the British House of Commons once questioned one of the speakers there, mentioned the word "lie" and was made to retract, and justly so. However, he then said: "Mr. Speaker, I will not use that word but I will say that the speaker was guilty of a terminological inexactitude".

I suppose that this statement we are dealing with here was sent around the contry over television and radio and this was why the Prime Minister and the group across the way were returned to office in 1980 because the people believed them. First of all, the people thought that 18 cents a gallon was absolutely horrendous and the idea of 14 cents a gallon looked pretty good. Time and again I have mentioned it to people who are unhappy now and I have said: "It serves you right; you thought 18 cents was a tremendous amount and now you have a much higher tax than that." So Canadians to their sorrow have learned that Liberal promises are not written in stone and always right.

Under this government the price of gasoline has risen, as we are all well aware, to almost $2 a gallon. Of this amount nearly $1.35 is siphoned off in taxes by the federal and provincial governments—two-thirds of what we are paying. It is almost in the same category as whisky. I am one who says we can tax alcohol in that form reasonably heavily because it is a luxury pure and simple. Perhaps in some people's minds it is a medicine, but I do not buy that too often!

• (1610)

Through individual taxes provincial governments create their share of the burden, and for that they provide many services, including highways and so forth. However, through its tax grab at various levels the federal governments is the real oppressor and the real culprit.

When praising the federal pricing system the minister said that it ensures that prices rise gradually and predictably so that consumers and the Canadian economy in general are given time to adjust. It has been pretty hard to adjust to these prices in the time given to us. In the short time since this government was returned to office and after the government's promising lower prices, the cost of gasoline and home heating oil has risen rapidly and astronomically. I can assure the minister that not a single vehicle owner or home owner has yet adjusted to the shock, and I do not know if consumers ever will. Now throught this bill the minister and the government are seeking authority to raise these prices even higher.

The minister made much of the fact that the price of crude oil is lower in Canada than elsewhere. One of our speakers—I believe the hon. member for Calgary Centre (Mr. Andre)—pointed out that the Canadian consumer does not use crude oil. Canadians use the products of crude oil, and it is the taxes on those products which are crippling consumers. Perhaps we should be devising some sort of small refinery in each of our homes; then we could buy crude oil and refine it ourselves. That way we could circumvent these terrible taxes.

Mr. Munro (Esquimalt-Saanich): Don't you believe it!

Mr. Darling: That is quite right; we should not believe it because the government opposite would tax it even on that basis. As I said before, the taxes already being imposed and the increase being proposed amount to nothing more then highway robbery.

If this bill is passed—and I assume it will be—and the government is allowed to impose on gasoline whatever amount of tax it wishes, there will not be anyone left in the country able to afford to drive or, probably, to heat his home.

In the bill the government is seeking authority for the Canadian ownership special charge to allow it to expand its ownership in the oil and gas industry. This charge, which amounts to four cents a gallon, or $800 million a year, is now being used to pay off the purchase of Petrofina. What do the ads say? "It's ours". We certainly paid a price for it because the government bought the company at about four or five times the market value. Anyone who watched the stock market saw the astronomical jump in the price of shares of Petrofina. Someone must have had some inside information. I suppose some were lucky guessers; it was like the Ouija board! A lot of money was made on that. Many of us are well aware of the controversy still surrounding the purchase of that company.

The government, which should have hung its head in shame at the time of the purchase because of the conditions of the purchase, once again gives an indication through this bill of its contempt for the taxpayer. First, it used tax dollars to buy the company at an inflated price in a questionable deal, and now it wants to soak the taxpayer even more to complete the deal. When the purchase is complete, the government plans to use the money collected through the special charge to finance additional purchases of some other oil companies. Again, I presume the government will pay probably two or three times what those companies are worth. If the method of buying Petrofina is any example, Canadians certainly—and understandably—are very reluctant to give the government any money for future deals of this description.

The government promises that any future purchase would only be undertaken after Parliament has had a chance to debate the matter through—and this is a lovely phrase—a negative resolution procedure. The very phrase is indicative of the nature of this government's backhanded and underhanded regard for Parliament and, by extension, for taxpayers. Under the negative resolution procedure, the time for debate in this House and in the other place is limited to three hours in each chamber. Debate would take place without reference to legislation planned, without spelling out the mandate of the new corporation to be created and without any limits being placed on government. And, in a move undoubtedly unconstitutional, if this House did not approve the move and it was approved in the other place, the government would consider the division as consent and go right ahead with its plans.

Another power play for the government in this bill is the petroleum compensation charge and related spending. The government is now collecting about 24 cents a gallon at the pump, or a total of about $3 billion. Every time a Canadian buys a gallon of gasoline, heating oil or diesel fuel, 24 cents of the price paid per gallon is used to subsidize oil imported from Venezuela, Mexico and other offshore sources. This would be understandable if we had none of our own oil here in Canada, but we do. It has been estimated that because of the government's oil import program, 300,000 barrels of non-subsidized Canadian oil is left in the ground each day. That situation is beyond belief. Canadians are paying up to $20 million a day to import the oil we do not extract from our own sources. And because we are not using our own oil, Canadian companies are losing millions of dollars. Some are reducing their operations and, yes, some are even going bankrupt. This has contributed to unemployment and adds significant stress to an already very troubled economy. The problem does not end there. The government, already deeply in debt, has to borrow funds to pay for oil imports, and this only adds to the nation's economic mess.

Is all this bothering the government? Not at all. In this bill the government wants the authority to raise the compensation

charge to $7.5 billion per year without coming to Parliament for approval. This is an outrage.

The government says its underlying goal is to Canadianize our oil and gas industry. Well, if this blundering is the way this government works to achieve that goal, the word "Canadianize" may soon be synonymous with "vaporize". Label it "Canadian" and see it vanish!

The transportation fuel recovery charge is yet another form of tax contained in this bill. The government is imposing a special tax on diesel fuel used by Canadian ships engaged in international trade. If the National Energy Program was devised as a means of helping Canadians, why in the world is the government imposing a tax on fuel for Canadian ships which will raise the cost well above prevailing United States prices? The National Energy Program is a prize, all right—a booby prize!

The situation with respect to airline fuel tax is even stranger. The tax on international flights was withdrawn when it was found to be in violation of international agreements but, because the government had already collected the tax, through the bill it seeks authority to legalize the collection of that illegal tax. This is an amazing situation, one which clearly illustrates how this government operates.

Returning to the petroleum compensation charge for a moment, a method of operation this government frequently employs, the compensation charge was originally established to create a special fund to subsidize Syncrude production to domestic levels. To keep Canadian prices down we were prepared to pay producers for their loss, and the charge was to cover the subsidy. The charge was not considered a tax; it was money being collected for a special fund. However, when the federal government chose to try to bring the government of Alberta to heel and began importing costly offshore oil, the minister, through a ways and means motion, raised the price of the compensation charge. The legality of this method of increasing the charge was in dispute, but the government paid no attention.

• (1620)

Now, through this bill, it again seeks to legalize and expand on an illegal act. Accountability, like Canadianization, is a word whose meaning has been drastically altered under this government. In matters of energy, as indeed in many other areas affecting the lives of Canadians, the government has promised the moon and delivered instead a black hole. What matters to the people has become anti-matter to the government. Perhaps scientists seeking to make contact with alien life forms would do well to focus their efforts and attention on the other side of the House. The government, in the street vernacular, is doing its own thing, in its own space. The people of Canada should unite in an instant to send the government and this bill into a more appropriate place—into space.

As we are all well aware, the bill is going to legitimize taxes which the government has been collecting illegally. As I mentioned before, I believe that out of every dollar the consumer pays for gasoline, 30 cents goes to the producer, the service station and others and 70 cents goes to the provincial and federal governments.The federal government takes the lion's share and now it is going to avail itself, through this bill, of the opportunity to take more.

I think that most Canadians are aware of the bell ringing that went on for two weeks. There was some criticism of this party by certain people in the country but not the majority. The calls and letters that I received from my riding and adjacent riding, which is held by a Liberal cabinet minister, were from people who were screaming blue murder or patting us on the back. They were telling us to keep it up and show the government that it cannot be as autocratic and dictatorial as it wants to be. The ringing of the bells saved the taxpayers of Canada a sizeable amount of money.

Mr. Collenette: Rubbish! Absolute nonsense!

Mr. Darling: Prove it. Read the bill. That monstrosity, Bill C-94, with about 148 pages, would have empowered the government to collect up to 98 cents per gallon of gasoline. At least now the government has agreed to reduce that to 52 cents per gallon. There is no question that this party made a worthwhile effort on behalf of the Canadian people. The majority of the people are now wringing their hands and asking why they ever believed the government when it was running around at election time saying it was going to keep the price of energy down below the 18 cents per gallon that the Conservative government had advocated.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, occasionally in this House there is some value in repetition. Today all Canadians have the right to ask if Liberal members of Parliament will vote for the 52 cents per gallon tax on gasoline. They were elected because they told Canadians that 18 cents per gallon was too much. Will they vote today for a tax of 52 cents per gallon on gasoline? That is the question.

[*Translation*]

Today, all Canadians have the right to ask if Liberal members will vote for an increase in the tax on gasoline, of 52 cents a gallon and not 18 cents.

[*English*]

Today all Canadians have the right to ask if Liberal members of Parliament will vote for a 52 cents per gallon tax on gasoline. They were elected because they told Canadians that 18 cents per gallon was too much. Will they vote today for a tax of 52 cents per gallon on gasoline?

[*Translation*]

Today, all Canadians have the right to ask if Liberal members are going to vote for an increase in the tax on gasoline of 52 cents, not 18 cents per gallon, but 52 cents per gallon.

[*English*]

Today all Canadians have the right and the obligation to ask if the Liberal members will vote for an increase in gasoline tax of 52 cents per gallon. They told Canadians that they were elected because they said 18 cents per gallon was too much.

Today, will the Liberals stand up in this House and vote for an increase in gasoline taxes of 52 cents per gallon?

[*Translation*]

Today, everyone in the province of Quebec has the right to ask if Liberal members are going to vote for an increase in the tax on gasoline of 52 cents a gallon, not 18 cents, but 52 cents a gallon.

[*English*]

It is too bad that every television set in the nation will not be tuned in for the vote today. All Canadians have the right to watch Liberal members of Parliament. Will they stand up in the House today, and at report stage and at third reading stage, and vote to increase the gasoline tax by 52 cents per gallon when they won an election claiming that 18 cents a gallon was too much? Will they stand up in the House and vote for a tax increase of 52 cents per gallon? All Canadians have the right to watch and listen and look at their behaviour.

[*Translation*]

Today, all Canadians, and everyone in the province of Quebec have the right to ask if Liberal members are going to vote for an increase in the tax on gasoline of 52 cents, not 18 cents per gallon.

[*English*]

Today in this House, as the day goes by, as we get closer to the vote, we are going to witness one of the most hypocritical actions ever perpetrated on the Canadian people when members of the Liberal party stand in the House and vote for an increase in gasoline taxes of 52 cents per gallon. They went to the Canadian people and said that 18 cents was too much. Was 18 cents too much?

Mr. Irwin: Go on to the next paragraph.

Mr. Hawkes: Did the hon. member for Sault Ste. Marie (Mr. Irwin) stand on a platform and tell his electors that 18 cents per gallon was too much? Is the hon. member for Sault Ste. Marie going to stand in the House today and vote for an increase of 52 cents per gallon? How is the hon. member for Sault Ste. Marie going to explain that to his voters?

Mr. Irwin: Go back to your French for a little variation.

Mr. Hawkes: A little French, says the hon. member for Sault Ste. Marie, for a little variation.

[*Translation*]

Are the Liberal members from Quebec today going to vote for a tax increase? An increase that is not going to be 18 cents but 52 cents per gallon, and that is the truth.

• (1630)

[*English*]

Later today all of those members from Quebec will stand in this House and vote for one simple tax, 52 cents a gallon. Before the bells rang it was 98 cents a gallon, and I hope Canadian taxpayers understand that 16 days of bell ringing saved them 46 cents a gallon. I hope Canadians understand that the Liberal Party of Canada later today will drive the final nail into the coffin of their integrity. When they stand in this House and vote for a single tax which will increase the price of gasoline 52 cents a gallon after promising the electors to keep it below 18 cents a gallon, their integrity goes out the window. Win an election, break your promise, and look at yourself in the mirror each morning. Ask yourself about your own personal sense of integrity. Is that what politics in Canada is all about?

I could stay on that theme, Mr. Speaker, and in some ways I would like to stay on that theme, for whatever time is allowed me, because that is the fundamental principle in Bill C-103. The integrity of democracy is being challenged by this legislation. It is not right or good for our democracy when politicians go on public platforms and make clear and consistent statements to the voters about their intentions, and then go back on their promises when they win the election. Repeated behaviour of that kind undermines the integrity of the democratic process. It makes each and every Canadian less willing to cooperate with their government. It makes the continuation of our democracy less certain in the long term. It is that kind of behaviour which lies at the heart of the feelings of alienation in western Canada, and it lies at the heart of a growing and strengthening separatist movement. If you cannot trust your government, if we do not have a system which holds politicians responsible for their promises, then the integrity of the people who live in that region of the country will produce a political system which they can trust.

As I sat in committee with the Minister of Energy, Mines and Resources (Mr. Lalonde) the other day, I was bitterly and deeply disappointed at his lack of comprehension of that fact. As I stand here today to debate Bill C-103, I do so with a sense of sadness about a National Energy Program which has been an absolute unmitigated disaster for all Canadians. Not just Canadians who live in the west, but all Canadians.

We have a government which said it would keep the price of Canadian oil at a level which would never exceed 75 per cent of the world price. If you are a lawyer and read the fine print, Mr. Speaker, you might be able to argue that that promise has been kept. But if you just apply a little common sense, you know it has not. The application of that common sense begins by simply getting into your car anywhere in Canada and driving south across the American border, going to the nearest service station and buying gasoline. American gasoline is sold at world price and it is cheaper than Canadian gasoline. The minister and other Liberal members of Parliament will stand up on public platforms and say they kept our price at 75 per cent of world price, yet gasoline is more expensive in Canada than it is in the United States.

How can that be, Mr. Speaker? The simple explanation is that two-thirds of what we pay is taxes, one-third is for the gasoline. The price of gasoline in Canada is about $2 a gallon; if all taxes were dropped then the consumer could buy gasoline for somewhere between 65 and 70 cents a gallon. That is the reality of the NEP. The Liberal party was elected in February, 1980 and gasoline was about $1 a gallon; today it is $2. The price has doubled and the difference, Mr. Speaker, is taxes.

What else have they accomplished? Seventeen billion dollars has left Canada since the introduction of the NEP. Think of that! Seventeen billion dollars which could have been used to create jobs for Canadians, to keep our interest rates down and to build hospitals! The NEP has chased $17 billion out of this country. It has chased out of Canada almost half the drilling rigs, the trucks, tractors and diesel engines, all of the equipment which is needed to drill an oil well. Is it surprising, Mr. Speaker, to find that these people left with their money and equipment?

In October, 1980, we had probably the finest pool of trained talent in that industry which existed anywhere in the world. Then because of an ill considered policy and a minister who does not know what he is doing, we have chased these trained people, equipment and jobs out of this country. This nation is poorer because of it, and our unemployment rolls are growing daily.

• (1640)

Never in the history of this nation has an individual been so misguided and so harmful to our nation than the current Minister of Energy, Mines and Resources. What is so tragic is that so many Liberal members of Parliament have had faith in his judgment and in his statistics when they should not have. But as a consequence of that misplaced faith, their constituents are suffering.

I want to give Liberal members of Parliament an example of the consequences of that misplaced faith. One of the taxes to be found in Bill C-103 is the 48-cent a gallon levy for the petroleum compensation charge. For members of Parliament who want an explanation of some of the 12 ways in which taxpayers' money is wasted through that charge, I invite them to read the April 6 transcript of the Standing Committee on Public Accounts. There are two sets of minutes for the two meetings which preceded the one of April 6 if hon. members really want to comprehend the background. By reading those minutes, hon. members will find out that in 1978 the compensation charge, which the government sought and which it obtained from Parliament, was at the rate of $1 per barrel. That was four years ago. If hon. members look at the bill that is before us today they will find that the government wants the authority to charge $12 per barrel. That is a 1,200 per cent increase in taxes in four years. It makes our inflation rate at 11 per cent or 12 per cent look insignificant when one realizes that the government itself wants to increase the tax rate 1,200 per cent over a four-year period of time.

Mr. Irwin: What about the increase in the heritage fund and the gas profits?

Mr. Hawkes: The hon. member for Sault Ste. Marie would like a diversion. He would like a lecture on the Alberta heritage fund.

Mr. McDermid: What is the government doing with its tax grab?

Mr. Irwin: It is being used for health services.

Mr. Hawkes: Today, of a $30 charge for a tank full of gas, the federal government takes $10. On average, for every tank full of gas sold throughout Canada, the Alberta government gets about $2. The money is used for hospitals, for education and for the training of people. But in Alberta we understand one simple fact—and we have done so since our province began. If you are going to do a good job of helping those who cannot help themselves, for instance, our senior citizens and the handicapped, first you have to have some income. Therefore, to raise money to help those in need income has to be generated. A sane and sensible public policy begins with that understanding. You cannot help anybody if you do not have the resources, the people or the facilities. There has to be a healthy economy in order to help those who need help.

The oil import compensation charge will be written up by historians as a classic mistake in government policy. The charge today is about $6.30 a barrel, which translates into 24 cents on every gallon of gasoline. It is a flat rate. The tax is the same on a barrel of light crude as on a barrel of heavy crude. How many people in this chamber, and I wonder especially how many Liberal members of Parliament, know that in Alberta alone there are 81 grades of crude, each priced differently. The light crudes are more expensive; the heavy crudes are cheaper. The reason for that is that a barrel of light crude will produce more gasoline and more aromatics, which are used in the plastics industry, and less asphalt. A barrel of heavy crude works in the opposite fashion. Aromatics and gasoline are worth more in the marketplace; asphalt is worth less. But when a flat rate tax is imposed on a barrel of crude, regardless of its quality, its value on the marketplace is distorted, and it is distorted very badly. All of a sudden, the heavy crudes are not competitive with the light crudes. It is an interesting fact that the heavy crudes require more money, more equipment and more people.

When that oil compensation charge is imposed, Canadian jobs are lost to the benefit of foreign imports. We told hon. members opposite about that but they did not believe us. The facts today indicate that we were right. An NDP member mentioned that 30,000 barrels of oil a day are shut in, but the figure is closer to 350,000 barrels a day, quickly rising to 450,000 barrels a day. That shut-in crude is of all grades, but it is the heavy oil, the low quality oil—the employment kind of oil—that is the most frequently shut in. That is partly as a result of the oil import compensation charge.

If hon. members would refer to the evidence before the Public Accounts Committee hearing in early April, hon. members would find that the Minister of Energy, Mines and Resources also proposed a flat rate compensation principle. A great deal of the oil that is imported from Mexico is called Mayan crude. When a barrel of Mayan crude is brought into Canada, the oil company receives a subsidy from tax dollars of $17.30 a barrel. When that amount is deducted from what is actually paid for the Mayan crude, hon. members will find the refiner, whether it is Imperial Oil or Petro-Canada in Montreal, can buy Mexican crude at 40 per cent less than what Canadian crude of equivalent quality would cost.

The government is using your tax dollars and mine, Mr. Speaker, to encourage oil companies to buy crude oil from Mexico, Venezuela and Nigeria, while leaving Canadian oil in the ground and Canadians out of work. If the oil is not pumped and no one is searching for it, who will buy cars and trucks?

• (1650)

When we stop and think about the petroleum compensation fund and put it in our own context, how would tobacco growers in the Niagara Peninsula, for example, feel if the federal government said that it would put a tax on their tobacco, that it would collect the money and give it to tobacco growers from Virginia? How would they feel if the federal government said that it would tax their tobacco and give the money to American tobacco growers, so that their tobacco could be sold in Canada at a price lower than tobacco grown in Canada? How would they feel if the government said that they could leave their tobacco in the sheds to rot?

On the other side, how would Canadian car manufacturers feel if the Minister of Industry, Trade and Commerce (Mr. Gray) came forward and said that the government would put a tax on all cars produced in Canada amounting to $2,000 per car? How would they feel if the government said that it would take the money and give it to dealers who import Volvos and cars from Britain and Italy, so that foreign cars will cost consumers less than Canadians cars? Would hon. members opposite rise and vote for such a piece of legislation affecting tobacco farmers or car manufacturers? What if it were done with the shoe industry? The government could put a special tax on Canadian made shoes and make them more expensive. It could take the proceeds and give them to those who import shoes from Italy or Spain, which would make Italian and Spanish shoes cheaper than Canadian ones. How many hon. members opposite would rise to support the Minister of Industry, Trade and Commerce on such a policy? Yet this is what they intend to do some time this day with Canadian produced oil. They will rise in the House and support the Minister of Energy, Mines and Resources on a piece of legislation which has that principle built into it.

Mr. Irwin: Explain why the oil companies are buying offshore steel.

Mr. Hawkes: The hon. member for Sault Ste. Marie might be interested in knowing that oil companies in Canada are laying off staff across the nation. Also he might be interested in knowing that they are not buying pipe from the steel mills in Hamilton or cars from the manufacturing centre in Windsor. They are not buying diesel engines, fan belts or spark plugs because they are reducing the size of their staff and their activities. They have taken their money and put it in the United States. They are buying fan belts, spark plugs, cars and trucks in the United States of America. In Canada we are buying oil from Saudi Arabia, Venezuela and Mexico. We are buying lots of it because the federal government in its wisdom decided to tax Canadians from coast to coast. It decided to take the money and make the oil from Mexico, Venezuela and so on cheaper than Canadian oil, so that oil companies will buy abroad and consumers will pay the price. If hon. members opposite would vote for such legislation in terms of tobacco farmers, shoe manufacturers or automobile manufacturers, then they should rise in the House and vote for it on the oil side as well. But if they would not, they should think twice about standing in the House and voting in such a way when it comes to the commodity called oil.

I heard much talk by members of the New Democratic Party today about public ownership of the oil and gas industry, not private ownership. I should like to talk about hospitals and medical care and public ownership. When hon. members of the NDP rise in the House or in committee and say that $5.5 billion for Petro-Canada is not enough, then Canadians should be asked whether they want their tax dollars used to buy service stations or hospital beds. That is the reality of the choice. If they seek permission to tax, then they should have the courage to lay out the choices for spending. The choice which the Liberal government is making, and the choice which the NDP is supporting, is to take tax dollars from Canadians to buy service stations rather than hospital beds. Anyone who reads the daily newspapers will know that the medical system in the country is facing day by day an increasing sense of crisis. The trained people who make it go—the nurses, the doctors and the technicians—are unhappy because the amount of money for the system is inadequate. But Liberal members rose and voted to cut $5.7 billion worth of spending for that purpose; they stood the other day in the House and said: "Take that money and give it to the board of directors of Petro-Canada to buy service stations and oil wells". They have not asked Canadians if that is the choice they would like the government to make. Do Canadians want to be taxed to buy service stations or to provide medical care? That is the essence of the choice.

The NDP want the ownership charge in the bill to be used to make Petro-Canada larger and larger, but the reality is that the exploration end of the oil and gas industry requires money, people and equipment. All those commodities are in short supply in the world, but all those commodities in the industry are movable. Money and trained people can move to any nation; the equipment is mobile and it can be moved to any nation. It is not a great deal different in the health care system. The equipment is stationary but the trained people can move. They can want Petro-Canada to be as big as they want, they can take money from Canadians in the form of taxation and put money into it, but they are wasting money unless people will work for the company. We are not talking about untrained people. We are talking about geophysicists, tool pushers and people who have spent years obtaining the necessary experience to perform in the industry. When they are in short supply around the world, they choose to work for private sector companies. If we put our money into Petro-Canada we will not be able to hire enough skilled people; we will waste our dollars on unskilled people.

• (1700)

When we remove that money from our health care system, we will lose our trained medical people; they will leave Canada to go to other countries. At the same time as we will have an inefficient and costly oil and gas industry which will not work, we will have created an unworkable health care system. That is the nature of these Liberal government policies which it has proposed over and over again in the House. It is time for the government to begin thinking and learning. It is time for those Liberal members to tell the Minister of Energy, Mines and Resources to come to his senses before it is too late.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York-Sunbury (Mr. Howie)—Pipelines—Delay in construction of TQM natural gas pipeline. (b) Prime guarantee; the hon. member for Mississauga South (Mr. Blenkarn)—Committees of the House—Appearance of Minister of Finance before Standing Committee. (b) Request for verification of rumour; the hon. member for Red Deer (Mr. Towers)—Agriculture—Beef stabilization program. (b) Request payments not dealing with supply management.

GOVERNMENT ORDERS

[*English*]

ENERGY ADMINISTRATION ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto, be read the second time and referred to the Standing Committee on Energy Legislation.

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, it never ceases to amaze me when I listen to debates in the House to see how quickly times change. It was only a year ago that we heard members opposite asking us why we were not raising our oil prices to world levels in order to commence development and to achieve an agreement with Alberta. Now that they recognize that we have an agreement which was made after more than a year of negotiations—an agreement which the Conservatives were not able to arrive at—they are the first to criticize it. They are criticizing an agreement which is not only a benefit to the petroleum industry but to Canada as a whole.

The Conservative party wants to know what we are doing with the taxes which were raised as a result of that agreement. I should explain initially that 67 per cent of the cost of hospitalization insurance comes from federal coffers. The government provided for 59 per cent of medicare and 35 per cent of extended health care, and when you consider that in Ontario the federal government pays part of the cost of Grade 13 in the secondary schools and research in the universities, the amount rises to more than 62 per cent.

The government pays 50 per cent of the cost of crop insurance; the other 50 per cent is paid by the producers themselves while the provinces administer this plan. The government pays 50 per cent of the cost under the Canada Assistance Plan. Is the Conservative party suggesting that we should do away with these programs? Do they suggest, as one member did this afternoon, that the provinces should build the highways and make all the material improvements and that the federal government should neglect the welfare of Canadians? Should we neglect our senior citizens who helped build this country?

I feel I must comment on a point which was made about gasoline prices being cheaper in some areas of the United States than in Canada. The Conservatives conveniently forget to point out that our dollar is valued at approximately 18 cents below the American dollar and that the American gallon is approximately 20 per cent less than ours. Conservatives members forget to mention these facts when making their speeches.

Another assertion made by Conservative members is that Canadian drilling rigs have moved south. However, these rigs began to leave in September of 1981, before the National Energy Program was announced. The reason they moved south was that we had literally thousands of gas wells in western Canada shut-in with no markets or pipelines to hook on to those wells. As a matter of fact, there are gas wells in my own constitutency which were discovered in 1977 and only this year have they been able to be hooked up to the main transmission lines which are less than five miles away.

When the hon. member for Vegreville (Mr. Mazankowski) spoke in this debate on April 22, he made reference to fertilizer and the fact that the price of natural gas has a direct impact on the price of fertilizer. I should remind him that fertilizer prices this spring, especially in my area, are less than they were a year ago. Prices a year ago, as indicated in one particular analysis, were $250 per tonne; at 8-32-16. Those various components reflect the percentage of nitrogen, phosphorous and potash in each tonne. That particular analysis a year ago was $250 cash per tonne, picked up at the local warehouse. This year I have received quotes of $236 per tonne. Today, nitrogen prills containing 45 per cent urea costs $296 per tonne. Our invoices show that we paid $310 per tonne a year ago. These certainly are not increases by any stretch of the

imagination. They are, rather, adjustments in the price reflecting the demand and supply situation in Canada and reflecting the surplus of many raw material products which we have.

The hon. member for Vegreville also mentioned that these products could be bought cheaper in the United States. He indicated that it was $30 to $60 per tonne less in the United States. I must remind him that the currency exchange for that particular analysis priced at $236 per tonne which I mentioned earlier would amount to $47 per tonne on exchange alone. Obviously, it would be cheaper in the United States.

I would also point out that the federal government does not set retail prices of gasoline or diesel fuel. The federal government establishes the price paid by refiners for their crude, and it should also be borne in mind that the federal government has no jurisdiction over resources in a province but only over interprovincial and international trade.

The blended price at the beginning of this year is 70.6 per cent of the world price. The old price was 54.4 per cent of world price. The newly discovered oil, tar sands oil and imported oil are blended with that old price to arrive at the blended price. This is a price which we negotiated for more than two years and it is one in which we intend to continue.

When we compare our price per barrel, it is still lower than that which was proposed by the opposition. We are still lower in our wellhead natural gas price than the opposition would have been had they continued with their proposed price structure as contained in their 1979 budget.

We achieved an agreement with the provinces whereby the percentage share for the Government of Canada rose from 11 per cent to 25.5 per cent. The province receives slightly over 30 per cent while the oil companies get 44.3 per cent of the wellhead price. Certainly this is an achievement. Our government recognized that we were faced with an oil and gas industry which was very heavily foreign owned and controlled at the end of 1980. Fully 72 per cent of oil and gas revenues ultimately accrued to foreign owned companies or foreigners. Furthermore, 78 per cent of these revenues were accounted for by foreign controlled companies in Canada. This compares to a level of 52 per cent in the United Kingdom and 10 per cent to 15 per cent in the United States.

There have been many comments with respect to the present level of the petroleum compensation charge. I would remind hon. members opposite that one year ago the Alberta government was cutting production. This necessitated the rise in the petroleum compensation charge. Now, at a time when the market demand has slowed, the Conservatives are complaining about the cutbacks. Not only is the level of foreign ownership and control very high but a review of the major oil industry competitors clearly indicates the dominance of foreign companies in Canada's oil industry. Eleven of the 15 largest oil and gas producers are foreign owned and controlled, with the top eight positions being held by foreign companies. Not only was the domination of foreign companies pervasive, but it seemed likely that the situation would become almost worse.

• (1710)

Future major oil supply in Canada would not be from traditional sources in the western Canadian basin but, rather, oil supplies would be increasingly diverted from massive oil sands plants on exploration sites in the Arctic and on lands well offshore. These future sources of energy supply required vast sums of money and a great deal of technical know-how. Foreign companies were, and in many cases still are, in the best position to take advantage of these future opportunities. However, it is only with the participation of the Government of Canada, along with that of the provinces, that development of our resources can continue, particularly in the area of the heavy tar sands, where we see that the companies are backing off, not because of any actions by either the provincial or federal levels of government, but because of the glut of oil on the world markets and because the return that they expect from their money is not there.

Given this situation, the following questions must be asked: What government in the developed world would tolerate the large degree of foreign participation in an industry as significant as we have here in Canada? Have we Canadians an obligation to ensure that this industry stays under Canadian control?

Mr. McDermid: Where were you when they asked you for help in the first place?

Mr. Ferguson: I submit that we have an obligation and that this bill provides the basis of fulfilling that obligation. Certainly, what government would have allowed such dominance in its strategic industry which, in Canada's case, is responsible for about 10 per cent of the country's gross national product?

These are the types of questions which the Canadian government had to face in relation to its own economy in the fall of 1980. Its response to the Canadianization objectives and policies was embodied in the National Energy Program of October, 1980. The government stated that it believed that:

> —a larger national public sector presence in oil and gas is the only equitable way to meet quickly our goal of increased Canadian ownership. Judging from the results achieved to date by Petro-Canada, it is also an effective way of encouraging the rapid energy development necessary to meet our security needs.
>
> For these reasons, the Government of Canada intends to acquire several of the large oil and gas firms.

This would ensure that the firms stay within the control of the Canadian people, which would be in their best interests. The National Energy Program also stated:

> In adopting a program of enlarging the public sector, the government is anxious to ensure that the program is self-financing, and imposes no additional burden on general government revenues. Therefore, the government will establish a Canadian Ownership Account, to be financed by special charges on all oil and gas consumption in Canada, to be used solely to finance an increase of public ownership in the energy sector. The charges will be set at levels that make this program totally self-financing. The actual rates and the dates of implementation will be determined by the progress of the acquisition program. The charges will be kept at moderate levels in the early years, to limit the impact on consumers.
>
> While the Goverment of Canada is determined to increase Canadian ownership and control, it does not wish the result to be increased concentration of power in the hands of a few large Canadian companies. Competition is the

lifeblood of the industry, and the consumer's best protection. A concentrated Canadian industry is an unsatisfactory replacement for a concentrated foreign-owned industry. The intent of the program is to increase the number of Canadian participants. Therefore, the government will be vigilant about ownership trends in the industry. The Petroleum Monitoring Agency will play a key role, through its function of advising Parliament on the size, financial position and ownership of the oil companies.

In slightly more than a year since the announcement of the National Energy Program, great strides have been made toward Canadianization. The eighth, fourteenth and eighteenth largest oil and gas companies have been switched from foreign to Canadian control. The level of Canadian ownership, measured by upstream production revenues, has increased by over 6 per cent as a result of some $7.5 billion in mostly private sector acquisitions. We have been able to make this achievement. Petro-Canada, the nationally-owned oil company, now has refining and marketing facilities across Canada, after its recent acquisition of Petrofina which, incidentally, will be paid for later this year.

While we are generally pleased with the progress to date, we realize that there is a great deal yet to be accomplished. It is for this reason that we are proposing the establishment of a Canadian ownership charge and Canadian ownership account. The Canadian ownership special charges, used initially to help finance Petro-Canada's acquisition of Petrofina, would provide for a special charge on domestic petroleum received for processing or consumption in Canada, and foreign petroleum and petroleum products imported into Canada. The charge is currently $7.25 per cubic metre, or approximately $1.16 per barrel, which is the ceiling set by this bill. No greater increases are even authorized by this legislation.

The Canadian ownership special charges would also provide for special taxes increasing the natural gas and gas liquids tax, which is a tax on marketable natural gas, propane, ethane and butane. Increases on the natural gas tax are now 14 cents per gigajoule. Increases on the tax on propane, ethane and butane are $3.55, $2.60 and $3.95 per cubic metre respectively. These amounts are the ceilings set in the bill for the increases. They will not be applied to exports of natural gas or gas liquids. No further increases are authorized by this legislation.

I should also like to point out that under the incremental oil revenue tax, an agreement was reached with the provinces last January which decreases the tax paid by smaller producing wells by 5 per cent for every barrel less than 20 barrels per day. Therefore, a small, very shallow stripper well which produces one barrel per day would, in effect, pay a 5 per cent incremental oil revenue tax. This has a tremendous impact in putting drilling rigs back to work in Alberta, where approximately 40 per cent of the wells fall into this category and account for approximately 10 per cent of the production.

In addition to that, the petroleum gas revenue tax, as raised earlier in the year, is the really ineffective tax of 12 per cent, a reduction from the 16 per cent, a reduction related to a resource allowance. However, in the future, the use of any funds from the Canadian ownership account for other acquisitions would have to be authorized by the governor in council, acting on the recommendation of the Minister of Energy, Mines and Resources and the Minister of Finance. Such uses will be subject to a negative resolution of Parliament.

However, it should be made clear that the direction of the Canadianization thrust has been toward the mobilization of predominantly private Canadian investment by existing companies, pension plans, insurance funds and from individuals. To a great extent, this policy has succeeded since all but one of a dozen acquisitions to date have been by private companies. I should make a small correction, because the Ontario government took part in the acquisition of a private company when it bought 25 per cent control of Suncor. Therefore, really all but two of the acquisitions to date have been by private companies. Furthermore, the federal government is acting as a catalyst for the establishment of a co-operative energy corporation which will bring into the oil and gas sector the savings of millions of Canadian co-op members.

A misconception which we have heard, particularly from abroad, is that the government is creating an unattractive environment for foreign firms which will reduce the value of these firms, allowing them to be purchased at "fire sale" prices. This is an absurd allegation. Canadian companies have paid prices well above market value for foreign-owned assets. Furthermore, foreign-owned oil and gas subsidiaries trading on Canadian exchanges have done no worse than their Canadian-owned counterparts.

Another misconception was the belief that Canadianization policies for the energy sector will be applied in other sectors of the economy, specifically, in the minerals sector. The government has already stated that this will not be the case, and the evidence on the difference in the foreign ownership and control situation in the two industries is a major reason for the difference in policies.

• (1720)

Finally, the objective of Canadianization does not mean that foreign investment and ownership in the oil and gas business is no longer wanted in Canada. Canada is well known for its exciting geological potential. The combined financial and fiscal incentive package offered by the government makes Canada one of the most attractive countries in which to invest. For example, a foreign investor operating in the north or offshore will, after tax deductions and incentive payments, be spending only 53 cents of every exploration dollar.

In fact, a recent comparison made by Petro-Canada of rates of return expected by a foreign investor from a representative pool of new oil shows the following: Canada lands 27.7 per cent, United Kingdom 24.4 per cent, United States 21.6 per cent and Norway 18.3 per cent. I repeat, these calculations are for foreign investors. The figures show that we have created an environment which, when compared to other locations, will be attractive for foreign investors. The government welcomes their participation and asks only that they take into account the legitimate aspirations of Canadian investors and other Canadians to own a share of this vital sector and to exercise some control over decision-making in their own petroleum industry.

This view is widely supported by the vast majority of Canadians. Indeed, it is one of the most popular programs established by the Canadian government in many years. The results of a poll done by the Canadian Petroleum Association last year indicates that 84 per cent favour the government's move to make the oil and gas industry in Canada at least 50 per cent Canadian owned. This is a remarkable figure. It indicates the desire and the determination of Canadians to achieve that control so that we are no longer at the mercy of the foreign-owned companies.

With respect to the Canadian ownership special charge, I would like to mention the significant change that was made to these provisions as they appeared in Bill C-94. The legislative authority that appeared in Bill C-94 to raise the Canadian ownership special charge above the present level has been removed. Under the new amendments, the existing Canadianization charge can be decreased but not increased beyond that level by order in council.

The change is as follows. The ceiling on the Canadian ownership special charge on petroleum has been lowered from $25 to $7.25 per cubic metre. The ceiling on increases to the excise tas on natural gas has been lowered from 60 cents to 14 cents per gigajoule, and the ceiling on increases to the excise tax on natural gas liquids has been lowered from $17 per cubic metre to $2.60, $3.55 and $3.95 on ethane, propane and butane respectively.

I would like to leave hon. members with one thought. The government believes that it has created a framework which will both allow significant participation by Canadians in their own oil and gas industry and encourage continued active involvement of those foreign companies which have contributed to the development of this important industry. I am confident that this can be done.

In closing, it should be very clear that in its program to date the Government of Canada has shown it has a flexibility to negotiate, compromise and arrive at an agreement with the oil-producing provinces of this country. It is willing to negotiate with the oil-producing wells to ensure that the incremental oil revenue tax is not an overbearing burden and will not make the production of oil from such wells uneconomic. It has shown the flexibility to make adjustments in many areas. I am confident that as the world energy scene changes, the minister and this government will adapt to those changes in a way that is beneficial, not only to all Canadians and the provinces, but to the industry as a whole.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, the bill before us seeks to amend a 1975 act of Parliament which imposed a charge on exports of crude oil and petroleum products to raise revenue to support the one-price oil policy, which I feel was a good policy, and to attain energy goals.

The measure now before us legalizes the petroleum compensation charge which is currently levied at $6.30 a barrel and which has resulted in an increase in the price of gasoline at the pumps by about 24 cent a gallon. About $1 a barrel or four cents a gallon of that amount has received legal authority. In this bill, the government seeks to give itself the right to increase the tax to $12 a barrel, or another 24 cents a gallon at the pump.

The second major tax contemplated in the bill is the Canadian ownership charge. It was instituted to raise money to enable Petro-Canada to purchase Petrofina. In this case the levy is $1.15 a barrel or about four cents a gallon at the pump.

Since February, 1980 we have experienced a 99-cent increase in the price of a gallon of gasoline, of which 60 cents is directly attributable to federal energy taxes. Home heating oil, which incidentally was exempted from the Crosbie 18-cent a gallon tax, has increased about 66 cents and, while there are undoubtedly other factors involved, the principal thrust of this increase is federal taxes.

As we all know, during the past year there has been a world overproduction of oil and this has caused world prices to fall sharply. The taxes which the government has been adding to the price of gasoline at the pumps during the past two years is supposed to pay for the increasing subsidy the government has been paying on the one-fifth of our oil requirements which could not be supplied by Canadian sources and which must be bought offshore, generally supplying the oil needs of eastern Canada.

The subsidy was necessary so that all Canadians could enjoy the Canadian price. However, if the cost of foreign oil we are subsidizing is falling, the taxes needed to pay for the subsidy should also be decreasing, not increasing. In other words, the price we pay for gasoline at the pump should be coming down, as it has been doing in the United States and in most other countries, not going up.

Indeed, at many points along the Canadian-American border the price of gasoline charged at the pumps in the United States is lower. In many cases so is home heating oil. I suggest that the difference in the value of the dollar does not fully compensate for the magnitude of this difference. The Americans significantly are paying the world price, and I have to ask what we are paying. Increasing energy costs are percolating through our economy, causing serious dislocations.

The inflation rate has risen from 9.3 per cent in March, 1980 to 11.6 per cent in March, 1982. In the past year alone, fuel oil costs have risen by 29.6 per cent, transportation costs by 16.4 per cent, fresh fruit by 28.7 per cent, processed vegetables by 18.8 per cent, communications by 18.7 per cent and owned accommodation by 16.6 per cent.

The purchasing power of the 1971 dollar in March, 1982 was 39 cents. In the past 11 years, the consumer price index has risen by 156 per cent. Food prices have risen by 204 per cent and housing costs by 148 per cent. The 1981 average annual inflation rate of 12.5 per cent was the highest in 33 years. Wages are not keeping pace with inflation. The average wage earner in Canada has lost $285 in annual purchasing power since the February, 1980 election and $635 since the fall of 1977. As we have all been reminded by recent events, short periods of time can cause great changes in political fortunes and in political perceptions. This bill reminds me that just over

26 months ago the Liberal party was elected nationally on the platform that higher energy prices were unnecessary and that they could manage the economy better than the Clark government.

• (1730)

Now, 99 cents a gallon later, people are beginning to recall that during the term of office of the Clark government, inflation remained stable, jobs were being created at the rate of 30,000 a month, and the purchasing power of wages rose. Under the self-proclaimed economic miracle workers now in office, we have seen 33-year record levels of unemployment and inflation, declining real wages, the biggest tax burden since the war, the gutting of the passenger rail system, and proposals to reduce the financial commitment to equalizaton, health and post-secondary education.

The 18-cent election issue has come home to roost and it is costing Canadians their economic well-being.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): The hon. Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall).

Mr. Dingwall: I have a few remarks on the particular piece of legislation before us. My colleague for Bow River (Mr. Taylor) and I had an understanding that certain speakers would follow one another and I guess there was a mix-up. Perhaps, Mr. Speaker, I can allow my colleague to speak now and then regain the floor, if I have the unanimous consent of the members.

The Acting Speaker (Mr. Blaker): Does the House consent to the hon. parliamentary secretary ceding his place, without loss of his right to speak again later, to the hon. member for Burin-St. George's (Mr. Simmons)?

Some hon. Members: Agreed.

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, Bill C-103, which is now before the House, is a piece of legislation about which I would like to say a few words. I address my remarks today particularly to the question of oil export charges, this being the subject of Clauses 4 through 11 of the bill.

First of all, I would like to review briefly the historical background to these oil export charges. In doing so I hope to be able to point out how these oil export charges fit into the framework of longstanding Canadian oil export policy, how the federal government has responded to the needs and interests of the provincial governments, has responded to the regions of Canada as well as to the needs of the oil product industry, in terms of introducing, negotiating and administering those oil export charges. Oil export charges are big business. I understand that in the fiscal year 1981-82 the National Energy Board collected charges amounting to $700 million—big business indeed.

Members of the House will note from Clause 7 of the bill before us that the National Energy Board, on behalf of the minister, actually administers and enforces the part of the Petroleum Administration Act that I am dealing with. I would like the House to note that the board has carried out this task since 1974 and has done so with great efficiency, using a minimum of human and financial resources in the process. The 1981 National Energy Board report will give some details concerning the board's involvement in the administration of this part of the act.

Members of the House will recall that the taxing of domestic source oil exports started back in October, 1973. Shortly before that, the Government of Canada had requested the Canadian oil industry not to increase further crude oil prices, which had been rising for about a year as prices in the United States and overseas increased. However, the opportunity-price in export markets continued to rise as a result of international events. The National Energy Board required and still requires that export prices should be just and reasonable in the Canadian public interest.

The board set an export price for October, 1973 which exceeded the domestic price. The government therefore acted to obtain for Canada, to obtain for Canadians, the difference between the domestic price and the available export price by means of a tax. The authority for this tax from October, 1973 to March, 1974 was the Oil Export Tax Act. Incidentally, this particular act was administered by the Department of National Revenue. The National Energy Board became responsible for administration of oil export charges as of April, 1974.

Understandably, the producing provinces were seriously concerned that the federal government should be appropriating revenue, part of which they thought should properly accrue to them, the producing provinces, in the form of royalty on higher export prices. This is something to which the opposition has frequently drawn attention in the past, arguing that the federal government was insensitive to provincial interests.

I want to take a moment, Mr. Speaker, to remind the House that all of the revenue collected by the federal government under the oil export tax in respect of exports from October, 1973 to January, 1974 was paid to the governments of the provinces from which the oil was deemed to have come. This meant that the provincial government benefited not just to the tune of a deemed royalty, perhaps one-fifth of the value of the oil export, but rather they enjoyed 100 per cent of the revenue from those export sales.

The circumstance for February and March of 1974 was different. As a result of the agreement reached at the first ministers' conference in January, 1974, the federal government had by early 1974 undertaken an obligation to shield the import-dependent eastern part of the country from dramatically rising international prices, a policy that has worked very

much to the benefit of the people in my riding of Burin-St George's and the people of Newfoundland and Atlantic Canada generally. The government provided this shield against dramatically rising international oil prices, by means of the oil import compensation program which continues in effect as a means to achieve a single oil price across Canada at levels much below those prevailing internationally.

Because of this large new financial obligation undertaken by the Government of Canada—undertaken, by the way, with the full agreement of all provinces—the producing provinces agreed that the federal government could keep half of the royalty from export tax revenue accruing from exports made in February and March, 1974. The other half, like the revenues from the period October, 1973 to January, 1974, was to be paid to the governments of the provinces from which the oil was deemed to have come. Again, these governments, it goes without saying, benefited to a much greater extent than would have been the case under then prevailing royalty regimes.

The authority to apply a charge on oil exports from April, 1974 until now stems from the Petroleum Administration Act, Part I. This is the portion of the legislation which Bill C-103, the bill we are dealing with here, seeks to amend in some important respects. All of these revenues from April, 1974 until October, 1980 accrued to the federal government.

• (1740)

I think it is worth while to remind ourselves again that it was by agreement with the producing provinces that all of the revenues between April, 1974 and October, 1980 would accrue to the Government of Canada. The agreement was secured at the March, 1974 first ministers' conference when it was also agreed to increase Canadian crude oil prices by what was then the very large amount of $2.70 a barrel effective April 1, 1974. I believe it is worth stressing that the federal government's access to those revenues was not achieved by a unilateral act of the Government of Canada but, rather, by agreement with the provincial governments concerned. That was the situation prevailing up until the announcement of the National Energy Program on October 28, 1980.

That briefly is the history of the oil export charge during part of which time all the revenues accrued to the federal government and during part of which time the revenues were split between the federal government and the governments of the producing provinces from which the oil was deemed to have come.

The National Energy Program documents noted that virtually all of the crude oil now exported from Canada is heavy crude oil. This oil is surplus to Canadian needs simply because Canada does not have the refinery capacity to use it. The National Energy Program includes measures to build an upgrader in Saskatchewan to turn this heavy crude oil into a product which can be processed in Canadian refineries. Incidentally, progress toward achievement of this objective of building a heavy crude oil upgrader in Saskatchewan has, according to the project's proponents, been somewhat hampered by the absence of definition of the fiscal regime which will apply to the enhanced oil recovery required to provide a stable, long-term feedstock supply for the heavy crude upgrader.

The National Energy Program went on to express the expectation that other upgraders would be built in either Saskatchewan or Alberta and that existing refineries would be modified so that they can use an increasing proportion of this heavy oil. Therefore, it was expected that there would be a progressive diversion of these export volumes into the domestic market. In the meantime, in the view of the government and as expressed in the National Energy Program, it seemed only fair to examine how the revenues from crude oil export charges should be shared among governments.

As I have noted, between April, 1974 and October, 1980 neither the Alberta government nor the government of Saskatchewan gained any benefit from the higher earnings which were available on crude oil exports as opposed to those on crude oil sold in the domestic Canadian market. The Government of Canada therefore indicated its intention to share with these two producing provinces 50 per cent of the export charge revenue on crude oil exports found by the National Energy Board to be surplus to Canada's needs and which are now subject to oil export charges. The program proposed that sharing would begin effective November 1, 1980.

Perhaps there are those in the House who would like to pursue that aspect of the National Energy Program in more detail. If so, I refer them to the program, and particularly to pages 36 and 37 of it which outline the proposal of the Government of Canada to share the oil export charge revenues with the two producing provinces of heavy crude, Saskatchewan and Alberta.

It is worth noting, especially for the benefit of detractors of this legislation or people who are detractors of the National Energy Program, that here is an example of an important initiative taken by the Government of Canada as part of its National Energy Program to share the revenues on a 50-50 basis with the producing provinces of Saskatchewan and Alberta.

The government has now presented the House with legislation intended to put this provision of the National Energy Program into effect. That, in essence, is what Bill C-103 is all about. It is to give effect to this important revenue-sharing provision. Clause 10 of the bill before us provides that the minister may make expenditures out of the Consolidated Revenue Fund for payment of such amounts as are authorized by the governor in council to be paid to a province or its agent in respect of exports of oil from that province during the year. I am sure the House welcomes the provision that the federal government is making, despite its own heavy fiscal burdens and responsibilities. It is a provision to divide crude oil export charge revenues in this way with the governments of the provinces from which the exported oil comes in the first instance.

Having spent just a little time on the history of this oil export charge and having spent just a little time outlining the objective of the legislation before us, I want to comment on the way in which the oil export charge is set. The charge is fixed

by the governor in council on the recommendation of the Minister of Energy, Mines and Resources, taking into account, among other things, the advice of the National Energy Board.

Essentially export charges reflect the difference between the Canadian price for particular grades of crude oil and oil products and the export market price prevailing at the time. The charges which have eventuated from this procedure are set out in Schedule I to the bill for the period from May, 1979 onward. It was, of course, from that date, May, 1979, that the charge necessary in order to capture for Canada the difference between the available export price and the domestic price exceeded the maximum amount of the charge authorized by Parliament in the Petroleum Administration Act. The original maximum was $8 a barrel, or just over $50 a cubic metre. The government of the day, which was not this particular administration but the one which preceded it, found that the necessary level of these charges exceeded the amount authorized by Parliament. The exporting companies were notified by the government of the day, the administration led by the Right Hon. Leader of the Opposition (Mr. Clark), that parliamentary authority would be sought at the earliest opportunity for such a higher level of charge, and meanwhile the companies were asked to remit—and they did, of course—at the higher level pending the setting in place of the appropriate legislation.

As I have just said, these charges from May, 1979 are set out in the schedule which is on page 39 of the bill before us. I want to point out that the administration of the Right Hon. Leader of the Opposition in 1979 followed exactly the same practice as the Liberal government before it in respect of the item before us now.

The level of the crude oil export charge has an obvious impact on the ability of producers to sell their oil in export markets. In setting the export charge the government has to achieve two basic objectives. First, it has to establish an export charge so that the export charge in total is just and reasonable in the Canadian public interest. That means putting it as high as is reasonably possible.

Second, it has to ensure that the export price is competitive and that oil surplus to Canadian requirements is fully taken up in the export market and is not shut in in order that the development of Canadian heavy crude oil reserves is not impeded. There is currently a problem of shut-in heavy oil production in western Canada and this is a matter of serious concern to the government.

• (1750)

As hon. members know, the Minister of Energy, Mines and Resources (Mr. Lalonde) acted vigorously to deal with the problem of shut-in heavy oil production in western Canada. At the beginning of April he announced an action program which included measures intended to secure an export market for as much heavy crude oil as the National Energy Board found to be surplus to our own refinery requirements. The action program included a clear declaration that the Canadian export price would continue to be strongly competitive, that Canadian supply would be reliable, and that the National Energy Board would be prepared to receive applications for longer term export licences.

In an effort to ensure full dialogue and information on this very important subject and this very important bill, the Minister of Energy, Mines and Resources announced an action program on April 1. I presume hon. members already have copies of this and, if not, they are readily available. The document is entitled "Securing Markets for Western Canadian Crude Oil—Program of Action." Among other things, the program includes the assurance that Canadian heavy crude oil exports to the United States will continue to be competitively priced by adjusting the export charge as required. It makes the provision that applications to the National Energy Board for the export of crude oil for terms of up to one year would be welcome. The policy remains to export heavy crude oil that is surplus to our domestic needs. In short, that particular program addresses in a very tangible way the problem of shut-in heavy oil production in western Canada.

I have gone into this matter of the purpose of the export charge, the way in which it is set and the objectives which the government follows in some detail because of the importance of the export charge in aggregate terms and because it has been the focus fo some attention relative to the problem of shut-in heavy western Canadian crude oil. I am satisfied that the government has shown the right degree of sensitivity to industry and producing province interests in dealing with this aspect of our national energy policy. As I said at the beginning of my remarks, I believe the government has to show, and shows, a great deal of sensitivity in dealing with these difficult on going policy and operational problems.

Members will be aware that Part I of the Petroleum Administration Act provides for charges which are applicable also to refined oil products derived from Canadian crude oil. The purpose is to ensure that the people of Canada, rather than the exporting company, generally an oil refiner, benefit from the difference between Canadian and international oil prices when the product is refined from low-priced domestic crude oil and sold into a high-priced export market. This aspect of the oil export charge program has been successfully implemented for a number of years.

Members may be wondering how exports of oil products derived from imported crude oil are treated. So far, the oil export charge has been applicable only to domestic crude origin oil products. The government has, however, fully safeguarded the Canadian public interest by requiring companies which import foreign crude oil, and receive import compensation for it, to refund the full amount of the import compensation embodied in any products which are derived from such foreign crude oil and are subsequently exported. I can assure the House that the Canadian public and fiscal interest is fully safeguarded by this procedure.

Members will, however, have noted that Clause 5 of Bill C-103 makes provisions that a tariff of charges in respect of any or all of the various kinds or qualities of oil be set, regardless of the source of that oil, meaning whether that oil is of domestic or imported origin. This would give the government the

flexibility, should the need arise, to provide for an export charge for all oils crossing the border to export, rather than having two systems, one of export charging and one of import compensation refunding as at present. I for one welcome this provision as giving the government a sensible degree of flexibility.

It is, of course, understood that, if oil products are exported from foreign crude oil, then if an export charge is levied the exporter would not also have to refund the import compensation. One way in which this flexibility could be employed would be to enable a third party—an independent oil company, for example—to export foreign origin oil products to the United States without having to identify the original importer of the crude oil and pay back the compensation through that original recipient of compensation, as is presently the case.

The House has a complex piece of energy legislation before it. This is undeniable. However, I think the House should note that the Petroleum Administration Act has been in effect since 1974, with some relatively minor amendments made in 1978. The powers it provides have been used by the Progressive Conservative party when in office as well as by successive Liberal governments. The Petroleum Administration Act under governments of two different party stripes has served the taxpayers of this country very well. It has stood the test of time.

Mr. McDermid: Oh, oh!

Mr. Simmons: I am sure my hon. friend would find it convenient to take issue with that particular statement. I would remind him that in doing so he takes issue with the actions of the administration of which he was a member. The Progressive Conservative administration used without any change at all the Petroleum Administration Act which had been implemented by the former Liberal administration of 1974.

Mr. McDermid: You did not give us a chance to change it.

Mr. Simmons: The hon. member is still fighting the election.

Mr. McDermid: Who brings it up all the time?

Mr. Simmons: The people of Canada spoke very clearly in February, 1980.

Mr. McDermid: Tell them that today in Saskatchewan, Alberta and British Columbia.

Mr. Simmons: If anyone did not give the Tory administration a chance, I submit it was that administration itself. It had just about a year to do something. That is the plea; that is the *mea culpa* we hear now—that they never had time. They know full well—and they would be more appreciated by the Canadian people if they owned up to it—that they did not change this piece of legislation because it has served this country well since 1974 and will continue to serve it well with some refinements as proposed in Bill C-103. This act, Mr. Speaker, has stood well the test of time. My hon. friend may not like that, but it is true.

• (1800)

The changes in Part I of the Bill before us, to which my comments have been directed, seem to me to be both sensible and very desirable. They legislate charges beyond the scope of the original bill which started with the Progressive Conservative government in May, 1979. They provide for appropriate use of metric units and add some flexibility in terms of adjustments to the charge even for part of a month. They enable the charge to apply to foreign crude products, and provide that a government can make payments out of oil export charge revenues to provinces or their agents. All of these changes are necessary and in the public interest.

So there it is, an eminently sensible bill. A bit complicated, perhaps, but out of necessity because of the nature of the subject it deals with. It is sensible legislation based on fairness and the principle of sharing, a principle which we on this side not only espouse but do something about in our legislation. The sharing in this case is between the Government of Canada on behalf of all the people and the governments of Saskatchewan and Alberta on behalf of their people. This legislation preserves the essential spirit of the Petroleum Administration Act of 1974, which enjoyed the active support not only of the government which brought it in in 1974 and of the current government, but which also enjoyed the active support of the short-lived Tory administration in 1979.

There is nothing sinister, underhanded or conniving about this particular bill, Mr. Speaker. That must disappoint my hon. friend but it is true. It is just a straightforward bill which sets about bringing the legislation in line with reality. It sets about updating a mechanism which has served us well since 1974 and now, with some refinement, can continue to serve us well. What we have in Bill C-103 is of considerable benefit to the taxpayers of Canada, and those taxpayers of Saskatchewan and Alberta. Can there really be anyone in this House who opposes such sharing? Can there really be anyone here who would dare to oppose such fairness in revenue sharing?

The argument was that the government's omnibus bill, which was earlier before the House, had lumped together too many things. They said it included measures which members would want to support with those which they might want to oppose. This bill presents no such dilemma, Mr. Speaker. No one is caught here in the conundrum of saying: "Well, I want to vote for this part but I cannot vote for that part". Here, Mr. Speaker, the issue is very clear-cut and simple, and it is this: Do we as members of this House support sharing oil export revenues with the producing provinces? That is the essential issue. Members either support that or they do not. Members can come up with all kinds of reasons, excuses or canards as to why they would like to support it, but, however, they are going to be clearly on the record on this one.

The challenge is to put your money where your mouth is. Either you support the initiative taken by this government to

share on a 50-50 basis these revenues with the producing provinces, or you do not support it. Do members of this House believe the people of Canada should benefit financially from oil exports? If members believe that, it is clear where their vote will be when the question is called on this particular piece of legislation.

This is a good piece of legislation, Mr. Speaker, because it seeks to embody a principle, as this government has so often done in legislation, which is the cornerstone of the Liberal party and of this particular government—sharing among Canadians the benefits we reap from the extraction of our resources. That, when all the i's have been dotted and the t's have been crossed, is the clear issue which remains. Let no one try to befuddle that. The issue is not whether we should have an export charge, which we have had since 1974; anyone who opposes that concept is about eight years too late. The issue is whether some members of this House can put aside their partisanship, their natural propensity to give it to the government every time they have a chance, their natural temptation to exercise the opposition mentality which says: if the government proposes it, I am "agin" it. It is time to put all that aside and answer two basic questions: do I as a member of this House believe that the people of Canada should benefit financially from oil exports? The answer to that is an unequivocal yes. I am sure I speak for every member of this House; the answer must be an unequivocal yes or that member has no business being here. The second question is: do I support the concept of sharing export oil revenues with the producing provinces? The answer to that question is also an unequivocal yes. I believe it ought to be and is an unequivocal yes for every member in this chamber. If it is not, then that hon. member has no business being here. The entire Canadian experience has no meaning if we do not believe in the concept of sharing, sharing the benefits which derive from the extraction of resources across this country.

• (1810)

For those reasons, and for so many other good reasons that I could state if time were available to me, I want to say that I am going to support this bill with a heart and a half and I would expect that every other member in the House will do likewise.

Mr. Gordon Taylor (Bow River): Mr. Speaker, in listening to the address of the hon. member for Burin-St. George's (Mr. Simmons) I had difficulty deciding in which country he was living and which bill he is discussing. The issue, as I see it, is entirely different from the one he outlined to the House a few moments ago.

The issue in this bill is whether or not the people of Canada are going to pay more than 50 cents a gallon extra for their gasoline and whether the government will do this without reference to the Parliament of Canada. That is one of the reasons why the bells rang. These things should be decided by the Parliament of Canada and not by the cabinet of the country. The issue in the mind of the hon. member for Burin-St. George's is very confused. Either he has the wrong bill or the wrong country.

For a few moments I want to deal with some of the points that he made concerning the benefits that the people of Canada from coast to coast are receiving from the National Energy Program and the energy legislation. Instead of just talking theory, I will try for a few moments to describe to hon. members the situation out west where the oil is produced. Over the last two years there has been a tremendous change in the oil industry. It has gone from being a buoyant industry to an industry that is now sliding down, down and down. First is the matter of investment money. People are not prepared to invest their money in the oil industry given the uncertain terms resulting from the policies being followed by the administration in Ottawa. For example, all hon. members have to do is to look at the type of legislation that is being brought forward. One piece of legislation enabled Petro-Canada on behalf of the government on behalf of Petro-Canada to expropriate part of the oil findings of another company after it had spent money finding oil, and at the same time paying nothing at all to a company that had spent a couple of million dollars only to come up with a dry hole.

The oil industry was buoyant two years ago. It is now depressed. Things are as bad now as they were at any period in our history. Rig after rig, many employees and pieces of equipment have left the country. People have not left the country because they were rich or because they could not do well here. The multinationals can look after themselves. But the independent companies are the ones suffering. The independent operators have left the country because they could not make a profit. The oil industry is slowly dying. Money is drying up and there is no incentive to find oil or gas. The policies of the government have driven out the independents. The energy program and federal legislation are the main culprit in this gigantic exodus of industry, expertise, equipment and people from Canada to the United States. We had a tremendous network of expertise, equipment and men which had been built up by the small companies starting from scratch and developed into network of large companies. A tremendous group of people were developing the industry and making a profit. But when the profit disappeared, the small independents were unable to stay in business and had to leave.

The policies which the hon. member for Burin-St. George's mentioned and which he praised so highly, have driven these people out of the country. Our expertise has left. Our rigs have left. Do not kid yourself by saying that they were the rich or the stingy who wanted to hog more and more. All they wanted to do was what they did for several years, namely, make a living and contribute to the country. They are just as anxious to contribute to the country as is any other person in this land of ours. The suggestion that this is a wonderful program just does not bear examination when one takes time to look at the results of it. People should look at the results of a program and the legislation, not just the administration of it. The results show a sad picture indeed.

If hon. members visited almost any town in Alberta or Saskatchewan, they would be able to find out how the people feel. The industry is drying up. There is no incentive to drill. In

fact, there is no incentive at all. Hon. members can quote all the figures they like, but I tell them to look at the lists of unemployed. This energy program not only affects the people of Alberta and Saskatchewan but it affects all Canadians. Eastern Canadians and central Canadians went out west, got jobs and then found their jobs gone as a result of the National Energy Program. This has greatly increased the unemployment lists and the applications for unemployment insurance in the city of Calgary. The increase in applications for unemployment caused the government to send more and more administrative people from eastern Canada to Calgary. I can speak about the situation in Calgary, but I suppose the same is true for the city of Edmonton. There are masses of applications for unemployment insurance. If nothing else tells this government what is wrong, surely that tells the government things are not buoyant any more. People are not investing any more and they are leaving the country.

People who have never before been unemployed in their lives before who are now unemployed. The effects of this energy policy are being felt in small towns by restaurant owners and by hotel owners. Everyone is being affected. The National Energy Program and the energy legislation have created a depression. If that is the kind of result which the hon. member for Burin-St. George's was talking about, the result of a program which was supposed to benefit the people from coast to coast, he had better tell me who it is benefiting in Alberta, Saskatchewan, or the maritimes. It is benefiting very few people in central Canada.

• (1820)

The situation became so bad that the government of Alberta decided to do something about it because the agreement and a number of other things had resulted in havoc, depression, unemployment, a lack of investment, and people leaving the country. This is not theory, this is reality. People are still leaving the country. The government of Alberta decided that it would have to do something to keep the industry from deteriorating any further. During the last two years under the Liberal administration of the federal government the industry was sliding, so the Alberta government came up with a program. It said that it would contribute 8 per cent of the government's cash flow over the next five years and that it would cut down the profit of government to see if it could get the industry moving, get jobs created, get people working and increase the net worth of production. The government of Alberta also said that it would raise the basic price to cover exploration, investment and development costs and that it would increase that amount by reducing the amount of royalties. The amount was $1.7 billion over five years, or an average of $340 million per year, which the government of Alberta would put into the industry to help it keep its head above water. This is what the Alberta government did.

When we talk about sharing, we must remember that the Alberta government is giving up some of its revenues to keep the industry moving and to provide jobs so that wives and children will not have to depend upon welfare. It will provide $1.7 billion over a five-year period. It plans to do the same for the gas producing industry, which will cost $2 billion. It extended the holiday for royalty payments for new wells, costing $1.5 billion, and set up $250,000 in grants for service and maintenance work this summer. It is putting money into the pockets of people now, not months ahead or five years from now. The government of Alberta has taken a positive step. In the meantime, world prices of oil have declined and world demand for oil has reduced. These factors must be looked at as well.

The Alberta program will not solve the problem of the sharp cutback in Alberta production because of federal government subsidies which make it cheaper for eastern refineries to buy foreign crude. That is another matter about which people are not happy. I do not think people in Ontario either or in Quebec can understand why we are importing crude from Mexico while wells are closed up in Saskatchewan and Alberta. Men have been laid off, the industry is depressed, but we put money into the pockets of those who keep people in jobs in other countries.

It is difficult to understand the thinking of a government which does that type of thing. It talks about importing crude and keeping our own wells tied up and our industry depressed. It will not even allow the export of Alberta light crude which would put people to work. The $1.7 billion over a five-year period will help get industry moving again, as long as the federal government does not try to hog some of it. This point is very important in the minds of industrial people in Alberta today. While Premier Lougheed was doing something positive to revive the oil industry, to create jobs and to provide some profit, the federal government has decided to take it away.

What is the federal government doing? It is providing $4.9 billion in additional capital to Petro-Canada and another $5 billion in compensation payments related to world price. The Alberta government amends the damage of the National Energy Program and the agreement, but the Government of Canada continues to fill its coffers under the leadership of the Minister of Energy, Mines and Resources (Mr. Lalonde). Had the government been sincere when the Alberta government made its offer, it would have said, "We will do the same thing. We will also give up some of our profits and some of our excess money so that it can be put into the industry to keep jobs". This is what the Government of Canada should have done. Now the people of western Canada are afraid that the federal government will hungrily grab from the industry part of what the Alberta government put out to help it survive and keep its head above water.

Certainly the Government of Canada is looking for trouble. The people of western Canada are reaching the breaking point. Their own government has gone the second mile in trying to keep the industry in business and to stop bankruptcies. Heaven knows, there have been enough bankruptcies already! The Alberta government is attempting to stop them, but if the federal government steps in and starts grabbing some of the money there will be trouble.

Ottawa's priorities seem to lie in other areas. A few days ago the Minister of Energy, Mines and Resources said that the total additional capital provided by this bill, that is the Petro-Canada amendments, would be $4.9 billion. He went on to say that the new capital ceiling it authorized was $5.5 billion, but that because $500 million had been subscribed under the present act, and since a further $100 million had been provided with respect to the interest in Panarctic Oils, the total of new capital funds available was $4.9 billion.

Then on April 6 the same minister said that they wanted to strengthen and expand Petro-Canada and increase its activities. He should not have much trouble when he is using public moneys as he is. The value to Petro-Canada of the Petrofina levy is $800 million a year out of the pockets of people, not out of the pockets of any government. It is coming out of the pockets of people who are depressed, people who are unemployed, people who are wondering from where they will get enough to feed their children. When the government grabs $800 million per year, it does not take long before it turns to billions. It will be taken from the car drivers of the country, not to produce or to create jobs, but to pay for Petrofina which was bought at a ridiculously high price. The shifting of ownership and control of the industry to Ottawa is only part of the game. It appears to the people of Canada who look at this that there is a shifting. Conventional people in Alberta could not find work and had to leave the country. Now it is being shifted to Petro-Canada. I am not opposed to Petro-Canada, but I am opposed to the centralization of power in the hands of this government. The primary objective of the national energy policy has always been to transfer the benefits from Alberta oil and gas to the politically powerful regions which maintain the central government in power. It does nothing for producers or the producing regions.

The transfer of this $5 billion in benefits from Alberta to a single central province was made specific in a speech which the Minister of Energy, Mines and Resources delivered to the Langelier Liberal Riding Association in Quebec City on June 1 of last year. The minister said something which the people of Canada and the people of Quebec should know about. When discussing the oil import compensation program, he said:

• (1830)

> Under this program we have paid oil importers in the East—most of whom, as you know, are centred in Montreal—a subsidy which they will continue to receive and which is equal to the difference between the cost of a barrel of imported oil and the cost of the same barrel of oil when it is produced in Canada.

In other words, he is taking money from the rest of Canada and paying it to the importers in the city of Montreal. It is true that by this simple mechanism he has contributed generously to locking in 400,000 barrels a day of Alberta crude oil and robbing the people, government and corporations of the province of the jobs, revenues and opportunities that would result from the production of this crude oil. But the dollar losses in Alberta have popped up as dollar benefits elsewhere, such as to the people around Montreal. I wonder how that sounds to the people of Ontario, Manitoba, the Maritimes and the rest of Quebecers. I do not think it will suit them very well. These are the minister's own words, when he talks about taking this money and continuing to put it into this particular area. He said further to the same group:

> We have made a considerable financial investment in this program—

They certainly have.

> —one which, over the course of the years, has amounted to several billion dollars and which represents a direct subsidy to the consumers of Eastern Canada, the majority of whom are Quebecers. It is not difficult to imagine the additional burden which would have to be borne by the budget of every citizen and every family in Quebec, were it not for this subsidy.

Those were the words of the minister of energy who is supposed to be representing Canada. He is taking money from one part of Canada and concentrating it in another specific part of Canada. It is true that the minister is Robin Hood; he is robbing the people of one part of Canada and giving it to—or what he calls sharing it with—people in another part of a province. The minister went on to say:

> Thus, between 1973 and 1980, Quebecers have received five billion dollars in payments under this program, or $835 per capita.

Those were the words of the Minister of Energy, Mines and Resources. This means that the two million people of Alberta donate to the six million in Quebec what amounts to some $3,000 to an average family there.

We in our province do not object to sharing. We have shared from the beginning. What other Canadian province has sold its non-renewable energy products, its oil, for less than it could get in other markets? Albertans have lost $18 billion in order to provide a better price for Canadians. They have shared as much, or more, than anyone else in Canada. When Albertans hear the minister making these comments and see those programs being implemented, it is no surprise that there is bitterness in our country. It is no wonder that Western Canada Concept is making progress. This government has the audacity to say that western members of Parliament are creating separatism. It is policies such as these which are creating separatism. Anyone who will be affected by these policies will not like them. While Quebecers will certainly accept the money if the government pours it into their province, they do not appreciate a policy such as this any more than anyone else. Quebecers want to contribute the same as the rest of Canada.

The Alberta government has released $5 billion of urgently needed stimulus for the benefit of all Canadians. The Government of Canada is doing its utmost to commit twice that amount of money for its own political purposes. What a shame!

[*Translation*]

Mr. Claude-André Lachance (Rosemont): Mr. Speaker, I shall, if I may, make a few preliminary remarks concerning the parliamentary events that made it possible for the House to examine Bill C-103 at 6.35 p.m. today, although normally, the House would have adjourned at 6 p.m., to resume sitting at 8 p.m. This goes to show, Mr. Speaker, that Parliament works when parliamentarians want it to work.

I had an opportunity to speak in the debate on a motion by the Right Hon. Leader of the Opposition, the day after the parliamentary impasse ended. We were discussing plans for parliamentary reform in terms that showed that hon. members who spoke in the debate felt a real urgency that the work of the House should be as relevant as possible.

Today, I would like to take this opportunity to express once more the hope that very soon, Parliament, either through referral to the Committee on Procedure and Organization or in some other way, will be able to formulate concrete proposals to ensure that, in the future, the House of Commons will not be reduced to the pitiful exercise that paralysed it for more than two weeks.

At the time, I also said that some good would come out of all this, and today, an agreement made by the three House Leaders has made it possible to reach a consensus on a package of extremely complex legislation—which sparked the deadlock in the first place—and split the original bill into eight separate bills, so that each party and each member of the House could make a real contribution to the legislative process, which is the responsibility of this House, and in turn, allow the government which, we presume, is here to govern, to apply time allocation, a system not frequently used in this House but common practice in other countries and in other jurisdictions, especially at Westminster, the model for our Parliament.

Mr. Speaker, I am very happy to be speaking in the debate today, because I find these parliamentary events extremely important, and because I hope that in the future, without resorting to dilatory tactics like those used originally to split the bill, we will be able to work together in the same spirit and reconcile parliamentary responsibilities with the role of government, which is to govern. I now conclude these marginal notes on the events that have taken place in Parliament, which are, I feel, important because since this agreement we have been working in an orderly fashion, bills have been subjected to thorough debate, they have been voted on sincerely and conscientiously by members on both sides of this House, and finally, they have been the subject of a debate the public had a right to expect in the circumstances.

Mr. Speaker, it is often said that money is the life-blood of wars. I think it is probably a truism to say that energy is the motor of society as we know it today. Whether it is used to run our factories or our cars, during this century, cheap energy has enabled so-called industrial societies to prosper, to develop and to enable its citizens to live richer if not better lives, and has made it possible to achieve during this century a rate of growth hitherto unknown in the history of man.

• (1840)

Cheap energy—there you have a paradox, Mr. Speaker. The debate on Bill C-103 is an opportunity to point out how extraordinary it is that, today, people are complaining because the price of energy or perhaps I should say energies, is at the centre of public attention, while for 50 years we ignored the entire question and were using resources which are, by definition, mankind's capital reserves, namely, our non-renewable resources. In 1973, the first energy crisis occurred when the Organization of Petroleum Exporting Countries decided—I may add that it probably had every reason to do so—to draw the best possible benefits from the income constituted by the price paid for oil, especially since most of these countries had no other resources. Oil is taken from the desert or the ocean floor and may come from developing countries that must use this resource windfall to promote the development of their own society. Is it therefore so surprising that, after this psychological and economic shock, Canada, so richly endowed but also dependent on foreign sources of oil and gas, should want to develop its own national energy policy? The cynics among us would claim that an energy policy is long overdue. But, and I say it once again, before 1973 energy was cheap and in abundant supply, and we took advantage of it, in an almost orgiastic consumption of oil and gas, without worrying about who was going to pay the bill and where the energy was coming from.

At the end of the sixties, I remember reading in the papers about the most far-fetched projections that Canada would be self-sufficient in oil and gas for at least 100 or even 150 years. The fact that known reserves were diminishing proved nothing, since in any case, there was an arbitrariness about the whole issue, and the oil companies with their vast monopolies could, in fact, say what they chose to whom they chose. What a shock, after 1973, when we realized that Canada did, in fact, have the capability of being self-sufficient in energy but that we would have to pay a high price to attain that self-sufficiency. Why have a national energy policy? Because I think that Canadians realized at a certain point in their history that it was important and even imperative for us as a society to be able to exercise some control over our own destiny. That is more or less the philosophy underlying the national energy policy, and I support it. I do not think any members in this House could be opposed to this concept.

We want to achieve energy self-sufficiency in Canada and we have the means to do so, even where oil is concerned, but we still have to implement a consistent policy to deal with all the problems which this goal raises with respect to supply, compensation, prices, taxes, charges, allowances, research and development, as well as frontier production. So, we have a national energy policy, and it was announced by the Minister of Energy, Mines and Resources (Mr. Lalonde); but now, several months later, a year and a half to be exact, we are still discussing in this House how to implement this policy. Implementing a national energy policy is not an easy exercise because you essentially have to rely on unpredictable factors over which you have no control. While it is true that 18 months ago we could forecast, because of events which have

occurred since 1973, a regular increase in the cost of hydrocarbons, while we could expect OPEC to go on controlling supplies and the industrialized countries to take some time to adapt to the higher cost and the relative scarcity of these energy supplies, while we could forecast that these same countries would need some time to make the necessary changes to their energy structure, especially at the industrial level, unfortunately, the situation and the projections which we had made did not quite follow the expected pattern. Are we to blame anyone or any government for the fact that fuel prices, and especially oil prices, have dropped in the past year? I do not think so. This occurred because of a combination of circumstances. However, the fact remains that in view of the national energy policy, this drop in black gold prices, if I may use this expression, has lent support to those who still believe that we are living in an area where the development of frontier resources must be left in the hands of entrepreneurs, even though the Canadian people may now want these resources to be developed through a national oil corporation.

I would like to say a few words about this national oil corporation, about Petro-Canada. There are those who say that we did not need it. They may be right in a certain context, but the fact remains, Mr. Speaker, that a modern state like Canada, which wants to have the means to implement a consistent energy policy and to achieve self-sufficiency, which, as everyone must admit, will require tremendous investments and sacrifices if we want to meet this objective by 1990 as projected in the National Energy Program, must necessarily have some levers. And Petro-Canada is nothing else but a lever to allow Canadians to play an active role in applying the principles contained in the National Energy Program. Some might retort that Petro-Canada will use public funds to compete with companies that must go to the financial markets in order to explore, develop, produce the oil and gas needed. That is true. But is there anything wrong, Mr. Speaker, with the reason why we proposed the establishment of Petro-Canada, that Canadians should be directly involved in oil exploration and production? A joint rather than an exclusive interest. Personally, I see nothing wrong, Mr. Speaker, with the fact that through a tax levied on a litre of gas Canadians are involved in the purchase of Petrofina and the establishment of an entity capable of participating with other members of the industry in the implementation of our energy objectives. I see no reason why I should object and I do not think Canadians generally see anything wrong with that. If we can rely on surveys, because we have to use some reference standard, a majority of Canadians feel that Petro-Canada is an asset to our society.

• (1850)

Mr. Speaker, I shall not burden you with the detail of the proposals in Bill C-103, a near-labyrinth, nor with arguments about figures of royalties, charges, rebates and fiscal incentives. All that language, Mr. Speaker, is for experts, it is beyond my comprehension, and it would be presumptuous on my part to propose changes to any provision of the legislation. Again, Mr. Speaker, I take this opportunity to indicate as a Canadian and a legislator that the principles behind our National Energy Program are worthwhile. The proof of this is the fact that certain oil and gas producing provinces, current or potential, as Nova Scotia, after long negotiations entered into agreements, and those agreements as always are beneficial to both parties. Presumably, in this case parties of either side represent a segment of the interests involved. We signed an agreement with Alberta, something our colleagues opposite cannot claim to have done. We signed an agreement of benefit to Canadians. There is no doubt about that. Again, some circumstances somewhat hampered the smooth progress of discussions and negotiations that already had been going on for a very long time. However, at a meeting I was privileged to attend in Paris at the International Energy Agency, non-Canadian—Canadians were present but in this case they were not Canadians—energy experts urged us as members of Parliament not to be lulled into complacency, because although they have now plummeted, oil prices will inevitably go up again. They will have to, because it is a non-renewable resource, each additional drop of which is a little more costly, since the means used to develop this resource are becoming increasingly costly, nature having unequally distributed its wealth.

We began our exploration in locations of easier access, but now we have to explore deeper offshore and develop heavy oils, oil sands and shales. Therefore the costs will increase, the costs per barrel will necessarily go up. Therefore, there is no room for complacency, since present conditions are cyclical. I admit that our life has become more complicated, that some of the premises on which we established our projections for our National Energy Program are undermined, but I do not think that they are inconsistent with that cyclical consideration of the principles underlying the National Energy Program whose philosophy is to provide Canada with a concerted policy for the development of those energy resources.

I am particularly interested in one aspect of the bill and was rather anxious to hear the previous speaker, the hon. member for Bow River (Mr. Taylor) deal with the compensation for petroleum imports which, as things stand at present, are more costly than Canadian petroleum. This is a basic decision, Mr. Speaker, which each of us must make to the best of our knowledge and which does not merely apply to energy resources but to many sectors of our community. And those considerations are based on the fact that the Canadian economy, geography and community are diversified. Sometimes, beef producers walk on the inside and all other Canadians subsidize them through export or consumer prices so that they can produce at a reasonable price. Sometimes, industrialists take advantage of the situation through subsidies, tax allowances, and a particular area of Canada benefits by it. On

another day, it is energy which is somehow to be shared. And one day it could be electrical power in Quebec and I swear to you that the debate will be a fierce one.

As my hon. colleague from Newfoundland was saying a while ago, if Canada is to survive, it is essential that we should set national standards, and if we accept the need for national standards, this holds true for the energy industry as well. I admit that we could carry on a very long controversy over this. Some could ask: Why should one litre of gas cost 40 cents in Montreal and why not 25 cents in Calgary? Why not? I suppose this point could be argued. Why not 18 cents in British Columbia and why not 27 cents in Newfoundland when the offshore oil starts flowing? I, for one, claim that all Canadians should as much as possible be treated on the same footing in this respect; hon. members certainly realize that I am eluding even the issue of oil and gas as a contributing factor to industrial production, for here again a region of the country should not be favoured at the expense of another just because geography has given the former a head start. I believe that, as a matter of principle or given national standards, all Canadians should pay the same price for hydrocarbons, whether they live west or east of the so-called Borden line, and the principle is so self-evident that I unreservedly support the proposal for a financial compensation which the hon. member for Bow River opposed so forcefully a while ago. Surely he will say: "But, of course, the interest of the hon. member for Rosemont (Mr. Lachance) is clear: being from Quebec, he will benefit from this compensation." And he would be right. I come from Quebec, and my province is among those which have benefited greatly from this very real, and I repeat, very real generosity of the people of Alberta in sharing the great wealth they have under their feet. In fact, I believe that it is part of the Canadian genius to find the means of sharing among Canadians in spite of the ups and downs brought about by a policy focusing on past events. Sharing is a characteristic of Canada and must remain so if we are to continue to live as Canadians for a while, in spite of marginal movements such as the Western Canada Concept, and I can testify that if one province is familiar with marginal movements, it is certainly Quebec, because we who believe in Canada, in sharing, in generosity, have had to fight—I was going to say since 1967, but this goes back much further—against a kind of narrow approach, a restricted vision of human potential, an unfavourable perspective of Canada as a whole, an egotistic and egocentric view. We have lived this experience and we still live it in Quebec. No one should blame us for such a movement, which is entitled to exist and which I respect as such, but which I believe to be marginal, and my colleagues will correct me if I am wrong, but I do not believe I am. However, that some people would believe that the national energy policy and the compensation it provides is too much of a sacrifice for Alberta makes me wonder.

• (1900)

I ask myself these questions because I infer from the agreement signed by the Alberta premier and the Canadian government—and I repeat that I am not an energy expert—that both parties find it mutually beneficial. I repeat that if event-related and therefore temporary factors cause implementation problems, it is always possible for intelligent people to make adjustments. As evidence of this, I understand that Alberta has just introduced a reduction in its royalties to give some breathing spell to the oil and gas companies, and I also understand that the Canadian government has undertaken negotiations to promote the sales of accumulated stocks since Canada, being a producing country like all the others, is finding it more difficult than usual to sell its production. As a result, the government is attempting to dispose of the surplus production, which amounts to tens of thousands of barrels—I shall let adepts in this matter determine the exact figure—but I do not see how such technical considerations, which only require minor adjustments, and this issue is brought up every day in the newspapers, how such adjustments, which are a characteristic of a mature and sophisticated society, would run counter to the principle underlying the National Energy Program, which is to concentrate and focus our resources toward an objective which all the hon. members and presumably all Canadians support, that of energy self-sufficiency. Some may say that we shall never reach self-sufficiency, but that point can be debated some other time, in another place.

The fact remains that we have provided ourselves with a number of tools, whether through a national petroleum board, tax incentives to research, agreements signed with producing provinces or compensation which makes it possible for refiners to pay for imported oil a price equivalent to the price they would pay if they got their oil from Canadian producers. All these tools are worth while. The fact that last year was not a good year as far as exploration is concerned had certainly something to do with the National Energy Program. But I think nobody would suggest that it had nothing to do with current factors such as a falling price for oil and the U.S. government's policy of deregulating the industry which may appear attractive in the short run, but which may prove in the long run detrimental to Canadian interests. Mr. Speaker, all this bill is doing is to establish and integrate our objectives. And as such, as my hon. colleague from Newfoundland said, I can find nothing odious about this bill unless one does not accept its underlying premise.

Clearly, if we refuse to accept, as implied by the hon. member for Bow River (Mr. Taylor)—although I would not like to put words in his mouth—the principle that the same basic price should be paid in Montreal as in Edmonton, certainly we cannot approve this legislation. If, on the other hand, we have another concept of Canada, if we accept the principle of providing ourselves with the means, the tools needed, not as a government but as a society, as a people, to have our say in the development of those resources—because

they do not belong to Shell but to the Canadian people, they do belong not to the government of Canada but to every Canadian. Therefore, let us have our say in the development of those resources! Of course, we can suggest certain amendments to the implementation of those objectives. But as far as principles are concerned, who can object to Canada no longer having to depend on OPEC or Mexico or Venezuela or any other country that might some day dictate to us not only the price to pay for oil, but the quantity to buy as well?

True, we now have a surplus. But who knows what will happen two years from now? Maybe we will have another shortage. This is a volatile market, Mr. Speaker, and the message I got from those meetings in Paris with the International Energy Agency, is that every country, especially those who have the extraordinary good fortune of having ample reserves, must have as a first priority to ensure that those resources are available to the people, to the most productive among them and that those resources are not used to the benefit of this or that group, but to the benefit of all. And I feel that such is the thrust of the National Energy Program. And this is why the bill in my view deserves our support. And I shall support it, not as an expert, not as a member from the West but from Quebec who admittedly benefits from this situation but first and foremost as a Canadian.

• (1910)

[*English*]

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the hon. member for Rosemont (Mr. Lachance) feels that the concept and philosophy of this bill are to ensure security of supply. I suggest to him that the philosophy of this bill is to give those in the ivory towers here in Ottawa control of an industry so that they can use that industry as a source of taxation. We now have a great milch cow for the country; it is called the oil industry. In the hon. member's province 70 cents of every dollar paid at the pumps is taxation. I suggest to him that more is paid in taxation on this liquid product than on the liquid products normally found in bottles—wine and alcohol—and I suggest to him that the real philosophy behind this bill is a philosophy of tax and tax more and more. The philosophy is to make sure we have more government to put up with in our lives, more bureaucrats and more people suggesting how we should do our thing.

The hon. member for Rosemont mentioned polls with respect to Petro-Canada. I suggest to the hon. member that he look at the polls, even in his province, which indicate the hon. member should be more concerned about the economy of the country than he is. Those polls indicate that the government of which he is a supporter would not be the government if we had a proper poll in the country.

To read this bill is to read the clause at the bottom of page 21. To put this bill in its proper perspective I think I should read into the record Clause 35(4) as follows:

> Where it is shown to the Governor in Council by the Minister that it is in the public interest to do so, the Governor in Council may, by order, conditionally or unconditionally, retroactively or prospectively, and either generally or in respect of a single transaction,
>
> (a) exempt any petroleum or petroleum product from the charge imposed thereon in respect of a month or part of a month under this Part; or
>
> (b) reduce any charge imposed in respect of any month or part of a month under this Part.

That is this bill. The government can, retroactively or prospectively—

Mr. McDermid: Or seductively.

Mr. Blenkarn: —or seductively, my friend says—and either generally or in respect of a single transaction, exempt in respect of a month or part of a month or reduce in respect of a month or part of a month. Just that one clause alone should indicate to everyone that this is a bad bill.

Let me get to the question of the whole idea of a Canadian oil price. That idea was first presented by the Hon. Bob Stanfield when the first increase in oil prices took place. He suggested that somewhere along the line we ought to try to minimize the shock of going to world prices. For a period of time bit by bit we worked our Canadian price up very close to the world price. That was the situation until 1978 or 1979. The OPEC people then again decided to go on a rampage, and world prices advanced dramatically. This government went to the country with the concept of a Canadian price. At that point the price of oil in Canada was controlled under the Petroleum Administration Act and was considerably less than the price of oil in other parts of the world. This government said it would continue to keep the price of oil and oil products significantly lower than the price in other parts of the world. As long as that was the case we in Canada had an advantage because we had petroleum and petroleum products available for our industry, to heat our homes and to drive our transportation vehicles at a price lower than that which prevailed in other parts of the world. In a sense we were using our resources sensibly to give our country a competitive advantage.

The national energy policy and the philosophy expressed in this bill ceased to do that. Instead of providing an advantage to Canadians it became the policy to tax Canadian resources and to see if the Ottawa government could get as much money in tax dollars as conceivably possible from the oil industry on oil from the ground or on oil which passed through the refining and processing systems. The provincial governments saw what was happening, and certainly the provinces of Ontario and Quebec and the eastern provinces decided they might as well join in the game because no longer was it the policy of the Government of Canada to produce petroleum products in Canada at a price which would give Canadian industry and Canadian transportation a price advantage over the rest of the world. The policy was clearly a policy to tax, tax and tax. Last year the revenues of the Government of Canada increased 22 per cent in one year. They have increased 40 per cent over two

years, and that revenue increase is largely the result of the monster taxes imposed on the oil industry by this bill and related statutes.

This bill deals with two principal forms of taxation and a third form of taxation in terms of transportation fuel. First, it deals with what is called the petroleum compensation fund, which is a tax on petroleum products in Canada. Presumably it is to tax oil in order to collect enough to pay for the cost of bringing down the price of imported oil and to bring about some sort of average Canadian price.

The second tax in the bill deals with some concept which has absolutely nothing to do with energy security but everything to do with socialism, nationalization and seizure of private property. It is a tax on every gallon or barrel—or cubic metre now—of fuel to enable the purchase of new oil companies or to make new oil investments by the Government of Canada. These investments are not to be made by individual Canadians but by the Government of Canada through the Minister of Energy, Mines and Resources (Mr. Lalonde) so that the minister and his advisers, who certainly have no love for private enterprise or the free entreprise system, can become the largest owners and controllers of the oil industry.

If the policy were to produce oil and oil products as cheaply as possible for Canadians—bearing in mind the problem of security—and to average the price down so that Canadians would have a competitive advantage in the world and so that Canadian industry and business and the jobs which could be created would have a competitive advantage, then we could support it, but that is not the policy. This is a policy of taxation to bring in more and more revenue, and it is being sold as a policy of energy security. It is being sold as a policy of Canadianization. It is really a policy of control, a taxation policy, and it ought to be viewed by my friends on the government side as exactly that.

• (1920)

If the Minister of Energy, Mines and Resources had come into the House and said,"We feel that gasoline is the same as liquor and we are going to tax it in the same way; we feel that gasoline and home heating oil are the same as wine and we are going to tax them in the same way—get all we can from them and then reduce other taxes", he might not have found an argument. But this has been presented to us as energy security which is good for the country and will make us self-sufficient. We all know that the policy has not made us self-sufficient, has not encouraged drilling, has not encouraged production, has not encouraged jobs—it is a policy designed solely to get as much out of the industry as possible and to put it in the hands of the spenders in government and thus give government control over what goes on.

Early in March when my colleague, the hon. member for Calgary Centre (Mr. Andre) moved the adjournment of the House and the bells rang for 16 days, some people in the country were concerned. You, Mr. Speaker, and those who were able to help you, sat in the chair and maintained the dignity of this House.

People across the country expressed concern that the Progressive Conservative Party might have foisted an unfair method of debate on the country. It was a significant debate, however, a silent debate, if one ignored the noise of the bell. During that debate Bill C-94 was apparently abandoned and the petroleum compensation charge that had been envivisaged in the original bill was reduced from $125 per cubic meter to $75 per cubic meter or from $20 per barrel to $12 per barrel. That was a pretty sizeable adjustment won by the Progressive Conservative Party toward reducing energy prices for the people of this country. If 16 days of bell ringing could produce an $8 per barrel reduction in taxes, that is significant. Billions of dollars were saved for the taxpayers of this country.

Bill C-94 provided for a Canadian ownership charge of $25 per cubic meter or $4 per barrel. The bill before the House now reduces that to $7.25 per cubic meter or $1.15 per barrel. We saved the people of Canada an additional $2.85 per barrel, and we reduced the charge to less than one third of what had been intended. So I say to you, Mr. Speaker, that the bell ringing was a good exercise in democracy and in keeping taxes down.

My constituents elected me to do what I can to cut down on the cost of government. This is also the case with my colleagues. With this bill we have accomplished that and we hope to accomplish more. But this is a bad bill, Mr. Speaker, because it levies more taxes than it should.

Bill C-93 deals with the PGRT and excise taxes. This bill has the same principle, that is, that the tax limits are upper limits and taxes can be raised to those limits or reduced. They can be fiddled around in any way that the Minister of Finance (Mr. MacEachen) or the Minister of National Revenue (Mr. Rompkey) suggests to the governor in council. For the first time in our history, in Bill C-93 and in Bill C-103, there comes a time when the Minister of Finance—or in this case the Minister of Energy, Mines and Resources—has the right to raise or lower taxes. Through this bill the minister reserves to himself, not to parliament but to himself, the right to levy taxes.

The other day the Prime Minister (Mr. Trudeau) jokingly said that the Magna Carta was sent to four corners of the realm. We should remember what the Magan Carta was all about, Mr. Speaker. It was about the right of the Crown to impose taxes without parliament. The Magan Carta determined that taxes shall not be levied except by the people, represented in their parliament. The whole purpose of parliament, dating back to 1215, is to determine how and by whom taxes may be levied.

On that basis this bill and these provisions are wrong, as it is left to the minister to determine and to present, with a Crown

reference, what the taxes should be. They should be presented by ways and means motions and the bill should specify what taxes will be imposed.

If there is to be a further increase in taxes there should be a further bill, which would be voted upon by this House. The idea that a minister of the Crown can advise the governor in council that a tax should be increased and that it would then be done automatically is wrong. It is unparliamentary and it is against the concepts that have governed us since the Magna Carta. These features must be deleted from this bill and from Bill C-93 because they are against the principles on which you, Sir, and I were elected. They are bad law.

If it is the government's intention to impose the maximum amount of tax provided for in these bills, then it should be voted upon by parliament. The people of Canada would then find that 18 cents per gallon was a pretty low increase. The maximum levy provided for in this bill is 70 cents per gallon, with 28 cents being imposed right away and the rest later. If that is what the minister wants to do, then let us find out about it. Let the people of Canada know where they stand. When we pass this bill we ought to know exactly what the levy is. We have no right to vote for taxes in the abstract; taxes that can be increased or decreased and changed at the minister's whim. To impose a ceiling and then say, "No more than that ceiling" is not voting on taxes; it is voting on some sort of crazy discretion that no minister of the Crown has the right to retain to himself.

Let us deal with these taxes further, Mr. Speaker. The question really is whether these petroleum compensation taxes already being collected are needed. The fact is that the government has been collecting more in petroleum compensation taxes than it needs to pay petroleum compensation, well over $1 million more. The truth of the matter is that, buried under the concept of petroleum compensation, is an effort by the Government of Canada to say it is for compensation for foreign oil but to put it in its pocket and use it for some other purpose. So on that very point, Sir, this bill is deceitful and dishonest because the present level of the compensation tax has produced a huge surplus which has been converted to the government's ordinary revenue account. Sir, if it were truly a compensation levy, then it should only be the amount required to cover the import compensation payments and no more.

• (1930)

It has become clear, Mr. Speaker, that the effect of the government's interference in petroleum marketing, particularly with imports and the compensation charge, has been that certain importers of oil have preferred to purchase on the spot market where it is alleged they can buy the oil they want at $25 of $26 a barrel and then receive $17 a barrel or so in compensation and be much better off using foreign oil rather than Canadian. The truth of the matter is, Sir, that in western Canada today between 300,000 and 400,000 barrels of oil a day are shut in through the brilliance of the people in the minister's office, his ivory tower guys who would bring in foreign oil rather than use our own. For that very reason alone the people who concocted this legislation should be fired.

Let us look at the true economics of the situation. Here we are bringing in nearly 500,000 barrels of foreign oil a day while we leave our own product bottled up in the ground. We charge compensation levies and increase the price to every transport driver and home owner, and then compensate Iraq, Venezuela and Mexico. If we were able to sell a nuclear reactor there, perhaps, we might be able to justify this charge. The fact of the matter is they cannot and will not, and all we are doing is paying for the Prime Minister's trips to see the President of Mexico, and paying a pretty penny at that.

Looking at the question of the Canadianization fund, Mr. Speaker, that fund bothers me as it ought to bother you. Under this bill we are not paying just for Petrofina, we are allowing the minister to continue forever building up a fund so he can buy shares in other oil companies. The fund is called a Canadianization fund, but that is not what it is. It is not a situation where Canadians as individuals are buying shares in oil companies. It is not a situation where small Canadian companies get a benefit. No. In fact, what happens is that Canadians are being taxed at the pump when they heat their homes or buy fertilizer. For what? So the Minister of Energy, Mines and Resources can own another oil company.

Some people have said this money was going to go directly into oil exploration or building a pipeline to Halifax; some said it was going to go directly into creating new jobs somewhere. But what did the minister do with the money so far? He went out in the market and bought a bunch of whited-out service stations and got himself some new neon signs—

Mr. McDermid: Designed by a guy from Bermuda.

Mr. Blenkarn: As my friend says, designed by a guy from Bermuda who probably does not pay any income tax. Well, it is a good place to go. But what did the minister do? He decided he was going to become the new oil entrepreneur. He made sure his company sold gas at the same price as everyone else, but now at least he has service stations right across the country. There is nothing wrong with them, of course, it is local people selling oil and gas and so on, but did we as a nation really need to have a whole new fleet of service stations? Was that a national priority? Was that the kind of thing that Canadians wanted to pay 4 cents or 5 cents a gallon for, so that the minister could have his own gas stations? I say, Sir, they did not. That has nothing to do with energy security; it has to do with propaganda and the government's "visibility", if you want to call it that.

It was back in September, Mr. Speaker, when we finally entered into an agreement with the province of Alberta which provides that the price of Canadian oil was to rise $4.50 a barrel in 1981 and 1982, and $8 a barrel from 1983 to 1986.

At no point, however, was the price to exceed 75 per cent of the world price. Well, at that time the people making this agreement had stars in their eyes as to where they thought the world price of oil would go. They thought the world price in 1982 would be $49.22 a barrel, and $57.06 in 1983. Well, Sir, we are well into 1982 and the price is about $39 a barrel and going down. They were out only $10 a barrel. That was how bright they were when they made that deal back in September, only about seven months ago. How much will the government be out by 1983? Will the world oil price be $57.06? It is suggested that some time this year the 75 per cent agreement will come into effect. Some time this year our Canadian oil price will be the world price. That begs the question, where will these taxes take us? Do these taxes take us above world price because there is nothing in this bill which in any way limits the price, the tax or the compensation fund? Old oil will be 75 per cent of world price. However, this bill does not limit any of those taxes. It presumed, and it was wrong, that last year when prices were going up and up. Somewhere along the line the minister and his high-faluting advisers thought they knew it all, that they did not need to worry about the price coming down. Where does this bill take us with its present pricing structure? It breaks the 75 per cent concept. Very soon under this bill Canadians will be paying several times more than people in the United States pay for gasoline and home heating oil and everything else. We are already paying more for gasoline at the pumps than Americans do.

• (1940)

Over Easter I was fortunate to be able to visit Texas. The price of gasoline in Texas is considerably less than it is here in Ontario. My father reports that gasoline in Florida is cheaper than it is in my city of Mississauga. I say to you, Sir, that it was not very long ago when people from Buffalo were swarming over the bridge at Fort Erie to buy gasoline. Very soon Canadians will be the ones swarming over the bridge at Fort Erie to buy gasoline. Where will that take our tourist industry? Where will that take the efficiency of our factories, our plants and our transportation industry?

The bill in terms of the tax policy has not been thought out. The bill has no de-escalation of price in it. It has only upper limits and the great wonderful world in which the government gets more, more and more. Perhaps the oil companies get a little more? Do they? The price is going down for sure, but the taxes do not go down; therefore, the netback to the industry must go down, and that is where we stand.

With respect to the national energy policy and I am reading from a news release appearing on the minister's own stationery, dated September 1, 1981, which stated that for Canadian consumers the bottom line is that they have fair oil and gas prices. Already Canadian consumers are getting fair prices? They are getting "fairly hooked" more than anybody else, certainly more than anybody else in North America. The industry does not get the money to get on with the job. I thought we would go on to that right now, Mr. Speaker, because you and I know that as a result of this policy, drilling in Canada in 1981 over 1980 is down 25 per cent. Compare that with the 25 per cent increase in the United States. Well completions in 1981 amounted to 7,183 compared with 9,481 in 1980. That is another 25 per cent drop. Exploratory drilling is down 19 per cent. Developing drilling is down 28 per cent. In terms of metres drilled, the decline was from 10.27 million metres in 1980 to 7.64 million metres in 1981. That is another 25 per cent drop.

Two hundred and twenty six drilling rigs left Canada. This was all for the "security of supply," to make sure that we have more expensive oil. It made sure that the industry was less efficient, and the advantage that Canadians had up until 1979 and into the early part of 1980 has dissipated and gone. The advantage which Canadians had over the Europeans has gone. The advantage which Canadians had over Americans in terms of energy, energy prices and energy availability has gone. What do we have instead? We have a tax regime that increased taxes last year by 22 per cent. This regime will increase taxes 40 per cent over the two-year period. Do we see any lessening of other taxes? Not on your life. Income taxes are increased by the November budget for most people earning under $30,000 ayear. Fifty four per cent of people earning under $50,000 a year will pay more taxes. What about corporations? Corporate taxes are up dramatically. I say to you, Sir, that this is a bad bill and it must be defeated.

Mr. Bill Kempling (Burlington): Mr. Speaker, I have a few words to add in this debate. I was quite taken by my colleague's comments on the acquisition of Petrofina. He expressed views that I find are being expressed across the country.

This bill, as mentioned by others, will establish a new ceiling for the petroleum compensation charge; a new oil export ceiling of $350 per cubic metre; the Canadian ownership special charge; and the transportation fuel compensation recovery charge.

The main concern I have is the amount of taxation being added on to oil and petroleum products generally. I recall, and I am sure you remember the time a few years ago, when the then minister of energy, the Hon. Alastair Gillespie, stood in the House and announced that as part of the conservation program of the government $100 would be added to the cost of air conditioning installed in an automobile. Most Canadians have forgotten about that, I am sure. As a matter of fact, in compiling an automobile price today, I do not believe the dealer even mentions this item. That $100 is added automatically. Any car a person buys with air conditioning in it costs an extra $100 in tax, and that tax goes directly to the government. That $100 was supposedly added for conservation purposes.

I want to go through the various charges that have been added on to oil, but at this point I want to tell hon. members what happens after a tax is added and is forgotten about.

Many people, particularly in the automobile industry, engineers and those who know about these things, laughed that the $100 charge would be a conservation measure. They pointed out, quite rightly, that if you drove your automobile with the windows open it would cost more in energy than air conditioning would. Also, if you drove a car with soft tires, it would cost more in energy than a car installed with air conditioning would. But there is a final irony to that particular tax. Some Canadians were so angry at the thought of paying this extra $100 that those who lived near the border went across to the United States into Buffalo, Detroit and other areas where service stations would install air conditioning. They bought it there and they did not have to pay the $100. Then another thing happened—the RCMP became involved. The RCMP made a deal with the guys across the border who were installing air conditioning. They paid them $20 for every Canadian license number which they could give them. Consequently, the fellow heard a knock on his door, and there would be an RCMP officer with a writ of assistance. His automobile was seized, he had to pay a fine plus the cost of the air conditioning, and he suffered much anguish. This went on for quite some time after the tax was put in place.

• (1950)

I should like to look at the various taxes on petroleum products. There is an export charge, a special levy, a Syncrude levy, a petroleum compensation charge, a Canadian ownership charge, a fuel compensation recovery charge, an import charge and a transportation charge. On top of all these are the federal excise tax and the provincial sales tax, except in the province of Alberta. If that is not overloading a product with taxation, I do not know what is. As far as I am concerned, it is part of the cause of the decline in our industry in the past 18 to 24 months.

There were people in the industry who thought that energy prices had to rise. They expected it. They recognized the world price and so on, but they had the feeling that regardless of this they still had it made because we had a great resource and somehow the government would arrange it so that we would always have a competitive advantage in the international field. The reality today, or part of the malaise in the economy today, is that they now realize that they are paying more. They look at the resource we have and see that heavy oil is on the shelf and, that the tar sands development has been put back. They hear the mythical talk about self-sufficiency by 1990. Along with them I do not believe we will achieve self-sufficiency by 1990. Part of the problem is the taxes and what is done with the money.

I want to talk about what happens to tax money, which is an important point. I recall three or four years ago a program called "Enersave" which was put in place by the Department of Energy, Mines and Resources. I welcomed three young people into my constituency who were heading up the Enersave program. They told the people of my constituency that they worked for the Department of Energy, Mines and Resources, but in reality they did not. They had obtained a grant of $90,000 to go out into the community to advise people on how to conserve energy. This is what it was all about. They were equipped to go into the schools to advise students on how to save energy. They could talk with representatives of school boards and municipal officials on how to save energy. They could talk to architects, engineers and owners of construction companies on the same subject. This is what they were telling me. I inquired as to their qualifications because I felt that if they were advising people on how to do things, they should have some basic knowledge.

This is what I discovered. The young lady heading the project was a professional program conductor. She had operated several LIPs, youth programs and so on. She had operated so many that I assumed she was looked upon by various government departments as a professional program director. She had as her assistants a third year history student from university and a fourth year high school student. I began to talk with them about how they felt when they talked with the man, for example, who designed the building in which their offices were located. I asked them whether they felt qualified to advise this man, who was an architect, on energy conservation matters. They said that they would take a crack at it. I asked them whether they felt confident talking with city engineers and advising them on saving energy for the city and so on. Then we got down to the final point—"What do you really know about the subject?" They held up a handful of pamphlets written by the Department of Energy, Mines and Resources. They had read the pamphlets, and that is all they knew about energy.

Also I talked to them about different kinds of oil such as heavy oil, light distilate, sweet oil, sour oil and gas. They did not have a clue. I am not being critical of those students. They were nice, keen, energetic, honest young people who really thought they were out doing something, but as far as I was concerned they wasted $90,000 of taxpayers' money in my constituency. In fact, after returning from a series of meetings at three o'clock in the morning on one occasion, at two o'clock in the morning on another occasion, and at four o'clock on another morning, I telephoned them because I saw that the lights in their office were on. I called them up and said, "If you are talking about conservation, at least turn off the lights in your own office".

The people who pay the taxes collected by the government and dispensed by the Department of Energy, Mines and Resources are the ones who are asking questions which I am at a loss to answer. I should like to refer to a typical letter from a constituent who wrote in reply to an article which he read in

the April 15 edition of *The Spectator* in Hamilton. It was a story about Michael Phelps, executive assistant to the Minister of Energy, Mines and Resources (Mr. Lalonde). The story was that Mr. Phelps had just made approximately $64,000 from the sale of a home he bought less than two years before with the help of an interest-free loan from the Petro-Canada Crown corporation; it gave all the financial details. A spin-off of that was the letter I received from Mr. R. I. Gowland of Burlington who wrote:

Dear Mr. Kempling:

I am inquiring as to my chances of obtaining a $35,000 interestfree loan from Petro-Canada (a Crown corporation). I would be willing to make payments of $31.25 a month for the first year and payments of $62.75 a month for the remainder of the loan.

Those were the terms which Mr. Phelps received in his agreement. The letter continued:

The figures I am quoting are from an article in The Hamilton Spectator April 15, 1982, that Mr. Michael Phelps (executive assistant to Energy Minister Marc Lalonde) received this type of loan in September 1980 and December 1980 from Petro-Canada.

As the mortgage on my home comes due the end of July 1982, the interest rates will increase from the present 10 per cent to 19.25 per cent, on a three year mortgage.

This will almost double my mortgage payments from $400 a month to $800 a month. My remaining mortgage at the present time is about $36,000, this loan would enable me to pay off my mortgage instead of losing my home. I do not want to make a profit from this transaction as Mr. Phelps did, I just don't want to lose my home.

Eagerly awaiting your reply.

Yours truly,

Ronald I. Gowland.

I read that story and wondered how I could answer this gentleman, because as far as I was concerned it was poor business to proceed in the manner of the minister and of Petro-Canada. If this is what is happening to the energy tax dollars which are being contributed by the people of Canada, I think it is wrong and we have a duty to point this out and rectify it wherever possible.

• (2000)

Aside from the Enersave program which I mentioned, where these three young people received a $90,000 grant, there is another Enersave operation in my constituency. Although I had difficulty finding out the background of this operation, I discovered there was a group of people who, supposedly, were representing Energy, Mines and Resources and who advised home owners on how to insulate their homes. They were funded through taxation derived from petroleum. I talked to these people in my constituency, as I usually do, and questioned them as to their competence, background and expertise in this field. I asked the person in charge what knowledge he had about energy and insulation. He did not know anything. He said, "I have a construction man on my staff who is my expert. I am an administrative expert." I then met the accountant and asked him the same question. He said that he was only in to set up the accounts and knew nothing about energy and insulation. I then met the construction expert. I have a great reverence for age and I respect elderly people but this gentleman could barely walk. He had a cane and had lost an eye. I honestly do not believe that he could climb a ladder to inspect an attic in order to determine what kind of insulation was needed. That was the staff of this organization.

I was quite intrigued by this operation since I come from the private sector where you must be very conscious of any conflict of interest which may arise as a result of which you may be charged with favouritism or fraud. I asked the leader of this operation how he conducted his business. He indicated that they put advertisements in the paper to which senior citizens and others would respond. He said, "These people want to have their homes insulated, and we advise them." I asked him how he gives this advice if he does not know anything about it. He indicated that he takes their names and addresses and sends the construction expert to inspect their homes. I told this person that his expert can hardly get in and out of a car, let alone climb a ladder to look in the attic. He said that they advised these people and told them what type of insulation they should buy. He said, for instance, "We tell them to buy fiberglass insulation." I asked him in what manner he gave this advice, and he said that he tells them which company to buy it from.

I said, "Let me give you some advice before you go any further. Do not tell people where to buy their insulation. If you want to give them an alphabetical list of insulation suppliers, that is fine." I indicated that these people should make their own choice so that he will not put himself in the position of indicating the company from which to buy insulation. Otherwise, he will discover many other companies accusing him of taking kickbacks and showing favouritism.

He accepted my advice but not before all the insulation contractors in the Burlington area had surrounded his business one day with all their vans and trucks to force a confrontation. That office closed down shortly after that incident. I understand that that operation had a budget of more than $150,000.

These two examples which I have cited represent $240,000 for projects which really have accomplished nothing. Therefore, when I see another bill which proposes to legitimize an ongoing tax or introduce more taxes, I sense that there is something wrong, or at least that there is a potential for questionable activities taking place. That is my concern.

When I review the CHIP program, which is still in existence in some manner, I believe we can honestly say that it was probably the most fraudulent program ever introduced by the government. Although this is unconfirmed, I am told there are approximately 8,000 pending charges under that CHIP program. These charges arise from a variety of circumstances. For example, there are contractors who did not perform the

job but charged for it. There are people who said they insulated their homes but did not actually do so. There are other examples as well.

When this CHIP program was at its peak, I recall distraught insulation contractors asking me for help because they were unable to collect thousands of dollars in accounts receivable. This was due to the fact that people who had their homes insulated would then apply to CMHC to receive money from Ottawa in order to pay the contractor. What happened was that they either did not receive the money or did not pay the contractors. Some home owners would tell the contractors that they had not yet received their money from the government, thus leaving the contractor with nothing. There are also incidents of counterfeit forms being printed. A used car dealer in Toronto would sell CHIP application forms for $5. A contractor would buy a $5 application form from this particular used car dealer, fill it out with his customer and process it in anticipation of receiving his money.

Another printing operation in Montreal sold bogus application forms, but only by the thousand. These forms cost $1 each. Those are only some examples from one of the most fraudulent programs ever introduced by the government.

There is not much left to be said about the UFFI situation. The way in which this program has been handled is an absolute disgrace. The minister has promised to rectify the problem, but it has merely been tossed over to the Minister of Consumer and Corporate Affairs (Mr. Ouellet). He is releasing statements, one of which was a report released last Friday. But people who have their homes insulated with UFFI still do not know what will happen to them.

Like many of my colleagues and many Canadians, I have become most upset about the way in which the affairs of the nation are being conducted. This is particularly true with respect to energy. When the first OPEC increases came upon us, I do not believe that there was any concerned Canadian who would not have agreed that drastic steps had to be taken. I am sure they would have agreed that our objective should have been to become self-sufficient as soon as possible. If the government had come forward at that time and indicated that it would work closely with those oil producing provinces to help them develop the tar sands and their heavy oil and to attempt to make Canada self-sufficient not just by 1990 but as soon as possible, it would have had support. If this were to happen we would not be held at ransom by an offshore country. We should never allow that to happen again. Yet energy self-sufficiency, in spite of these added taxes, is still a myth to many of us. These policies will just continue and I doubt if you will ever see energy self-sufficiency. I doubt if we will see self-sufficiency by the turn of the century. We can look at what is going on in the Beaufort Sea and in Hibernia, off the Atlantic coast. I have no sense of conviction, from what I have read and from what I have been told by people who are knowledgeable in the industry, that we will have anywhere near sufficient energy from that part of Canada by the turn of the century. Perhaps we will be lucky and technology will be developed to give us that oil off Hibernia.

• (2010)

We have become a little hardened to this whole matter. We have seen bills come forward, such as the omnibus bill, and we saw the massive power it would give to the Minister of Energy, Mines and Resources to do all manner of things, such as power to raise taxes without consultation with Parliament and power to put new Crown corporations in place without consultation with the provinces, while most of the ones already in place are not operating on a profitable or even break-even basis today. Of course, we rebelled, and there was the incident which has become known as "the bells". While we have been criticized for that incident by hon. members opposite, I think hon. members on this side of the House feel that what we did was for the people of Canada.

We have the serious problem of unemployment in this country. What is happening to the oil industry is happening to almost all industries in Canada. Most of the people in the oil industry thought they had a sort of hidden economic advantage with the oil reserves and resources, and that a government with some common sense would help the provinces develop the resources, bringing them to Canadian industry to help get us out of our terrible balance of payments situation, reducing our unemployment and inflation, and curing all the ills which still seem to be upon us right now. However, the reality is that massive taxes are being taken from industry and from the people in general.

This is a vast country. We are a mobile people. When the source of the mobility is taken away; that is, the energy, and it is heavily taxed, then the people are isolated. They simply cannot travel that extra 40 or 50 miles to search out jobs, as they did a few years ago. It is not that long ago that people would travel a couple of hundred miles every day to and from their work. It might be easy to say that they should have moved nearer to their place of work, but they stayed where they were, for various reasons. However, today people say that they cannot afford $2 a gallon for gasoline to drive back and forth from Toronto to Hamilton or Kitchener to Toronto or from Niagara Falls to Toronto. Consequently, they just go on unemployment and look for employment within the area close to home. If they cannot find it, then they become part of the 1,200,000 unemployed in this country. I think that is a tragedy, as is the failure of the government to realize that this is weighing very heavily on all the people at this time.

With the amount of money which has gone into energy, it is almost impossible today to find venture capital of any kind. There is a very negative attitude in the country, because we do not feel that the government has put programs forward which will ensure self-sufficiency in the foreseeable future. Therefore, people who generally have money available for venture

companies are simply not investing it, at least not in Canada. They are finding places to invest it outside Canada.

I will conclude my remarks here by saying I am sorry I cannot support this bill. I wish I could. I wish I could say this is a great bill and that it would help us become self-sufficient by 1987, 1986 or 1988. However, on the basis of this bill and the ones which have gone before it, I really cannot see that we will ever be self-sufficient until we have a complete change of thinking on the part of the people in the Department of Energy, Mines and Resources, and in the government itself.

Mr. Dave Dingwall (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, like hon. members who have previously spoken, I appreciate the opportunity to participate in this debate. I believe it is critical that we act swiftly on the important measures contained in the bill and get on with the task of providing energy security, opportunity and fairness for all Canadians, which, in essence, are the major goals of the National Energy Program. This particular piece of legislation really touches on a number of items, five in particular, and I would very briefly like to describe each one.

First, the bill will establish a new ceiling of $75 per cubic metre for the petroleum compensation charge for the refiners and importers, and will broaden the scope for payment compensation to include new domestic oil.

Second, the bill will establish a new export charge ceiling of $350 per cubic metre and will provide us with authority to share one half of the revenue from this charge with the producing provinces. I am certain hon. members will appreciate that particular aspect of the amendment, in that 50 per cent of the revenue of the oil export charge would indeed go to the producing provinces. I do not believe hon. members, whether the hon. member for Calgary Centre (Mr. Andre) or an hon. member from the province of Saskatchewan, would want to see those provinces denied 50 per cent of the revenues generated from that particular amendment.

Mr. Andre: They should get 100 per cent.

Mr. Dingwall: Third, it will establish the Canadian ownership special charge and the Canadian ownership account, and will ensure that the charge cannot be raised above its current level without additional legislation.

This bill will also establish the transportation fuel compensation recovery charge on marine and aviation fuel used by carriers in international transportation, with a ceiling of approximately $350 per cubic metre.

Finally, this piece of legislation will give authority for terminating the special compensation charge which was established at the time of the breakdown in negotiations with the government of Alberta.

We have heard a great deal from hon. members opposite, particularly those of the Progressive Conservative Party of Canada who have spoken about the pricing of fuel oils here in Canada. However, our pricing system has three essential advantages over the regime proposed by the previous Conservative government in 1980.

First, it ensures that the prices will gradually and predictably rise so that consumers in the Canadian economy in general will have time to adjust. Second, it will ensure oil pricing fairness on a national level by providing a blended price to all regions of the country. Third, it will result in a consumer price which has, and will continue to be lower than that paid by people of most other countries. Those are the three succinct advantages of our pricing system over those offered by the Progressive Conservative Party of Canada.

The National Energy Program was drafted with certain inescapable facts in mind. Canada is a country rich in energy, yet we currently import approximately 20 per cent of our oil needs. Conventional oil reserves in western Canada, the mainstay of this country for years, have shown a steady and marked decline in recent years. However, important new reserves of oil and gas are being found. For example, reserves of natural gas have grown from 1.7 billion cubic metres in 1970 to 2.6 trillion cubic metres in 1980. In addition to the oil sands of Alberta, with an estimated 48 billion cubic metres which may be technically recoverable, exploration and development in the frontier regions have turned up promising reserves of oil and natural gas.

• (2020)

Since the National Energy Program was introduced in this House on October 28, 1980, much has been accomplished by this government on energy policy. We even built an important part of the foundation for a more secure energy future based upon a rich endowment in natural resources, independent of the erratic prices and supplies on the international oil market. The energy legislation completes the building of that strong foundation and provides Canadians with the means to take control of their energy destiny.

Canadians from all walks of life can feel a growing sense of optimism and a sense of certainty about their energy in gas-producing provinces. The federal government now has energy agreements that provide fair prices for consumers and businesses and attractive incentives for Canada's petroleum companies to find more oil for Canada.

Those federal-provincial agreements were followed last December with the approval by this Parliament of the Canada Oil and Gas Act, a major and long overdue legislative initiative to manage development of the Canada lands in the frontier and offshore areas. Not only does the Canada Oil and Gas Act provide the federal government with a greater degree of control over the timing, direction and greater development in the northern and offshore lands, it also ensures that the people of Canada are given their rightful and equitable share in the building of their frontier energy industry.

I intend to deal at some length with the petroleum administration act and, in particular, the petroleum compensation charge. First, let me deal with some of the wild accusations made by the hon. member for Calgary Centre. That hon. member has for several weeks now hurled remarks about energy-related matters at whoever would listen, beginning particularly with the Tory strike of Parliament. While he was receiving his salary from the Canadian taxpayer, he was throwing innuendoes all over the place. The hon. member for Calgary Centre has, without question, on many occasions misunderstood the various aspects of energy legislation, or inadvertently confused many aspects of the National Energy Program with every problem Canadians and other countries must face. Unfortunately the hon. member for Calgary Centre has not taken the time to thoroughly study the energy policy or the legislation of this government. On more than one occasion he has made public letters that he has written to various officials concerning government energy laws. For example, Bill C-48, the Canada Oil and Gas Act; the hon. member for Calgary Centre completely misunderstood the purpose of the legislation regarding renegotiation of the exploration rights on Canada lands.

Unfortunately the hon. member continues in the same old ways by throwing all kinds of rhetoric about the energy legislation before the House, Bill C-103. His speeches in the House lacked any kind of positive approach to the development of Canada's energy resources. The only contribution to serve our energy needs has been with natural wind power. It appears that the energy critic for the Conservative party and his colleagues have nothing to contribute to this very necessary debate, other than to throw wild accusations at the minister and attempt to fool the Canadian people, as they tried under the Crosbie budget, and we know what happened there—they failed.

This government has a plan of action for energy security in this country. It is outlined in the National Energy Program, and the various pieces of energy legislation now before the House will put our plan into action. This is one more sign of our commitment to our 1980 election promises, unlike the remarks of the hon. member for Calgary Centre who said in this House "the Liberals have violated every single promise they made during the 1980 election campaign". That is totally untrue.

Let me say to that hon. member that he has a golden opportunity, not only in this House, but within his party, to take the subject matters of energy and energy legislation before other members of his party in May of this year, discuss them at length and formulate resolutions of all sorts on all aspects of energy policy. I challenge the hon. member for Calgary Centre to go to that Conservative party policy convention in May and put forward resolutions, both on the leadership of his leader and on energy policies, and have them voted on. I challenge the hon. member to do that.

Mr. Andre: I challenge you to the same.

Mr. Dingwall: I would now like to make a few remarks about the petroleum compensation charge. Our pricing system is both realistic and fair. It takes into account the inescapable facts I mentioned earlier, particularly the need to provide an attractive incentive to encourage the development of new oil. Our blended pricing system differentiates between the varying developing costs of different types of oil.

Producers of what is commonly called old oil, oil discovered before December 31, 1980, faced comparatively lower costs than those of new oil producers. Therefore, they will get a price that will rise gradually and predictably at a fixed schedule to no more than 75 per cent of the international price.

Producers of new oil, oil discovered after December 31, 1981, synthetic oil and new frontier production, will get a higher price than that at the world level, but which will never rise above those levels. This price will provide a powerful incentive to producers to develop new oil supplies. These prices will in turn be blended into one made-in-Canada price that will apply in all regions of the country, regardless of what kind of oil is used, whether it is domestic or imported.

The petroleum compensation charge, which forms a major part of the bill before us, is extremely important. The program has played a vital role in protecting Atlantic Canada from the sudden shocks of international oil price increases that have characterized the past ten years. Members of the Conservative party may disagree with some aspects of that piece of legislation, but the bold fact remains, it has protected, and rightly protected, those people in Atlantic Canada.

As we know, all of Atlantic Canada's oil is imported. By compensating refiners for the difference between the international price they pay and the lower domestic price paid by refiners in other parts of Canada who have access to domestic production, the compensation program has provided untold economic benefits for Atlantic Canada.

Since the import compensation program was started by this government in 1974, it has paid out nationally a total of $13.7 billion in compensation. Atlantic Canada compensation to date has amounted to approximately $6.5 billion. This is a huge sum of money, but it is money wisely spent. If the compensation program did not exist, $6.5 billion would have been drained from the economy of Atlantic Canada. Instead, this money has stayed in the pockets of Atlantic Canadians to work for them.

• (2030)

Some hon. Members: Oh, oh!

Mr. Dingwall: The Conservative party in all parts of the country has shunned the petroleum compensation charge. It has closed its eyes to the concerns of Atlantic Canadians, and through its chief energy spokesmen has rejected development

of offshore resources in my region of the country. I object very strongly to that type of viewpoint, and that type of attitude.

The offshore resources will offer a significant contribution to Canada's energy security and to the economic development and prosperity of Canadians living in Nova Scotia and throughout the Atlantic area. For Nova Scotians, development of offshore energy resources offers a unique opportunity to build the lasting social and economic structures that can help to shape a prosperous future.

The agreement reached between the Government of Canada and the province of Nova Scotia established a strong, co-operative management regime capable of pursuing and harmonizing these energy and development objects in a manner consistent with the interests and responsibilities of each government and of industry, as well as of Nova Scotians and all Canadians.

In Nova Scotia many onshore opportunities will be provided as a result of offshore oil and gas resource activity. These opportunities will include new jobs and training in new skills, new business opportunities for industry and entrepreneurs, and significant new government revenues.

The Government of Canada's pricing and compensation system will play a major role in stimulating oil and natural gas development off the coast of my province. The compensation system will be the mechanism to ensure that producers of new oil in Atlantic Canada receive the new oil reference price for their production. This price will provide producers with returns that are competitive with returns offered anywhere else in the world. As such, the new oil reference price offers a powerful incentive to producers to explore aggressively for new supplies and develop significant new supplies of petroleum.

The petroleum compensation charge will remove an inequity that characterized the previous compensation system. Import compensation used to be funded from the government's general revenues, which were collected from the taxpayers. This meant that the amount of compensation effectively paid by Canadians bore no direct relationship to the amount of oil they consumed. The petroleum compensation charge eliminates this inequity, because it is a charge placed at the refinery level, which is then passed on to the consumers. Therefore, those who consume the most will contribute the most to offsetting the cost of compensation. However, the government will not, in spite of the innuendo of the Conservative Party of Canada, collect more from the petroleum compensation charge than is needed to cover the import subsidization and the new oil reference price supplements I have already mentioned. Mr. Speaker, this is only fair and it is only right.

It was very interesting to hear the Conservative party's energy critic speak in the House on the petroleum compensation charge. On the one hand he tried to have his party under its former leader, Mr. Stanfield, take credit for this program to assist Canadians using imported oil. On the other hand he blamed the government today for assisting Atlantic Canadians through the same program. So typical of the Conservative members, to speak out of both sides of their mouth, to give one position in one part of the country and yet give another position in another. You have to wonder who is fueling the separatist causes, Mr. Speaker.

An hon. Member: How about the Minister of Energy?

Mr. Dingwall: With this in mind, Mr. Speaker, may I deal for a few minutes with a major concern regarding shut-in oil.

An hon. Member: You're speaking out of both sides of your mouth.

Mr. Dingwall: Lately, there has been serious concern in western Canada that the oil import compensation program unintentionally encourages refiners to buy crude on the world spot market, resulting in large shut-ins of domestic light and heavy oil. The argument is that the combination of soft international prices and the compensation paid to refiners using imported oil has effectively subsidized the price of international oil below the price of domestic consumption, resulting in a surge of imports and reduced utilization of domestic crude oil.

Although there have been calls for a major restructuring of our import compensation program, the Minister of Energy, Mines and Resources (Mr. Lalonde) has stated he does not believe it is an important cause of the shut-in situation. Nor is he convinced that a change to the flat rate system of compensation would resolve the problem. Furthermore, current information does not indicate that there has been any surge in heavy or light crude imports. The compensation rates are reviewed regularly and adjusted to take into account fluctuations in the difference between the domestice price and the world price.

This situation has been discussed with the government of Alberta and Saskatchewan, and the minister has issued a statement on measures the government is prepared to take. They include reducing the oil export charge on heavy oil exports to the United States; providing longer term export licences to improve heavy oil marketability; ensuring that heavy oil exports are competitively priced; and asking the National Energy Board to make several important adjustments in its export regulations.

The minister has also made it clear to refiners in Quebec and Atlantic Canada that low-cost spot market oil should not be imported if this reduces the use of Canadian crude oil. He has asked them to limit imports of crude to minimum levels allowed under current contracts and, when renewing contracts, to take into account the likely availability of domestic crude, and to establish import volumes accordingly.

These are the steps, Mr. Speaker, the government is prepared to take at this time. However, our officials will continue

to monitor the situation with provincial officials. If these measures do not produce the results we expect, the minister has indicated the Government of Canada is prepared to take further action.

Who are Canada's producers of oil and gas, Mr. Speaker? As of today, 65.5 per cent of all oil and gas production revenues accrue to foreigners, a figure not likely matched anywhere in the world, let alone in the developed world. Most of the largest oil and gas producers in Canada are foreign-owned and controlled. Before the introduction of the National Energy Program there was concern that with the development of expensive and technically difficult offshore and tar sands projects, the degree of foreign control would worsen. What national government, responsible for the well-being of all its citizens, could allow such a situation to continue?

The Canadian ownership special charge is the mechanism that will allow the government to participate more vigorously on behalf of all Canadians in the oil and gas industry. Certainly, this is not the sum total of our Canadianization program. In fact, the greater part of the program is designed to encourage the growth of Canadian private sector involvement in the industry.

The public sector role has been played with extraordinary success by Petro-Canada, the national oil company created by our government in 1976. I will not dwell at length about its achievements, because that is a subject matter for debate on another bill. Suffice to say, however, that since its inception in 1976 Petro-Canada has been the driving force behind 76 of the 128 wells that were drilled in the frontier regions. It was the first large Canadian landholder in the eastern offshore, the first Canadian-owned and controlled operator there, and has been a major participant in every major oil and gas field off the east coast. In its role as head of the Labrador project it is encouraging Canadian companies to get involved in east coast drilling. Despite the claims of some of the more extreme energy spokesmen, Petro-Canada's success rate for discovering oil and natural gas has been every bit as good as that of most companies, and better than many.

• (2040)

In closing, Mr. Speaker, I wish to say that it is very easy for members of the official opposition to criticize and tear down; to allow innuendo to circulate throughout the country; to say one thing in one part of Canada and to say another in a different region, but it is another thing to confront very serious issues, to provide an alternative, a commitment, and an answer to those wrongs, those inequities, and those inequalities. That is what we have attempted to do with the National Energy Program. This bill is part of this package and will implement a program which, I believe, is in the best interests of all the regions and all the people of Canada. I therefore urge all members of the House to support the bill.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I shall be very brief. It is not my intention to answer all the statements made by the hon. parliamentary secretary. It would take too long to straighten him out. I think he should find some technique other then the over worked strawman technique, where he says that the opposition stands for such and such a thing—although that is not so—and then tears apart the argument. That is a useful debating technique from time to time but, if it is used all the time, credibility suffers.

I should like to straighten the hon. member out on one particular point, and that is the import subsidy. It was the hon. Robert Stanfield who said in November, 1973, that we need a one-price system in this country. The Prime Minister (Mr. Trudeau) said that it could not be done; this is reported in *Hansard*. A month later he found out that he could, and needed to do just that. I would remind the House that it was the Hon. Robert Stanfield who put forward the one-price system for which the hon. member is now taking credit.

The hon. member has told us not to worry, that the petroleum compensation charge will only be collected in amounts sufficient to pay for import compensation. I would ask him to examine the remarks made by the Hon. Donald Macdonald when he was minister of energy and imposed the export charge on crude oil. The funds were to be devoted to providing import compensation; to subsidize imports, so we would have a one-price system in Canada. Where are those funds today, Mr. Speaker? They go into general revenues.

In the budget of September, 1975, the Hon. John Turner imposed a seven cents per gallon excise tax on gasoline and told us that the money would go toward import compensation only. Where is that money going today? It goes into general revenues. It has disappeared. Now we have the Minister of Energy, Mines and Resources (Mr. Lalonde), and his parliamentary secretary, telling us not to worry, that the petroleum compensation charge is going toward import compensation. When two former ministers of the Liberal government made similar statements and their intentions have not been carried out, why should we take at face value the statement of the present minister?

My friend, the hon. member for Red Deer (Mr. Towers) tells us that if you are lied to once, the liar is at fault; if you get lied to twice then you are at fault. If you are lied to three times, then you are even more at fault. We just do not believe the minister, and we have good reason for that, Mr. Speaker.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

● (2050)

(*Division No. 170*)

YEAS

Messrs.

Allmand
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Corbin
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Garant
Gauthier
Gendron
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hudecki
Irwin
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—119.

80114—7

Adjournment Debate

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Carney (Miss)
Clarke (Vancouver Quadra)
Cooper
Crouse
Dantzer
Darling
Deans
Dinsdale
Domm
Elzinga
Fennell
Fretz
Friesen
Fulton
Greenaway
Gurbin
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Hees
Howie
Huntington
Ittinuar
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Kristiansen
Lambert
La Salle
Lewycky
MacDonald (Miss)
Manly
McCain
McDermid
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murta
Nielsen
Paproski
Parker
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Sargeant
Shields
Speyer
Stevens
Taylor
Towers
Waddell
Wenman
Wright—68.

● (2200)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PIPELINES—DELAY IN CONSTRUCTION OF TQM NATURAL GAS PIPELINE. (B) PRICE GUARANTEE

Hon. Robert J. Howie (York-Sunbury): Mr. Speaker, the purpose of my question on April 20 to the Minister of Energy, Mines and Resources (Mr. Lalonde) was to ascertain when natural gas will be delivered by pipeline to the maritimes, and what the government is going to do to ensure that it will be a competitive energy form.

The minister indicated that the price to the consumer in the maritimes will be maintained at the same level as the price in Toronto. I would like the minister to give the House an indication of what the Toronto city gate price, generally speaking, will be in relation to other energy forms. Can it fluctuate widely after the expiration of the Ottawa-Alberta energy agreement in 1986 or 1987, and are any safeguards built in with respect to the price change which might take place at that time? Is the minister satisfied that the price of natural gas will compete with oil or electricity in the maritimes, and, for industrial users, will natural gas be able to compete with heavy

fuel oils? I would appreciate it if the minister would elaborate on what the government is prepared to do to make natural gas competitive with electricity and oil? If the cost of the pipeline exceeds expectations will it be subsidized?

Finally, is it the policy of the government to use local workers, suppliers and trades people whenever possible, and thereby use this pipeline as a development tool in the Atlantic provinces?

In conclusion, will the minister confirm whether or not there is provision for mandatory review of the pipeline project by the National Energy Board once it is completed to Quebec City, and what if anything is the significance of this provision? I would like to thank you, Mr. Speaker, and the parliamentary secretary, for coming here tonight to respond to my question.

• (2210)

Mr. David Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, on many occasions the Minister of Energy, Mines and Resources (Mr. Lalonde) has stated that the extension of the natural gas distribution system to the maritimes is one of the top priorities of the federal government as it is committed to the reduction of oil dependence in the Atlantic region and it believes that a gas pipeline affords one of the best approaches to this objective.

With specific regard to the price of natural gas to maritime consumers, I might direct hon. members to the National Energy Program report. There it is clearly stated:

> The gas prices in the National Energy Program should provide a basis for commercial viability of the line and associated distribution systems. The pricing system should establish prices at the city gate in Halifax at the same level as those in southern Ontario and Québec.

On January 13, 1982 the Minister of Energy, Mines and Resources issued a policy statement on natural gas pricing subsequent to the September 1, 1981 Canada-Alberta agreement on energy pricing and taxation and the National Energy Board's recommendations on developmental prices.

This January policy announcement stated in part that for the purpose of pricing, the existing TransCanada pipelines eastern zone will be extended to include the areas of Quebec and the maritimes which will be served by the trans-Quebec and Maritimes pipeline. City gate prices in markets east of Toronto will be the same as the Toronto city gate price for the same type of gas service. It stated also that to encourage rapid expansion and build-up of new natural gas markets in Quebec and the maritimes, beginning November 1, 1982 developmental prices will be prescribed.

With regard to this second point, the energy minister has stated that this pricing regime, which will be implemented on November 1, 1982, will provide distributors with a limited holiday from payment of certain transmission costs, thereby encouraging eligible distributors to expand gas markets in Quebec and the maritimes quickly and aggressively.

Last month the Minister of Energy, Mines and Resources announced the implementation of the distribution system expansion program, another major off-oil initiative under the National Energy Program.

In summary it can be noted that the government has implemented a number of measures to ensure the viability of natural gas marketing into the maritimes. The Toronto price zone is to be extended through to the east coast so that consumers in the maritimes will have access to gas at prices comparable with consumers in Ontario who, in turn, will get their natural gas supplies at a price equivalent to 65 per cent of the oil price. The developmental price will provide an additional incentive for new customers. The distribution system expansion program will assist distributors in financing facilities into new marketing areas. And the Canada oil substitution program will provide the home owner with a significant part of the cost of converting his oil heating unit to natural gas.

All of these measures are directed toward energy supply security for maritimers at prices on a par with those throughout the rest of Canada.

COMMITTEES OF THE HOUSE—(A) APPEARANCE OF MINISTER OF FINANCE BEFORE STANDING COMMITTEE. (B) REQUEST FOR VERIFICATION OF RUMOUR

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, my concern tonight arises from a question I asked last Wednesday of the chairman of the House committee on finance, and economic affairs. I asked a question with respect to the attendance of the Minister of Finance (Mr. MacEachen) at finance committee hearings. At that time I wanted a commitment from the chairman that the minister would appear on April 29 and April 30 and once more in the first week of May.

It appears that, as a result of a steering committee hearing tonight, the minister will appear on April 29 and April 30 but he will not make any commitment with respect to May at all. He wants to continue his practice of being "absent Allan".

We have a committee system in this House whereby ministers are required to appear before committees to justify their estimates. The minister in this Parliament, that is this Parliament commencing as a result of the February, 1980 election, has appeared before the committee to justify his estimates once. That was December 4, 1980 when he appeared on supplementary estimates B for an hour and a half.

• (2215)

The minister has done everything in his power to avoid his estimates or his department being scrutinized, and to ensure that he never has to answer, or say what his policy is, or justify a thing to the committee. If other ministers acted in the same manner as this minister, the committee system would totally break down. I understand the position of the minister, that the committee system is not worth much the way it is organized. We certainly need a change in the system, but no system can work if the minister refuses, with one excuse after another, to appear.

The minister was supposed to appear before committee on April 20. He promised to be there on that date. But, just before the meeting, he found a reason to go to Toronto, it was alleged, to inquire of businessmen concerning his iniquitous budget of November 12. There were no meetings with businessmen on April 20. The minister ducked the committee, as he has been ducking the people of Canada. He is a duck of a minister. He is a minister who refuses to account, refuses to explain, refuses to come clean. He files green papers with respect to disclosure and how the budget should be forthcoming. He files other documents in the House but refuses to come to committee and refuses to explain his position.

He is a minister who would like to remain silent. He likes to have his selected few around him so that he can make a press release and say things, such as he said in the House on December 18, that he would take certain questions on the budget to the Standing Committee on Finance, Trade and Economic Affairs. But he never bothered making a reference because he knew there were hon. members on this side of the House who would ask some pretty penetrating questions. The Minister of Finance does not want to explain, does not want to come clean; he wants to hide.

We expect him to appear before the committee on April 29 and April 30. We expect him to come forth the first week in May. Unless we see that, we will have to take action in the House other than the action I have taken tonight.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the remarks of the hon. member for Mississauga South (Mr. Blenkarn) are totally incorrect. Far from ducking his responsibilities, the Minister of Finance (Mr. MacEachen) offered an alternative date to the Standing Committee on Finance, Trade and Economic Affairs as soon as it became apparent that he would have to postpone his appearance before the committee on the main estimates because of his commitments in another city. Indeed, the minister responded favourably to the committee's suggestion that he appear twice. Prior to the hon. member's question in the House, he conveyed to the committee his agreement to appear on April 29 and April 30, 1982. Contrary to the implication in the statement of the hon. member for Mississauga South, the minister has not refused to appear before the committee with respect to his policy, but has appeared when asked. He recently testified before the committee on Bill C-97 to amend the Federal-Provincial Fiscal Arrangements Act.

As has already been indicated, the minister went to Toronto on the evening of April 20 because he and other ministers were to meet early the next day with representatives of the business community. In fact, there were two meetings, morning and afternoon discussions, with a total of some 40 private sector representatives. The Toronto meetings were the eighth, and ninth in an ongoing set of consultations on the economy with representatives of the private sector.

The Minister of Finance and other participating ministers have found that these meetings provided an excellent opportunity for an exchange of views with the private sector on the current economic situation. The meetings have covered the difficulties encountered due to the current recession and inflation, with consequential high interest rates. The discussions dealt with how to tackle these problems, with support being given to the broad direction of the current stance on monetary and fiscal policy. If is the government's intention, of course, to continue with consultations on economic matters in the weeks and months ahead.

• (2220)

This commitment to consultation on economic development matters was set out in the budget paper entitled "Economic Development for Canada in the 1980s", as well as being reiterated at meetings currently being held. Additional evidence of the government's intentions in this regard has been provided through the just recently published green paper on the budget process.

I repeat that the remarks made by the hon. member for Mississauga South are totally incorrect and, at best, despicable.

AGRICULTURE—BEEF STABILIZATION PROGRAM. (B) REQUEST PAYMENTS NOT BE LINKED WITH SUPPLY MANAGEMENT

Mr. Gordon Towers (Red Deer): Mr. Speaker, the beef producers of Canada have been going through a very strenuous economic time in the last several months. It was my hope that the Minister of Agriculture (Mr. Whelan) would perhaps have stayed tonight to give some answers to some very pertinent questions. Instead, he has left the parliamentary secretary, who is an hon. gentleman, to answer the questions. I presume I will probably get nothing more than a canned speech.

The beef producers in western Canada are very disturbed. The minister promised eight or nine weeks ago that he would be making an announcement within two or three weeks. He made the same statement four or five weeks ago in Calgary.

On April 2, I attempted to get an announcement from the minister as to what government policy was with regard to stabilization payments and what his plans were. The minister stated that he believed he would make a statement in three weeks. That was on April 2, which is three weeks and three days ago. Although the minister has had three weeks, plus three days of grace, we still do not seem to be receiving any answers. Calls are still coming in every day.

The minister has confirmed that the stabilization pay-out has no connection whatsoever to the apparent proposals the minister has in mind for the beef industry. Therefore, there is no reason whatsoever for the minister to withhold any announcement on the pay-out. Furthermore, after he makes the announcement, I presume he will have to go to Cabinet to get approval.

The minister has the industry in a real quandary. Prior to the end of last year, he sent out a questionnaire. It turned out to be a fiasco. The questionnaire was delivered to only 87,000

beef producers; we recognize that the dairy industry contributes approximately 15 per cent to the beef industry. Nevertheless, he sent the questionnaire to only 15,000 dairymen. According to the 1976 census, there are 165,000 beef producers in Canada. This means that a great number of beef producers were overlooked entirely by this questionnaire. This certainly left a question in the minds of beef producers in my province where there are 47,000. Some of them did not receive a questionnaire, while others received two or three. This was nothing short of a farce. Of course, some of the feedlots where large numbers of beef are produced were overlooked entirely. Why has the minister not released the figures on his questionnaire, incorrect as they may be?

I also understand that he conducted a private poll of his own; there has been no answer to that. Why has he not given us those figures? Why has he not released the Anderson-Vandermeulen report? Why has he not agreed to work with the cattlemen and the industry on future programs? He should take them into his confidence and negotiate a plan with them.

Why does the minister have such a mistrust of Canadian cattlemen? Why does he not accept any of the new proposals that beef producers make? The main question which must be asked is, why; why does he not give cattlemen some answers? They are becoming very disturbed and time is running out.

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I hope that the hon. member for Red Deer (Mr. Towers) will nonetheless accept a reply from the Parliamentary Secretary, considering that the minister has had to leave the House to attend to other business.

The 1981 beef sales stabilization year ended on December 31, 1981. Provisional estimates indicate that no payment is required at the 90 per cent statutory level provided for under the Agricultural Stabilization Act. The market price for beef sold in 1981, valued at $75.03 per hundredweight, is lower than the price established in 1980, that is, $74.37 per hundredweight. In figuring out the support price, the following elements must be included in the cash costs of production: feed grains, feeder calves, interest on operating capital, and other costs related to veterinary services, public services, insurance, hired labour, litter, and repairs to buildings and equipment.

In 1981, the cost of feed increased 20 per cent because of high prices for grain, interest rates increased 14 per cent and miscellaneous costs, 9 per cent. However, the price of feeder calves, the most important factor for feed lot operators, dropped 7 per cent in 1981, compared with 1980. The drop in price was sufficient to compensate for increases in the cash cost of other aspects of production. As a result, preliminary figures indicate that cash costs for raising slaughter cattle in 1981 are similar to those in 1980.

As the minister indicated in the House on April 2, he met with representatives of the Canadian Cattlemen's Association on February 26, 1982, to discuss possibilities for assistance under the Act. Although final figures were not available at that time, the representatives realized that assistance at the 90 per cent level was not justified, and that is why they subsequently requested assistance at the 95 per cent level.

Market prices have remained more or less unchanged during the last three years: $76.44 per cwt in 1979, $76.37 in 1980 and $75.03 in 1981, thus causing producers to exhaust their reserves in order to survive during this difficult period. The minister and his colleagues are examining the feasibility of offering support payments for cattle sold in 1981, and an announcement will be made shortly in this respect. Mr. Speaker, I may conclude by saying that the minister has always worked in close co-operation with Canadian beef producer associations across the country, and I believe he will continue to do so in the best interests of cattlemen in this country.

[*English*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow afternoon at two o'clock.

The House adjourned at 10.28 p.m., without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, April 27, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

EMPLOYMENT OF VIETNAMESE IN SOVIET UNION—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Reports are circulating that Vietnamese workers have been sent to work at industrial compounds south of Moscow as a means of covering a deficit in the Hanoi government's foreign currency reserves and Canadian government officials estimate that as many as 500,000 individuals may be involved in this manpower transaction. In view of the fact that they cannot obtain any information from the Soviet Union which would dispel these reports, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House deplore such blatant disrespect for human rights, demand that both the Moscow and Hanoi governments cease this practice of slave labour, and ask the Secretary of State for External Affairs to refer this matter immediately to the International Labour Organization and Human Rights Commission of the United Nations for an investigation to ensure that human rights are upheld and the dignity of the person is respected.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

IMPORT QUOTAS AFFECTING SHOE MANUFACTURING—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Canadian leather shoe manufacturing industry has been thrown to the wolves by the government's lifting of its protection just when the industry was reaching a healthy stage of modernization and competitiveness. Therefore I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the minister admit he made a mistake and announce a change in the shoe quotas so that some of the thousands laid off from the Canadian shoe industry can get back to work.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

MISREPRESENTATION OF INUIT POSITION—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Given the fact that on April 18, 1982, the *Toronto Star* stated that the Inuit had boycotted the patriation ceremony on Parliament Hill, and in its April 26 issue *Maclean's* magazine declared that the native people, including the Inuit, were "strikingly" absent from the patriation ceremony because they felt betrayed by the new Constitution, and given the fact that the Inuit were very much in attendance as an indication of our ongoing commitment to the patriation process, I move, seconded by the hon. member for Kootenay West (Mr. Kristiansen):

That this House reprimand the *Toronto Star* and *Maclean's* magazine for their careless reporting and irresponsible misrepresentation of the Inuit position on the Constitution.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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AIRPORTS

MIRABEL—NEGOTIATIONS OVER EXPROPRIATED LANDS—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The

Minister of Public Works and the Minister of Communications, together with the hon. member for Argenteuil-Papineau (Mr. Gourd), have been avoiding and delaying discussions with farmers about the surplus land surrounding the Mirabel airport, in spite of the fact that the farmers came to Ottawa to present their cheque for rent arrears in return for an opportunity to discuss and negotiate the repurchase of expropriated lands. I move, seconded by the member for Joliette (Mr. La Salle):

That the Minister of Public Works contact the president of the Union of Agricultural Producers and the president of the Community for Information and Action Committee, accept their cheque for $105,000 and start negotiations concerning these lands to permit the expropriated farmers to live in their own homes, not in homes owned by the state.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PROVINCIAL AFFAIRS

SASKATCHEWAN—PROGRESSIVE CONSERVATIVE ELECTION VICTORY—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise to move a motion pursuant to the provisions of Standing Order 43. Whereas the maturity and wisdom of the Saskatchewan electorate are to be congratulated for demonstrating to all Canadians that individual voters control government and not the other way around, and whereas the political universe is now unfolding as it should, I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That this House sincerely congratulate Mr. Grant Devine and the people of Saskatchewan for achieving a well deserved victory yesterday and that we extend to Mr. Devine and his colleagues our heartfelt best wishes for a successful term of office.

"Happy Days are here again,
Saskatchewan has turned blue again.
Look out you Grits and NDP.
Happy Days are here again!"

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Bow River (Mr. Taylor).

* * *

• (1410)

POLITICAL PARTIES

LIBERAL AND NDP RELATIONSHIP—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, in 1967-68 when the Right Hon. Prime Minister (Mr. Trudeau) came to power, the Liberals were a free enterprise party and the hon. member for Oshawa (Mr. Broadbent) and the NDP were the socialists of Canada. During the years, the Prime Minister and the leader of the NDP and their parties have cuddled up to each other. They embraced when the Prime Minister proposed unilateral patriation of the Constitution, and got right into bed with each other to keep property rights out of the Charter, and they have been existing common-law ever since. Therefore I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this House deplores this shacking up by the Liberals and the NDP in a totalitarian brothel—

Some hon. Members: Oh, oh!

Madam Speaker: Order, order. The hon. member for St. John's West.

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PROVINCIAL AFFAIRS

LIBERAL VOTE IN SASKATCHEWAN ELECTION—MOTION UNDER S.O. 43

Hon. John C. Crosbie (St. John's West): Madam Speaker, under the provisions of Standing Order 43 and in view of the results of the Saskatchewan election yesterday, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House congratulates the Saskatchewan Liberal Party on achieving 5 per cent of the votes cast, despite the prime ministerial albatross hanging about the necks of all Liberals in Canada, and notes the wisdom of their not having the Prime Minister present in the province during that election, particularly when this House compares those results with the results achieved by the NDP in Newfoundland who were more broadly bent on April 6 by gaining only 3.7 per cent of the votes cast despite or because of the campaign presence of the MP for Oshawa, and that this House requests the Prime Minister to announce who will have priority in future Saskatchewan judicial, senatorial or more elevated appointments between those 64 defeated candidates of the Liberal Party or the 57 defeated members of the NDP of Saskatchewan.

Madam Speaker: The hon. member for Esquimalt-Saanich (Mr. Munro).

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EXTERNAL AFFAIRS

FALKLAND ISLANDS—RECAPTURE OF SOUTH GEORGIA BY BRITISH FORCES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House convey to the British government an expression of our approval for the manner in which the Royal naval task force, including the Royal Marines, carried out their operation in South Georgia last weekend with a minimum of bloodshed and casualties, thereby restoring the situation in that area that existed prior to the Argentinian aggression in the south Atlantic.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

COMMUNICATIONS

LICENSING OF PAY-TV—MOTION UNDER S.O. 43

Mr. Laverne Lewycky (Dauphin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. This morning the Canadian Council of the Arts appealed to cabinet to send the issue of Pay-TV licensing back the CRTC for reconsideration on the grounds that the fragmented, multi-licence system okayed by the CRTC will restrict the amount of money which will be made available to Canadian film producers and will result in the loss of this great opportunity to raise our film production standards through the generation of Pay-TV revenues. Since the appeal of the CCA also points out the government's failure to provide the CRTC with any policy direction concerning this new revolutionary television service, which is the major reason we have this problem in the first place, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the government now accept its responsibility for the licensing of this inappropriate system, and that it send the Pay-TV question back to the CRTC, this time with the concrete policy directives that it should have given to the commission in the first place.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

CABINET MEETING AT MEACH LAKE, P.Q.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. Could the minister advise the House if, when he and his colleagues who were sunning themselves at the Meach Lake resort last weekend, they had any meaningful discussions, or whether the report on that conference given by the Secretary of State and the Minister of Justice that Canadians will just have to hang in with unemployment, high interest, high taxes and more government, was correct? Were there any meaningful discussions and would the minister report same to the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows that discussions among members of the government are normally kept confidential. The cabinet never meets without taking part in meaningful discussions.

SITUATION IN CANADA VIS-À-VIS UNITED STATES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, that being the case, would the minister confirm the statement made by the Minister of State for Small Business, as reported in Montreal recently, "We are fearful that if there is a recovery in the United States we would not be able to join the band wagon"? Is it the government's view that the depression that he and his colleagues have caused in Canada is so entrenched that we are not capable of responding to any recovery in the United States?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I noticed the comments made by the minister and I must say that his observations are very valid. I believe that the point he had in mind concerned the difference in cost and price performance between Canada and the United States.

If there is a recovery, and we have not succeeded in making progress in reducing inflation in the meantime, then our non-competitiveness in other markets will, of course, prevent us from participating or would affect our ability to participate fully in any recovery that would take place. That is why I am constantly making the point that in order to get more jobs, achieve better incomes, and to sell more abroad, we have to pay much attention to costs and prices in our own Canadian economy.

Mr. Blenkarn: The minister correctly pointed out that our inflation rate last month was about 15 per cent on a monthly basis and the Americans had no inflation—as a matter of fact, negative inflation.

GOVERNMENT POSITION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, since the minister has been travelling around the country meeting businessmen, does he find the same situation as reported in the *Toronto Star*, where 55 per cent believe that the Canadian dollar is overpriced, and 60 per cent believe that profits and investments are going down? Does the minister have a new plan for recovery, or must we wait for fall to have a new budget and a new economic statement? Has the government abandoned 1982 and decided it will have to try again in 1983?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker; we are putting forward policy options all the time in an effort to meet the problems of the economy. We have not decided, like the Conservative Party, to defer the presentation of policy options until close to the next election.

REQUEST FOR REDUCTION IN GOVERNMENT EXPENDITURES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Finance who has now told the House that he has no alternative but to remain inept, inactive

and incompetent. His destructive policies make Attila the Hun look like an amateur.

If the government can intervene in the economy to choke off investment, strangle the energy industry and force Canadians out of their homes, jobs and businesses, why can the government not intervene in a more positive way? Why is he so unwilling to introduce budget measures which will reduce expenditures, bring down interest rates and restore incentives for growth and for jobs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when the hon. member decides to ask some non-rhetorical questions, I will attempt to answer them. But if she continues to fill her questions with all kinds of personal references and political rhetoric, then I see no point in dealing with them.

• (1420)

REQUEST FOR INTRODUCTION OF GROWTH PROGRAMS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is directed to the Minister of Finance. May I remind him that we hear from Canadians who tell us that the hardest thing they have ever done has been to lay off their employees, who tell us that their families are separated because they cannot cope with economic conditions, and who say they are fifth generation Canadians who are closing the doors of businesses started in this country by pioneers. I hope that is specific enough for the Minister of Finance.

Some hon. Members: Hear, hear!

Miss Carney: When will the minister show Canadians leadership? When will he help to restore confidence in the Canadian economy? When will he bring in new incentives and new programs for growth?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will be very happy to tell the hon. member that at the present time the government is following a policy which is attempting to meet the main requirements of the Canadian economy. It is very easy, as hon. members of the opposition do every day, to get up and ask for new programs, as the hon. member has done today, and new incentives, and new expenditures. That is one face, one side of the double face on the opposition side. Then other hon. members will get up the following day to ask for measures to reduce inflation, to cut the deficit, and to take all sorts of steps in the direction of restraint.

May I depart from normal custom and ask the hon. member a rhetorical question? When will the Conservative Party get together and decide what its economic policy is in the country at the present time?

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Just remember what happened to Blakeney: You guys are next.

Miss Carney: Madam Speaker, I would like to answer the question of the Minister of Finance. The Conservative Party is ready to take our economic policies to the voters at any time, as we did in Saskatchewan.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

INDUSTRY

FOOTWEAR—INQUIRY WHETHER FAVOURABLE GOVERNMENT DECISION WILL BE MADE THIS WEEK

Hon. Roch La Salle (Joliette): Madam Speaker, once more, I have a question for the Minister of Industry, Trade and Commerce on the subject of the footwear industry.

I was informed today that the minister had personally received some very interesting comments from the Shoe Manufacturers Association and union members to the effect that the minister's procrastination would be fatal to the industry, and surely the minister realizes that delaying an urgently needed decision will also delay the industry's recovery during the next 12 months. Could the minister tell the House, in the light of the questions I put to him yesterday, whether he intends to announce a favourable decision this week?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, any decision based on our views of the information we have received from the industry will be a cabinet decision. I am therefore not in a position to indicate to my hon. friend that we shall be able to make an announcement this week. However, we feel this is a very important matter, and that is why the cabinet is giving very serious consideration to the latest information it has received.

Mr. La Salle: I have a supplementary, Madam Speaker.

The minister said, if I understood correctly, that the question is now in cabinet but that no decision has been made. Since the industry provided employment for 30,000 workers in 1974, and those figures dropped to 14,500 in 1982; considering that many Liberals and opposition members, especially from Ontario and Quebec, because 50 per cent and 46 per cent, respectively, of the workers in these two provinces are affected, and that the Minister of Indian Affairs and Northern Resources has admitted that he supports the request made by the footwear industry, is there sufficient pressure on the minister and does the minister have sufficient information to be able to make a decision and at least tell the House today, when, if not this week, the decision will be announced, before it is too late for this industry, which is simply asking for some of the fairness so widely touted by the Minister of Finance?

Mr. Gray: Madam Speaker, the matter is being reviewed at the cabinet level, and we intend to announce the results of this review as soon as possible.

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ADMINISTRATION OF JUSTICE

SALVADORAN JOURNALIST VICTOR REGALADO—INQUIRY WHETHER SECURITY CERTIFICATE WILL BE WITHDRAWN

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. In releasing the Salvadoran journalist, Victor Regalado, after nine weeks' imprisonment, the immigration adjudicator implicitly accused the minister of having jailed the journalist without sufficient reason.

In response to this accusation, the minister published a press release containing malicious and entirely false allegations regarding Mr. Regalado.

Would the minister now be willing to withdraw the security certificate issued under Section 39 of the Immigration Act, a section that contravenes this country's basic principles of justice, since the certificate was clearly based on false information and lies?

• (1425)

[*English*]

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the hon. member is not justified in characterizing the grounds I put forward to justify the certificate as being complete lies. There are real grounds on which I did it. If the evidence cannot be made public, it is for the very reason that Parliament provided Section 39 of the Immigration Act, recognizing circumstances in which it would not be in the national interest to make grounds public for decisions that had to be taken in the public interest.

Mr. Robinson (Burnaby): Madam Speaker, once again we see that the Solicitor General is no more than a dummy for the RCMP Security Service.

Some hon. Members: Oh, oh!

REQUEST FOR SUSPENSION OF DEPORTATION PROCEEDINGS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is to the Minister of Employment and Immigration. The lawyers for Victor Regalado have urged the minister to suspend all deportation proceedings against Regalado for a period of at least one year to give him an opportunity to demonstrate clearly that the information obtained by the RCMP from the CIA and elsewhere is a tissue of lies. Will the minister agree to this very reasonable demand, or will he at the very least assure the House that Regalado will not be deported to any Latin American dictatorship in which his branding as a security risk in Canada will effectively be his death warrant?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would inform the hon. member that that step has already been taken. I indicated six or seven weeks ago that, in the case of Regalado, the fact that he was granted refugee status meant that we would not ask that he be returned to his country of origin, but that he would have an opportunity to find a third country. We have given him that choice and offer. It is up to him to take advantage of it whenever he wants. I think we are being as reasonable as we can possibly be.

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AUTOMOTIVE INDUSTRY

LOSS OF JOBS—GOVERNMENT POLICY

Mr. Otto Jelinek (Halton): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce. One of the major contributors to the record unemployment level in Canada, as the minister knows, is the Canadian auto industry, as a result of the government's lack of policies. It is presently operating in a vacuum. As the minister knows, 30 per cent of the assemblers in Canada are unemployed. Nearly 40 per cent of the auto parts manufacturers are unemployed as well. Will the minister tell us whether this very important matter was raised at Meach Lake this past weekend? If not, why not, considering the very important consequences it has on the economy as a whole? If it was, can the minister and his government now tell the industry, which has to know, what specific policies and positions he is prepared to take before further jobs are lost in that very important sector of our economy?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, while I cannot talk about subjects raised in discussions between ministers, I can confirm that the policy regarding the auto industry remains among our priority concerns and considerations.

I reject completely the premise of my hon. friend about lack of policy. Our policy has been to strengthen opportunities for further production and increases of activity in the industry, as exemplified by our arrangements with Chrysler and Ford, our special auto parts fund, and our arrangements with Volkswagen to have major activities here with 85 per cent Canadian content. Certainly this approach of expanding production, and strengthening opportunities for production and employment will continue to be at the forefront of our concerns and considerations for this very key industry.

Mr. Jelinek: Madam Speaker, if that is the policy of the government, I suggest that ministers change it because that policy has contributed to 50,000 unemployed in that sector alone.

Oral Questions

NEGOTIATIONS WITH JAPANESE

Mr. Otto Jelinek (Halton): Madam Speaker, my supplementary question is to the Minister of State for International Trade. As he knows, he has failed in every part as far as negotiations with the Japanese and the Japanese auto industry are concerned. The result, of course, is further unemployment in Canada. Next month he will be meeting in Paris with his counterpart from Japan. Has he received a mandate from his cabinet regarding the negotiations with his Japanese counterpart? If so, what positive steps is he prepared to take, without delaying the situation any further; and does that mandate include Canadian content regulations?

• (1430)

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, the hon. member is fully aware of the representations that I made on behalf of our government to my counterpart when I was in Japan six weeks ago. Negotiations are ongoing at the official level. As I said to the hon. member on previous occasions, he will be one of the first to know if and when we receive the positive results to these negotiations.

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BANKS AND BANKING

FINANCING OF ENERGY PROJECTS

Hon. Ron Huntington (Capilano): Madam Speaker, my question is directed to the Minister of Finance. In the past the minister has expressed concern at the pressure the Canadianization program has caused our financial system and our balance of payments. Is he satisfied that the Canadian chartered banks are in a position to finance further Canadianization and the energy projects necessary for energy self-sufficiency?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member correctly recalls that I was concerned last summer at the impact of financing by the banks of take-overs which particularly flow through the exchange markets. As a result of consultations with the banks, there was a conclusion that such take-overs generally would not be financed through the banks. To the best of my knowledge, the understanding reached at that time has been observed in the main. I have not had evidence of major take-overs since that time.

INTERNATIONAL COMMITMENTS OF CANADIAN BANKS

Hon. Ron Huntington (Capilano): Madam Speaker, in light of the present global conditions of banks and world credit, is the Minister of Finance satisfied that Canadian banks are not disproportionately extended or over-exposed in their international lendings?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have kept in close touch with the Inspector General of Banks and I have no reason to believe that any of the banks operating within the Canadian banking system are not in a viable position. I believe that each of them is viable, in the circumstances.

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HEALTH

OPHTHALMOLOGICAL SERVICES IN NORTHWEST BRITISH COLUMBIA

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of National Health and Welfare, regarding the same medical principle that I raised yesterday, which is always to err on the side of caution. I wrote on November 3, 1981, to the Minister of National Health and Welfare, regarding allegations that an ophthalmologist examined 16 children in 17 minutes at a school in my constituency. On December 11, 1981, the minister wrote back to me and said the following:

'. . . being the only resident eye specialist in northwest British Columbia he extends his services to the people of that area by visiting all cities, towns and villages in accordance with his schedule.

It is our understanding that his primary interest is limited to detection and treatment of the eye diseases amongst the entire population of northwest British Columbia.'

Perhaps the minister could explain to this House how it is possible for one physician to detect and treat eye disease amongst 80,000 Canadians, and whether in her view a physician's schedule is sufficient grounds to allow 16 children to be examined in 17 minutes?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would have liked to have received notice of this question, because of its scientific dimension. I do not like that we play games, such as the one the member played yesterday. I often observe that he links—to serve his ideology—facts that are unrelated. Yesterday he said, in relation to the spraying of Agent Orange at Gagetown, New Brunswick, that we investigated people outside the military camp.

Some hon. Members: Order, order!

Miss Bégin: We did that deliberately. We took a broader context, to analyse all the human beings who live there. If he makes another false assertion like this today, I would prefer to receive notice. That seems to me to be elementary common sense. Then I can give the exact answer, because of the scientific components.

Some hon. Members: Hear, hear!

EXAMINATION OF NATIVE PEOPLE

Mr. Jim Fulton (Skeena): Madam Speaker, I do not think that answer will instil much confidence across Canada. On the same occasion last year, the same doctor examined over 100 native Canadians in less than an hour. Now, that is not a

scientific quibble that I am taking up with the minister. That is over 100 native patients in less than an hour. That same doctor then spent the same amount of time transferring the medical numbers for his records. It may be appropriate for the Minister of National Health and Welfare to quibble with my facts, but she has had five and one half months to look into this, and she has done nothing. It may be in the interest of her Social Credit or Conservative colleagues to do something. I wonder if she would tell this House just one thing, whether or not in her view 35 seconds is an appropriate amount of time for an ophthalmologist to look at a native patient's eyes.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I repeat to the member that I do not know the answer to that question. I have to go and check the facts. I cannot act like him and do away with the facts. Yesterday he also said that—

Some hon. Members: Order, order.

Miss Bégin: Yesterday he also said that outside—

Madam Speaker: Order.

Mr. Clark: Write a letter. Send it to the newspapers.

Madam Speaker: The hon. member for Skeena.

REQUEST THAT MINISTER TAKE ACTION

Mr. Jim Fulton (Skeena): Madam Speaker, there are really only two principles involved on which I would like the minister to comment. One is that it is pretty clear that the doctor is grossly ripping off the medical system in Canada. The second is that native Canadians are not getting proper health care. My final supplementary is this. The physician in question, as the minister knows, is Dr. W. Jory, the President of the British Columbia Medical Association. That may be why the minister has waited five months and has done nothing. Would she tell us what she is going to do, and when?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, if one wants to have principles, I suppose they are much stronger if you have the basic knowledge behind them in the first place. I said I was going to look into the facts, and this is what I am going to do. The hon. member will have to wait because he forgot to use elementary common sense and give me notice of the question.

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VETERANS AFFAIRS

FORTIETH ANNIVERSARY OF DIEPPE RAID—REQUEST FOR INCREASED BASIC PENSION

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I have a question for the Minister of Veterans Affairs. I must say in passing that I was very pleased yesterday to see the hon. member for Winnipeg North Centre asking a question and doing it so beautifully. I can assure the Minister of Veterans Affairs that if he were asking this question, he would be a lot tougher.

In any event, this year is the fortieth anniversary of the Dieppe Raid. I know that the Minister of Veterans Affairs has met with the President of the Dieppe Veterans Prisoners of War Association and I know the representations they made. Will the minister give some consideration to increasing the amount of the basic pension for the Dieppe POWs?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, it is true, I did meet with the President of the Dieppe Veterans and Prisoners of War Association. As the hon. member realizes, the question of the level of compensation for prisoners of war was the subject of the Hermann Report published in 1973. In accordance with that report, four levels of compensation were established for various prisoners of war, depending on the length of time they were imprisoned as well as the foreign power involved. As I said, I met with the president of the association and, as a result, I am prepared to give consideration to a review of the levels of pension that have been given to this group.

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INCOME TAX

SEIZURE OF WINNIPEG COUPLE'S LIFE SAVINGS

Mr. Jack Murta (Lisgar): Madam Speaker, I would like to direct a question to the Minister of National Revenue, if I may. Is the minister aware of the situation in Winnipeg concerning a Kenneth and Victoria Hayes? Revenue Canada tax collectors, have seized all their life savings which amount to $116,000, and are demanding another $84,000 on top of that. They have done all this in a very short period of time and under circumstances, Madam Speaker, which are highly questionable, to say the least.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for his question. I want him to know, first of all, that I share his concern about this particular case. As he can appreciate, it is difficult for me to talk about the details of any case in Parliament and public even if I had the legal authority to do so. I have asked for a complete investigation into this case. I can assure him that I intend, first of all, to see that these people are treated entirely fairly under the law. I would further say to him that if he, or other members connected with this particular case, would like to sit down with me privately, I will be glad to go into further details with them.

• (1440)

DEPARTMENTAL POWERS

Mr. Jack Murta (Lisgar): Madam Speaker, I should like to ask the Minister of National Revenue whether it is a common practice for deputy ministers or senior officials in his department to act in this way, apparently without any concern for the

people involved. I think this can rightly and objectively be said to be what happened in this case. These are almost Gestapo-like tactics that the people involved used on this Winnipeg couple. It is totally unfair. I should like to ask the minister whether this has happened very often. Does the department literally have the power to move in and seize records and bank statements as officials have done in this particular case?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the department does have the power to do that, but I believe that the law should be applied with sensitivity. In this particular case I intend to see that it is applied with sensitivity. I do not know all the facts of the case and I do not think it would be proper for me to discuss them here, if I did. However, if the hon. member would like to discuss this with me further I would be glad to do that in order that he and I may both be assured that fairness was done.

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EXTERNAL AFFAIRS

REPORTED CANADA-FRANCE AGREEMENT ON SAINT PIERRE AND MIQUELON ISLANDS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Secretary of State for External Affairs. He will realize that negotiations have been proceeding between France and Canada on the question of the boundaries between France and Canada surrounding Saint Pierre and Miquelon, which are most important for fishery items and mineral resources on the continental shelf, for some 11 years now.

Is it correct that a treaty was signed between France and Canada on May 26, 1972, by the ambassadors of the two countries, wherein the then Government of Canada agreed to a major and large area going to France with respect to the continental shelf off the south coast of Newfoundland? Was it also agreed that in a further large area France would have the right to decide what oil companies would have the rights to explore and develop, and where oil would go from that area if it was discovered there? Is that correct? If it is, and I am informed that it is, will the minister table or make public that agreement? Is that the reason we have not got anywhere in our negotiations with France in the past nine years, and is the government now afraid to push the matter, having conceded so much in the agreement of May 26, 1972?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am not aware of the agreement to which my hon. friend refers. To the best of my knowledge the only agreements we have had with France have been with respect to fishing rights in the region and with respect to the delineation of the boundary on the landward side of Saint Pierre and Newfoundland, between those islands and Newfoundland, where the water boundary has been agreed upon. The matter was raised at the meeting here with Premier Mauroy. It was also raised by Foreign Minister Cheysson in my talks with him. We agreed that we should proceed as quickly as possible with an attempt to delineate the boundaries of those islands in the Gulf of St. Lawrence. The Canadian position is that we accept the territorial sea for those islands but not the kind of economic zone which France is claiming for them.

With reference to the claim that these negotiations have been going on for eleven years, I would point out that it was only in 1976 that both Canada and France claimed the extended economic zones which gave rise to the problem, so even the problem itself, let alone the negotiations, has existed for only half the time that the hon. member mentioned.

Mr. Crosbie: Madam Speaker, I would ask the minister to do some home work. I can assure him that there was such an agreement signed by the ambassadors.

REQUEST THAT AGREEMENT BE MADE PUBLIC

Hon. John C. Crosbie (St. John's West): Madam Speaker, I have a supplementary question for the minister. Does he realize that in the arbitration case between the United Kingdom of Great Britain and the French Republic on the delimitation of their continental shelf that the International Court of Justice accepted that document as an agreement between France and Canada on the continental shelf?

Assuming that the minister will do his home work, would he then report to the House and make public this agreement? Would he also advise the House or the public what we are now claiming and exactly where the matter stands? Why did the Government of Canada betray east coast Canadians and the whole of Canada by signing such an agreement in May, 1972, without disclosing it to the world, and why did it keep it secret until this time?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, any betrayal is in the mind of the hon. member. The facts are as I have stated them. We recognize a 12-mile territorial sea for Saint Pierre and Miquelon as emerging international law requires us to do. We do not recognize the claim of 200 miles beyond that of an economic zone which they are claiming. It is precisely that dispute which is now under consideration by the two governments. I can assure the hon. member that we have vigorously supported the claims of the Canadian people in these negotiations.

Mr. Crosbie: Answer the question.

* * *

REGIONAL DEVELOPMENT

GRANTS FOR ONTARIO

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Regional Economic Expansion. The minister should know that over the past two to three years there have been repeated promises from

government that new, enlarged boundaries and guidelines should be created with respect to regional development incentive grants. In all that time, and despite all the promises, nothing has changed.

The minister must know that expansion of the grant program would provide incentives to industry either to locate in new areas or enlarge their existing facilities. This would help to solve the problems of job creation and regional disparity in many areas, particularly in Ontario, which are not now included in this program. Is the minister prepared to act on these many promises and announce changes involving the grant program which would result in the establishment of new and enlarged boundaries, which are especially necessary in Ontario?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the questions raised by my hon. friend are among those that are being looked at in the context of the re-organization of the Department of Regional Economic Expansion and the re-organization of the Department of Industry, Trade and Commerce with a view to putting them together in one major, new department. We will have more to say about this in coming weeks and months.

REQUEST THAT NEW BOUNDARIES BE ESTABLISHED

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I have a supplementary question. The minister's predecessor was acutely aware of problems connected with the existing boundaries in Ontario and had promised on many occasions that solutions were forthcoming. I see him nodding his head. Will the minister give his assurance that the endless departmental examination of the issue will now cease and that plans to create new boundaries or enlarge existing ones in Ontario will be implemented at once?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, this is something we are working on and I hope to have some things to say about it in coming weeks.

* * *

NATIONAL ENERGY BOARD

ONTARIO APPLICATION TO INCREASE EXPORT OF ELECTRICITY TO NEW JERSEY

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Ontario Hydro has applied to the National Energy Board to export massive amounts of electricity to New Jersey over the next ten years. The federal department of the environment has argued strenuously that Ontario Hydro's plans will greatly increase acid rain-causing emissions. Will the minister confirm that the National Energy Board has now approved Ontario Hydro's application despite the dire warnings of the department of the environment in that connection?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I understand that the National Energy Board is due to release its report some time today. I suggest we wait for that report.

POSITION OF MINISTER OF ENVIRONMENT

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is directed to the Minister of the Environment. He will know the details of the National Energy Board decision because he has prepared a press release on the subject for issuance at four o'clock this afternoon. Does he intend to appeal the decision of the National Energy Board to cabinet? If cabinet confirms the National Energy Board decision in light of any appeal the Minister of the Environment might launch, will he tender his resignation, since such an outcome from cabinet would totally undermine his moral authority on the important and urgent subject of acid rain?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, there are several questions contained within that single question. As my colleague said, I believe that the National Energy Board will release its report today and I expect that I shall have some comment to make when it does so. In any case, the question will automatically come to cabinet because of its importance.

* * *

• (1450)

PIPELINES

FINANCING OF ALASKA GAS PIPELINE

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Energy, Mines and Resources, who in July, 1980, approved the pre-build of the Alaska highway gas pipeline when he was warned financial guarantees were not in place which would enable the building of the entire line. In view of the fact there is an announcement imminent of a significant delay, two to four years, which really means this project is on its deathbed, is the minister still prepared to give this House his assurances, ironclad or otherwise, that the entire line can be financed?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I understand that financing arrangements have been made, to the tune of some $24 billion, in the United States. I understand that at present there are some problems between the partners which are being discussed and negotiated. I suggest we should wait for the reports about those discussions.

Oral Questions

ENERGY

FUTURE OF ALSANDS PROJECT

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, the government's whole economic strategy appears to be based on jobs from energy megaproject spin-offs. Clearly the Alaska highway gas pipeline is having financing problems, and Alsands is on the ropes. Can the minister confirm that Shell has pulled out of the Alsands consortium, and can he tell us what will happen to the government's economic strategy in view of the potential collapse of these megaprojects?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I hope the NDP will make up its mind; some days it is against the Alaska gas pipeline and Alsands, and some days it is for them. I am not asking them for the impossible, that is, to make up their minds on anything, but I would like to tell my hon. friend that the reports he has referred to appear to be unfounded. The Alberta Minister of Energy and myself met with the companies last night. We had discussions. The companies are considering a number of possibilities, and we expect to get news very shortly.

* * *

[*Translation*]

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION—APPLICABILITY TO UREA FORMALDEHYDE FOAM INSULATION VICTIMS

Mr. Arthur Portelance (Gamelin): Madam Speaker, my question is directed to the minister responsible for the Canada Mortgage and Housing Corporation.

Last Saturday, in an advertisement in the Montreal press, the corporation invited people to renovate their homes and take advantage of a forgivable loan of up to 10 per cent of the costs, up to a maximum of $3,000. Could the minister inform the House whether people who have already used urea formaldehyde foam and have certain problems would also be eligible for this program and be able to take advantage of this generous scheme?

[*English*]

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the question because it has been asked by other members of the House and obviously other people are interested. The $30-million program, designed to assist in renovation, was in essence a job-creation program. The government therefore thought, in order to get this program operative as soon as possible, that it would be designated to items of renovation in homes other than under the urea formaldehyde program which, as you know, is a separate program under the leadership of the Minister of Consumer and Corporate Affairs.

THE ECONOMY

ASSURANCES GIVEN BY UNITED STATES PRESIDENT—CANADIAN POSITION

Hon. George Hees (Northumberland): Madam Speaker, my question is for the Prime Minister. As the assurances given by President Reagan at last summer's economic conference, that the United States government expected to make very important reductions in its interest rates by the end of last year, have proved to be no more soundly founded than the assurance given by the American President to our Prime Minister a year ago that they intended to co-operate closely with Canada in controlling emissions which create acid rain, does the Prime Minister intend at this summer's economic conference not to be misled by any of these bland assurances, and intends now with his government to start working out a Canadian program for lowering interest rates and stimulating the economy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I regret the hon. member's use of words indicating that I was misled by bland assurances.

Mr. Hees: Those were the kindest I could use.

Mr. Trudeau: The President of the United States was voicing his view of the way the economy of his country would develop over the coming months. It is true he gave assurances tending in the direction the hon. member stated, but I think this is an occasion to remind the hon. member that even the great United States cannot always implement the economic policies they would like.

As strong as they are in the world, Madam Speaker, and their economy is of course much more self-reliant than ours, they are still faced with very difficult economic problems, and even such a strong president as President Reagan—of a conservative philosophy which I am sure basically is admired by the hon. member—cannot bring his country out of the dire straits it is in.

REQUEST FOR INTRODUCTION OF CANADIAN DESIGNED PROGRAM

Hon. George Hees (Northumberland): Madam Speaker, as a Conservative government in the early 1960s pulled the country out of very severe recession by a plan of its own making, does the Prime Minister not think it is incumbent upon him to try to show the Canadian people that his government is made of equal fibre and can undertake such a Canadian program, instead of relying on "Big Brother" to pull us out of our present serious recession, something which "Big Brother" has made very clear he has no intention of doing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member is making an historical omission when he talks about that period. He realizes, of course, that there was a world-wide recovery at that point and that the then Canadian government naturally went along with the over-all trend. If the government of that time had been so

impeccable, it is hard to explain why the hon. member would have departed from that government. I am sure he must have disagreed with its basic policy.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

URANIUM PRICE FIXING TRIAL—PROSECUTION OF CROWN CORPORATIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the Minister of Justice tell us, when he decided to lay charges against Crown corporations in the uranium cartel matter, whether he knew those Crown corporations could claim immunity?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, it is evidently a problem which existed at that time as it exists at this time. In fact, at that time there was a decision of the court not to grant the corporation immunity, in the case of the CBC. The position we are taking in this case is that we can prosecute Crown corporations like private corporations.

CLAIM OF CROWN IMMUNITY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, when the minister brought charges against those Crown corporations did he know that they could claim Crown immunity?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there are many defences which any citizen or Crown corporation can take. This is one which existed at that time. It is not sure that they will win or lose in court, but the advice I received from the commission, and from the lawyers who advised the commission, was that it was absolutely proper to prosecute Crown corporations, so I did.

Mr. Clark: It is obviously proper, according to this Minister of Justice, to lay charges against a Crown corporation when he knows in advance they will be protected against the consequences of those charges, as ordinary Canadians would not be. My supplementary question is to the Minister of Energy, Mines and Resources.

Mr. Chrétien: Oh, come on, ask another one.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Clark: Madam Speaker, the Minister of Justice has declined four times to answer that question. I would now like to give the Minister of Energy, Mines and Resources an opportunity to answer the question.

INSTRUCTIONS TO COUNSEL FOR URANIUM CANADA

Right Hon. Joe Clark (Leader of the Opposition): My question to the Minister of Energy, Mines and Resources relates to Uranium Canada, which he knows is a "shell" corporation with no assets, no offices, no employees, and no directors except the minister. Will the minister tell this House who is instructing counsel on behalf of Uranium Canada?

• (1500)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the more the Leader of the Opposition speaks, the more clearly he shows why he failed in his law studies.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Lalonde: The Minister of Justice has stated quite clearly that when he laid the charges they were laid upon the advice of counsel from the Department of Justice. The advice he had at the time was that he could lay those charges, established on a case that had been decided. The Minister of Justice stated that quite clearly, and the Leader of the Opposition completely misrepresented and distorted what the Minister of Justice said. Then he did not even have the courage to come back to the Minister of Justice again but diverted the question to me, which I am most happy to answer.

Mr. Crosbie: Answer it then.

Mr. Baker (Nepean-Carleton): Give it a try.

Mr. Lalonde: Uranium Canada Limited has a board of directors. That is something else which my hon. friend, the Right Hon. Leader of the Opposition, does not appear to know. Counsel for Uranium Canada is acting on the instructions of the board of directors of Uranium Canada, which is not me. I am the shareholder. I am not the board of directors.

QUERY RESPECTING IDENTITY OF INSTRUCTOR OF COUNSEL

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, if I might read from the decision of the relevant Ontario court, it reads:

> On May 1, 1981, all the qualifying shares of the directors of Uranium Canada Limited were transferred to, and are now presently held by, the Minister of Energy, Mines and Resources, in trust for Her Majesty, the Queen, in right of Canada.

There is one director. It is the Minister of Energy, Mines and Resources. Will the minister, who is the only director of this "shell" corporation, now tell the House of Commons who instructed that Crown corporation to plead Crown immunity against the charges brought by his colleague in cabinet who knew at the time he brought the charges that that defence could be invoked to protect Crown corporations from the kind of treatment which ordinary Canadian companies have to face in courts? Who instructed counsel for Uranium Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Leader of the Opposition is demonstrating that he would flunk his law exam today even more than at the time of his studies.

Some hon. Members: Oh, oh!

Mr. Lalonde: The Leader of the Opposition does not appear to know the difference between a shareholder and a director of a corporation. I will be very happy to give him that free advice after question period.

Second, the Leader of the Opposition does not appear to know that under the Canada Business Corporations Act, which has been amended by this Parliament, directors are no longer required to own shares in order to be directors.

Mr. Nielsen: You are the only shareholder.

Mr. Lalonde: Therefore, you can be a director of a Crown corporation established under the Canada Business Corporations Act and not have a single share. That is part of the act passed by this Parliament which the Leader of the Opposition has not bothered to read.

* * *

PRIVILEGE

MR. LALONDE—REMARKS OF MR. ANDRE UNPARLIAMENTARY

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I rise on a question of privilege or a point of order concerning unparliamentary language used in this House on April 21 against myself. I have already written to you, Madam Speaker, to give you notice of the fact that I wanted to raise this point of order today because my schedule has not permitted me to stay in the House after question period to speak on this point until today. I am sorry for the delay between the time of the infraction of the rules of the House and the time of this discussion, but I find it more regrettable that this type of disrespect for the rules of the House of Commons should arise at all.

I would like to thank the Minister of Supply and Services (Mr. Blais) for having raised the issue immediately at the time when the incident occurred and for reserving my right to raise a question of privilege.

I spoke in support of Bill C-103, to amend the Petroleum Administration Act. The member for Calgary Centre (Mr. Andre) spoke against it. I addressed this House first and explained the content and intent of Bill C-103, a piece of legislation founded like so many other aspects of this government's energy policy upon principles of equity and fairness—

Mr. Clark: That is absolute nonsense.

Mr. Lalonde: —founded on the simple notion that the rich should share with the poor; that is those blessed with abundant natural resources should aid those who have less.

Some hon. Members: Order.

Mr. Lalonde: When I concluded my remarks, Madam Speaker, the member opposite from Calgary Centre rose in his place. I remained in the House as long as I could to hear his remarks. I would characterize that part of his speech which I heard as confused, but at least it was delivered in parliamentary language. The hon. member for Calgary Centre was wrong but he was not disrespectful of the traditions of this House.

Part of the way through his lengthy remarks, I was forced by other business to leave this House. When I did so the hon. member from Calgary Centre adopted a far different speaking style and word usage than I had heard. The record of this House of that day is found on pages 16476 to 16481 of *Hansard*. They reveal that the Mr. Hyde mentality of the Dr. Jekyll for Calgary Centre once more got the better of him.

After I left the House on April 21 the language of the hon. member for Calgary Centre appeared to degenerate into words and expressions some of which were unparliamentary, some of which were unfortunate and most of which were uninformed. In at least three different places the record of this House of April 21, 1982, clearly demonstrates that the hon. member for Calgary Centre used language which beyond any shadow of a doubt violates my privileges as a member of this House.

First, on page 16477 the hon. member speaks of the "downright dishonesty of the minister".

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. Hon. members are not helping the Chair by applauding when words like this are invoked. This particular instance happened at least a week ago and it will be difficult for the Chair to rule on it. It would be helpful if the House listened to the point of order or the question of privilege. The notice given to me said the matter was a question of privilege but the hon. member has referred to it also as a point of order. In any event, I am taking the matter as being a question of privilege unless the minister tells me otherwise. I would like hon. members to assist me by listening to this question of privilege so that I can decide whether there is any reason to intervene.

Mr. Nielsen: Madam Speaker, I rise on a point of order. I simply want to remind the Chair that you have many times stated that if an hon. member cannot lay his question of privilege or point of order before you within the space of five lines of *Hansard*, then there is something wrong.

Madam Speaker: The Minister of Energy, Mines and Resources.

Mr. Lalonde: Madam Speaker, I am rising on a question of privilege, and I remind hon. members on the other side that sometimes they have occupied up to one and a half hours of time on a single question of privilege.

Mr. Baker (Nepean-Carleton): But they had some substance to them.

Mr. Lalonde: Madam Speaker, I have outlined the first occurrence. Second, on the same page *Hansard* records the member as accusing me of falsehoods. Third, further down on the same page the hon. member for Calgary Centre accuses me of uttering deceits, dishonesty and statements that are known to be untrue.

There can be no doubt that the three quotations I have just read are no more than gratuitous and slanderous attacks on a fellow hon. member of this House and, as such, are a breach of parliamentary privilege. They violate the basic principles of parliamentary language and proceedings which lie at the very foundation of orderly debate in a parliamentary democracy. The rules and the precedents are unanimous in their condemnation of this sort of language.

• (1510)

On April 24, 1978, Mr. Speaker Jerome made this assessment of how debate should be conducted in Parliament:

> We must adhere to a certain standard of language and a certain standard of conduct in the House, in order to maintain a proper standard of dignity in respect to the debates here. Inevitably, every time we get away from the substance of debate and cross over into the area of personal reflection, on the one side or the other, we always run a very high risk of putting that whole sense of dignity and decorum in jeopardy.

As soon as I left the House on April 21, the hon. member for Calgary Centre clearly crossed that line so well described in the passage I have just quoted. Because he could not understand and cannot yet understand the substance of the energy program of the government, he turned to *ad hominem* rhetoric of the worst kind.

Madam Speaker: Order, please. I think I have the gist of the hon. minister's question of privilege and I will interrupt him at this point. He referred to language which was used by the hon. member for Calgary Centre (Mr. Andre), as reported in *Hansard* of April 21. Since the hon. minister gave me some idea of what his question of privilege was all about I referred to *Hansard* of that date. I must say that I have one particular problem with this question of privilege. It is not that the language used cannot be qualified as unparliamentary, because I believe it was unparliamentary. No member can accuse another member of "absolute falsehood" or say that an hon. member is "downright dishonest". As I read this, it is not accusing the minister obliquely of downright dishonesty but quite directly.

My problem with this particular question of privilege is that it was not dealt with at the time it occurred. Unparliamentary language should be dealt with when it occurs because it is only at that point that one can assess the tone or the atmosphere of the House and especially the kind of disturbance which that kind of language might create in the House. I remind hon. members that there are two elements in dealing with the matter of unparliamentary language. It is the language itself, whether it derogates from what is considered to be parliamentary or from the spirit of what is considered to be parliamentary. I urge hon. members not only to think of the actual list—because I think it needs to be updated—but to think of the spirit of decorum which is required by hon. members in the House.

Because the matter was not dealt with immediately, it is very difficult for me to ask the hon. member to withdraw a week later, although if he wished to do so, I would find it completely within the spirit of parliamentary behaviour. But I remind hon. members that I deplore excessive uses of language, and I do not feel they are conducive to orderly debate in the House.

Mr. Andre: Madam Speaker, in his specious question of privilege the minister made a number of comments about the National Energy Program.

Madam Speaker: Order. The hon. member will recognize that I am not being too hard on him by asking him to withdraw his words now, but I will certainly not allow any comment on what I have just said or on the question of privilege.

Mr. Andre: Madam Speaker, I was not commenting upon your judgment or upon what you have just said. In raising his question of privilege, the minister made a number of editorial statements regarding general policy upon which I will not comment now.

Madam Speaker: Order, please. This is not the time to debate those statements.

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, you will recall, on reading *Hansard* of April 21, that I raised the point of order when I heard the hon. member opposite voice the allegations to which the minister is referring. At the time, I indicated that I had clearly heard what the minister is now referring to, namely, the allegations made by the hon. member. The hon. member then denied the fact he had said anything unparliamentary. He said, and I quote from page 16477:

> MR. ANDRE: I will have to examine the blues. I certainly do not want to use any unparliamentary language . . .

Madam Speaker: Order, please! I merely wish to point out to the minister that I had considered the comments he made at the time he himself raised the point of order. *Hansard*, which I have in front of me, clearly indicates that the minister then called upon the Speaker to straighten out the situation. The Speaker gave a ruling to the best of his knowledge. He ruled on the situation as he understood it. I do not wish to reconsider that ruling. If the point of order had been raised much sooner, and if the minister had then persisted in requesting a revision of the Speaker's ruling I believe it would have been possible to settle the matter then and there. But since a week has passed, I do not think it would be in the best interests of the House to reconsider this matter.

Mr. Lalonde: Madam Speaker, may I remind you that I wrote to you at the first opportunity after reading *Hansard*—

Madam Speaker: Order, please! I thought I had made myself clear. If the minister felt that the matter was so urgent, he should have come to the House the following day and raised his question of privilege or have it raised by someone else. I would therefore ask hon. members to refrain from commenting further on this matter, since I have now given a ruling.

[*English*]

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): On this question of raising it at the earliest opportunity, I refer Madam Speaker to page 348 of the nineteenth edition of Erskine May.

Some hon. Members: Madam Speaker has ruled!

Mr. Smith: It reads:

A matter which is postponed to suit the convenience of the House or to secure the attendance of a member implicated, or to give the Speaker an opportunity to consider it fully—

[*Translation*]

Madam Speaker: Order, please! I am very sorry, but I have given a ruling on the matter. I would like to have the hon. members' co-operation.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, without wishing to reflect on the ruling you just made, I believe it is important that the House should get some clarification on whether the ruling you have given in this very specific case or the citation just quoted by my parliamentary secretary should apply in a case where a member or a minister raises a question of privilege. I do not want to dispute your ruling or refer to it in any way, but we have here a ruling by the Speaker and a statement by Erskine May, and I should like to know which of the two should apply.

Madam Speaker: I can provide the minister with some clarification by quoting a case I have here in English, which entirely supports the ruling I have just made, namely—

[*English*]

The proper time to raise such a point of order, that is about unparliamentary language, is when the words are used and not afterwards.

Mr. Robinson (Burnaby): Madam Speaker, I rise on another subject. After consultation with the Clerk of the House, I believe this would be the appropriate time to seek unanimous consent of the House to propose a motion to refer the question of prostitution, a very difficult—

Madam Speaker: Order. The proper time would be when motions are called.

• (1520)

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL HARBOURS BOARD

TABLING OF CORRESPONDENCE CONCERNING PURCHASE OF TWO STACKER-RECLAIMERS FROM MITSUBISHI

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I wish to table a copy of correspondence on the purchase of two stacker-reclaimers from the Mitsubishi Company by Ridley Terminals Inc., a corporation with which the National Harbours Board is involved. One of our Canadian companies, Stephens-Adamson, objected to the purchase, and there was an exchange of correspondence between Stephens-Adamson and the National Harbours Board on the subject. That is the document I wish to table in the House.

* * *

[*English*]

PETITION

MISS JEWETT—NICARAGUA—RIGHT TO SELF-DETERMINATION

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I have the honour to present a petition on behalf of Canadian Action for Nicaragua, representing over 5,000 Canadians from all parts of Canada, supporting the right of Nicaraguans to self-determination and condemning outside threats against the sovereignty and people of Nicaragua.

* * *

[*Translation*]

UREA FORMALDEHYDE INSULATION ACT

PROVISION OF ASSISTANCE TO HOME OWNERS

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) asked for leave to introduce Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

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

* * *

[*English*]

JUSTICE AND LEGAL AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE RESPECTING STREET SOLICITING FOR THE PURPOSE OF PROSTITUTION

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, this motion arises out of a proposal that was

made in this chamber last Thursday by the government and which we believe had been agreed to by the official opposition.

It is a question of referring the whole issue of solicitation to the Standing Committee on Justice and Legal Affairs for consideration in conjunction with Bill C-53 which is presently before the committee. I understood that at that time we had the consent of the official opposition to this proposal. We did not obtain the consent of the third party in the House, but they have now had four days and they had requested a certain amount of time to consider it. I hope that we would have unanimous consent of the House at this time to proceed with this matter so that we can get on with the very important business of dealing with solicitation.

The motion, Madam Speaker, moves:

That it be an introduction to the Standing Committee on Justice and Legal Affairs that during its consideration of Bill C-53, it take into consideration all legal methods of dealing with street soliciting for the purpose of prostitution and including Sections 195.1 and 171 of the Criminal Code of Canada, as well as the various provincial and municipal laws presently in force in this regard, and include the hearing and consideration of the views of the interested persons and organizations.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I had given your Honour notice that I had intended to seek unanimous consent to move a motion very much in similar terms to those which have been discussed earlier.

Madam Speaker: We will deal with this motion first. We must deal with one motion at a time. Does the hon. Parliamentary Secretary to the Minister of Justice (Mr. Peterson) have the unanimous consent of the House to move this motion?

Some hon. Members: Agreed.

Mr. Robinson (Burnaby): Madam Speaker, I believe this motion is debatable. I woud like to propose the following.

Madam Speaker: Order, please. It has not been proposed yet. It would be debatable after it has been proposed.

Mr. Peterson: Madam Speaker, I move the adoption by unanimous consent of the motion previously posed, without debate.

Hon. Erik Nielsen (Yukon): Madam Speaker, we are prepared to give that consent.

Mr. Robinson (Burnaby): Madam Speaker, certainly the motion is before the House and my understanding is that it is debatable pursuant to the rules. I wish to speak to it.

Mr. Pinard: Madam Speaker, I rise on a point of order. I understood the hon. Parliamentary Secretary to the Minister of Justice (Mr. Peterson) to indicate very clearly that we were willing to move the motion and give it unanimous consent provided there is no debate. If there is debate, there is no consent.

Mr. Nielsen: Madam Speaker, surely the important matter is to get the issue properly before the Standing Committee. The government is prepared to do that in keeping with an undertaking given by the Minister of Justice, pursuant to the repeated requests of the member for Vancouver Centre (Miss Carney) because of the pressing nature of the problem. Surely the New Democratic Party would be prepared to have that reference go to committee as quickly as possible. We are prepared to give unanimous consent to have that reference immediately so that that committee can commence work as quickly as possible on this very pressing subject.

Mr. Deans: On a point of order, Madam Speaker, I want to draw to your attention that at the time the Parliamentary Secretary to the Minister of Justice asked for unanimous consent to proceed with the motion, he made no reference to that unanimous consent being given subject to the matter being dealt with without debate. The record will clearly show that the only time that the parliamentary secretary mentioned "without debate" was after he had, in fact, moved the motion for the second time.

I want to make it clear that we want to deal with the matter and we want to refer a motion to the committee to deal with prostitution. However, we do not propose to have the matter shunted off without any consideration by the House of Commons. We therefore intend to debate it.

Mr. Pinard: Madam Speaker, I respect what my hon. friend said but it is clear that the intent in what was said, and the spirit of the whole discussion, was that this motion was to be put, provided there is no debate and there is unanimous consent. There being no unanimous consent, we cannot agree to the motion being discussed or put. It was a condition for moving the motion.

Mr. Nielsen: I believe the Chair may be now confronted with a problem. Of course, we have been willing to see the matter consented to without debate, but if I heard accurately, the motion was put and is now before the House. For the New Democratic Party to be denied the right to debate it now, it would mean that the motion had not been put at all. However, it was put and it is now before the House. I think the Chair may have a problem in that regard.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I want to join with the House leader for the official opposition in saying quite clearly that when unanimous consent was sought there was no indication that this would be dealt with without debate. The motion is now before the House. The only way in which it can be withdrawn would be with unanimous consent, which we are not prepared to give. We intend to debate it. The matter is now before the House and we ask you to proceed with that order.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, you have not yet read the motion and consequently there is no problem. We shall not present the motion because there is no unanimous consent for a debate. I believe that solves the problem.

[*English*]

Madam Speaker: I want to make it clear to the House that yes, the motion was proposed by the hon. parliamentary secretary and I believe that he read it. I understood that he was reading it so that hon. members would be aware of what it contained. I assume that hon. members could not give their unanimous consent without knowing what it contained.

I have no knowledge of any negotiations that might have taken place before hon. members came to this House. The hon. parliamentary secretary has given the House an idea of what the motion contained, but it had not been put to the House by the Chair. That now requires the unanimous consent of the House.

Does the House give the hon. Parliamentary Secretary to the Minister of Justice unanimous consent to put his motion?

Some hon. Members: No.

Madam Speaker: The hon. parliamentary secretary does not have unanimous consent.

Mr. Robinson (Burnaby): Madam Speaker, I want it to be very clearly understood that we are prepared to have this matter debated in the House today and referred to the committee today.

Madam Speaker: Order, please. The motion is not before the House. There has been no unanimous consent.

* * *

• (1530)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,748, 3,161, 3,310 and 3,765.

[*Text*]

MR. MAURICE MacDONALD

Question No. 2,748—**Mr. Cossitt:**

1. Did the RCMP, in company with Calgary City Police, at any time raid the home of Mr. Maurice MacDonald, a shooting instructor and gun collector, and, if so (a) was his home ransacked (b) were his firearms seized by the RCMP (c) what was the purpose of the exercise and who authorized it?

2. Was Mr. MacDonald suspected of a crime and (a) if so, what was it (b) if not, for what reason was he treated in that fashion?

Hon. Bob Kaplan (Solicitor General): 1. A member of the RCMP in company with the Calgary City Police attended the home of Mr. Maurice MacDonald. (a) His home was not ransacked. (b) His firearms were not seized by the RCMP. (c) The purpose of the exercise was to obtain evidence that a crime had been committed acting under the authority of a search warrant obtained by Calgary City Police.

2. Yes. (a) Theft—Section 292 of the Criminal Code. (b) Not applicable.

PROMOTION OF TELEPOST

Question No. 3,161—**Mr. Cossitt:**

1. Did Mr. R. Michael Warren, president of the Canada Post Corporation, send out CNCP communications to various people headed "A message from Canada Post Corporation" and, if so (a) what was the cost to the taxpayer (b) how many persons received the message dated October 15, 1981, and in what categories did they fall (c) for what reason was the message not sent by regular mail and was one reason that Mr. Warren believed regular mail to be too slow (d) does the message fall into the category of a propaganda exercise for the benefit of the corporation and in what way could it possibly contribute to improving the postal service?

2. Was it essential that the message be sent with haste and, if so, for what reason?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. Yes, a message was sent via Telepost. (a) Costs were underwritten as a joint project of Canada Post and CNCP Telecommunications.

(b) It was addressed to about 1,000 mayors and reeves of Ontario communities as well as members of the provincial legislature and Ontario members of the House of Commons.

(c) and (d) The message, as a joint project of Canada Post and CNCP Telecommunications, was sent as a low profile promotion of the product "Telepost" which is a co-operative business venture of the two corporate bodies.

2. Not applicable.

POLICING AGREEMENT WITH PROVINCES AND MUNICIPALITIES

Question No. 3,310—**Mr. Herbert:**

1. For the fiscal year 1981-82, what is the estimated number of person-years to be allocated to the Royal Canadian Mounted Police for duties paid in whole or in part by provinces and municipalities?

2. What is the estimated cost to the government for the provision of this service and what amount is expected to be received from the provinces and municipalities who request and obtain such service from the RCMP?

3. What is the duration of the agreement covering this service?

4. Were estimates prepared of the expenses and revenues for the period of the agreement and, if so, what were the amounts?

Hon. Bob Kaplan (Solicitor General): 1. Provincial, 6,953; municipal, 2,824.

2. Estimated Total Cost: $412,383,000
Estimated Revenues from provinces and municipalities: $285,831,000

This covers a 15-month period (October 1, 1980 to December 31, 1981) due to a change in billing procedure and is a one-time occurrence in 1981-82.

3. Ten years.

4. Estimates of expenditures and revenues for the ten-year duration of the Policing Agreements with the Provinces and Municipalities have not been completed.

RCMP SECURITY FILES

Question No. 3,765—**Mr. Cossitt:**

1. Is there an RCMP security file on the Prime Minister and, if so, during the transfer from RCMP security to the new civilian Security Service, will it be destroyed, altered or changed in any way?

2. With reference to the answer to question No. 3,230 which declares that the government will not guarantee that security files will not be destroyed, altered or changed in any way, is the reason for this policy because of the existence of a file on the Prime Minister?

Hon. Bob Kaplan (Solicitor General): 1. The Security Service properly maintains files on a number of persons which it must do in order to carry out its responsibilities to national security. The mere existence of a file does not, however, necessarily connote improper activity on the part of a file subject. In effect, Security Service files are held without prejudice and in the strictest confidence. To do otherwise would be a disservice to many local law-abiding Canadians and, for this reason, it has been the long-standing policy of the Security Service to neither confirm nor deny the existence of a file on any individual.

The McDonald commission of inquiry recommended that the individual file holdings of the Security Service be reduced. I have instructed a review of the current Security Service file retention policy with this objective in mind but not at the expense of affecting Canada's ability to conduct proper national security investigations. I can assure this House that no Security Service file will be destroyed, altered or changed in any way simply because of the prominence or otherwise of the individual involved.

2. No.

[*English*]

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL ENERGY BOARD ACT (NO. 3)

MEASURE TO AMEND

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that Bill C-108, to amend the National Energy Board Act (No. 3), be read the second time and referred to the Standing Committee on Energy Legislation.

He said: Mr. Speaker, I am pleased to be able to speak today to hon. members of this House on a few important aspects of Bill C-108, to amend the National Energy Board Act (No. 3), which we are currently debating. As you know, the National Energy Board is one of the main instruments that the Government of Canada has for bringing influence to bear on energy development in our country. The board, in fact, regulates certain activities and operations of companies or individuals wanting to promote that development. Your Honour also knows that this bill to amend the National Energy Board Act (No. 3) is one of the necessary legislative measures for implementing the essential elements of the National Energy Program, which is the framework on which our whole energy future will be built.

The aim of the National Energy Program is to provide a new impetus, a vital thrust, to Canadian energy development as a whole. Its objectives are fairness, security and participation, which are essential to Canada for its economic development and for its freedom of action on the international scene. It is therefore to be expected that the act which serves as the vehicle for achieving some of these objectives will improve and fine tune the federal government's principal instrument in the energy field, namely, the jurisdiction and powers of the National Energy Board.

[*Translation*]

Mr. Speaker, today, I would like to deal more specifically with Clauses 12 and 30 of Bill C-108 which give additional powers to the National Energy Board with respect to international and interprovincial power lines. In doing so, I am thinking especially of the citizens of my own province, the province of Quebec, for whom these provisions have raised a number of questions, leading to an often stormy debate. There have been many erroneous statements on this subject, and today I wish to take this opportunity in the House to clarify the situation. Before explaining the nature of the bill, I would like to spend a few minutes on some technical explanations. Up to about ten years ago, transmission of electricity over long distances was very difficult. Alternating current was used, and to keep the voltage in the lines constant, many relays were needed along the entire transmission route. Since construction and operation of these relays was expensive, it was often found preferable to build power lines over short distances, either between two points in the same province or between two points in neighbouring provinces that were close enough. At the time there was no particular urgency for having special regulations for long international or interprovincial power lines.

In the last ten or 15 years, however, power transmission technology has made tremendous progress. It became possible to transmit very high voltage electricity using direct current instead of alternating current, so that relays were no longer necessary. Some of the most important technological advances in this area took place here in Canada and more specifically in Quebec and Manitoba, two provinces that have developed highly advanced technology for the transmission of electric power over long distances. It is now feasible to transmit electric power over very long distances and, today electric

power can be transmitted over 1,500 or even 2,000 kilometres, something that was absolutely impossible a few decades ago. Consequently, problems are now arising that did not exist before. In fact, transmission lines have now become quite similar to pipelines. Oil and gas are transported across Canada over long distances; for instance, oil is brought from Alberta to Montreal across the provinces, thanks to a pipeline that is regulated by the National Energy Board. The same applies to natural gas. The natural gas pipeline runs from Alberta across the provinces, bringing the gas to Montreal, and soon to Trois-Rivières and Quebec City. This pipeline crosses the provinces under the provisions of national, federal legislation, and expropriation authority is conferred on oil and gas companies pursuant to a provision of a federal act, subject to authorization by the National Energy Board. So that is the situation with respect to oil and gas carried across Canada, and now, thanks to technological progress, we have a situation where electric power can be transmitted across the country, over rivers, across the plains and the mountains, across regions and provinces.

The main objective of the amendments we are proposing to the National Energy Board Act is to give the board the same powers and jurisdiction over power transmission lines it now has with respect to pipelines. In fact, Mr. Speaker, the powers we are conferring under the proposed legislation are not even as extensive as those that apply to pipelines. At the present time, the National Energy Board has certain powers with respect to international power lines. The act in question prescribes that the board must hold public hearings when an applicant wishes to export electric power or construct international power lines. For instance, today the National Energy Board is to publish its decision whether or not to authorize the exportation of electric power by Ontario Hydro from Ontario to the United States in fact, to one specific state. The decision the National Energy Board is to hand down today is based on public hearings and is made pursuant to the provisions of the National Energy Board Act.

If we examine present practice and the present act, it is clear that Parliament has for some time been legislating with respect to electric power lines, and it is entirely erroneous to say what some people have implied in Quebec, that this was an entirely new step, something that had never existed before and that would constitute, as it were, an exceptional decision in the area of electric power, as though we had never passed any legislation on power transmission. In fact, the Parliament of Canada has jurisdiction over international or interprovincial electric power transmission, and Parliament has many times had occasion to exercise this jurisdiction.

• (1540)

The board has authority not only over the transmission of power from Canada to the United States, but it may also authorize construction of a power line for this purpose, by regulating its route, judging whether the line is in the public interest both present and future by hearing any objections raised to the construction of the line and finally, by establishing the conditions deemed necessary for the implementation of the entire undertaking.

Mr. Speaker, these powers are already included in the National Energy Board Act. It is not a matter of inventing new powers or trying to attribute new powers to the National Energy Board Act, since these powers already exist in the Act and are specifically defined in Section 20 and Sections 40 to 46.

However, the act does fall short in one area. I shall explain. Where pipelines are concerned, the National Energy Board Act contains provisions conferring certain general powers and imposing certain obligations on a company operating a pipeline, but there are no similar provisions to cover the case of a power transmission line. Some of these general powers and duties concern the acquisition, including acquisition by expropriation, and the transfer of property required for the construction and operation of the pipeline. These provisions are set forth in Part V of the National Energy Board Act. One of the proposed amendments is meant to compensate for the shortcoming I mentioned earlier, so that the provisions of Part V, namely, the sections conferring general powers or imposing general duties on pipeline companies, will also apply to persons operating international power lines.

Mr. Speaker, in this bill to amend the National Energy Board Act, we are simply proposing, as I said before, a system, similar to the present one for pipelines, which regulates the acquisition, including acquisition by expropriation, and transfer of property for the construction of electric power lines. We are not proposing a single power or jurisdiction more than those existing at the present time with respect to oil and gas pipelines, and I would remind the House again that this power is not exercised by the Government of Canada nor by the National Energy Board because they are not the ones that proceed with expropriation.

If we look at what is now happening in Quebec with respect to the gas pipeline, for instance, we find that the Trans-Quebec and Maritimes gas pipeline now under construction, which should reach Trois-Rivières before the end of this year and Quebec City, I hope, some time next year, we find that what is happening is that TQM, the company building the gas pipeline under the licence it was given by the National Energy Board, is proceeding with the expropriation of the land it needs to build the gas pipeline, meanwhile complying with the provincial legislation in effect in Quebec, including environmental legislation and provisions for the protection of farmland, and so forth. It has been clear during the past months and the past year that TQM has had to comply with the provincial laws in effect which govern certain aspects of activities within the province. And the same thing happens when a pipeline is built, whether in Quebec or elsewhere. When a line is extended, the company involved is subject not only to federal legislation, but

also to whatever provincial legislation is applicable. What is proposed in this bill, where it is provided that the same powers be granted for power lines as those already given to the National Energy Board for oil and gas pipelines, is simply that the practice followed, for instance, by TQM in Quebec when building the gas pipeline, as I mentioned earlier, should also apply to an international or interprovincial power line. Once again, what we are proposing is simply a system similar to the one already in place for pipelines, especially as concerns the expropriation or disposal of land. That is the purpose of Clause 12, which simply states that Part V of the National Energy Board Act applies to international power lines. It will also apply to interprovincial power lines designated by the governor in council.

As for the construction of interprovincial lines, the situation at this time is quite different from that which applies to international lines. For the moment, the Board has virtually no jurisdiction in this regard. Clause 30 of the bill now under consideration will change this situation by effectively considering an interprovincial line designated by the governor in council as an international line. In other words, once a power line has been designated, the Board will be empowered to issue or cancel the certificate authorizing construction, to set specific conditions for the certificate, to hold public hearings and to approve the expropriation of land. To summarize, once an interprovincial line has been designated, the provisions concerning international power lines will also apply to this line. The designation of interprovincial power lines seems to have caused difficulties to some people. I would like to make it quite clear that the government will only make a decision concerning such lines after taking into account the interests of the provinces involved and having judged that the national interest requires that these lines be designated. The federal government does not intend to take unilateral action in this regard and, under normal conditions, the government would eventually proceed to designate a line only at the request of one or more than one province. In addition, it is important to note that this power of designation will apply only to future lines, to lines still to be built, and cannot apply to any existing interprovincial power line.

The extension of Part V to international power lines, which I mentioned earlier, has, however, given rise to ridiculous charges. We have been accused of interfering with the powers of certain provincial governments, of wanting to sell out the energy resources of some provinces and of interfering with their territorial integrity. Mr. Speaker, there is no need for me to point out that such accusations are completely false and demagogic. The decision to give the operators of international power lines the same powers and the same duties as those given to pipeline companies was made following a request by an Alberta company, now called TransAlta Utilities and formerly Calgary Power. This company wanted to sell electricity to the United States and to make sure that the construction of the high tension line between Alberta and the neighbouring American states would not meet with any undue difficulty. We examined the matter carefully and discovered that the federal legislation did not provide the necessary powers to make such sales possible. That trade, Mr. Speaker, as I said, can, on occasion, prove vital for the economy of a region and beneficial to the over-all Canadian trade balance. We simply wanted to establish a principle. These new legislative provisions are not made for or against anybody, be it Alberta, British Columbia, Quebec or Newfoundland. They can apply today in Alberta, tomorrow in Quebec, the day after in British Columbia or Ontario.

• (1550)

Mr. Speaker, it is a well known fact that because of these amendments we have been accused specifically of interference in the Quebec-Newfoundland dispute over the Labrador power transmission. As a member from Quebec, I must state I have been following the debate with much attention, much interest and on a number of occasions with much regret, seeing how some points were being made and how the demagogic approach often prevailed. I would like to take this opportunity on second reading to explain the situation in greater detail to this House and the Canadian people. With regard to the Quebec-Newfoundland dispute, there can be no doubt the soundest solution economically speaking is the transmission of Labrador power southward through the existing Hydro Quebec network. There should be no doubt in anyone's mind about that, either in Quebec, in Newfoundland or anywhere else.

The most sensible, reasonable, intelligent, economical solution is the transmission of the Labrador power through the Hydro-Quebec network. However, the dispute between Quebec and Newfoundland goes far beyond the issue of such possible power transmission. It is an old, deep, very complex problem with major political ramifications provincially, either in Quebec or, perhaps more so, in Newfoundland.

Some aspects of the problem have to do with the transmission of hydroelectric power, namely. Could Newfoundland make sure that its power could be freely transmitted to potential clients other than Quebec? Other aspects involve other debates, other disputes between Newfoundland and Quebec concerning the kilowatt rate of power sold to Quebec, especially under the existing Quebec-Newfoundland agreement dealing with the power generated from the Churchill Falls dam.

Other debates, they deal with the matter of whether or not the Quebec-Newfoundland agreement should be adhered to, or perhaps renegotiated. Finally, a number of other technical and financial questions with far-reaching implications stem in various degrees from that dispute. There is no need to remind this House that the problems between Quebec and Newfoundland have been there for a number of years, nearly a decade; matters have been referred to the courts, certain cases are now

before the Supreme Court of Canada. Others are still before lower courts, and there is no solution in sight between the two governments. As I said, there are currently two cases before the courts in Newfoundland and Quebec, dealing with some aspect or other of that dispute, and each party, each provincial government uses every means available to either delay or rush the case before the courts. At any rate, these cases have been before the courts for quite a number of years.

The Newfoundland Court of Appeal has just ruled in favour of that province in a third action but an appeal has been lodged against it before the Supreme Court of Canada.

I wish to emphasize that the federal government does not wish to intervene or take sides in that conflict. We did not attempt to mediate. We have left both provincial governments fight it out in court and did nothing to support one party rather than the other. In fact, we feel that both parties have much to lose in carrying on that confrontation. After ten years of legal proceedings the problem is still not resolved and in the meantime there has been no other development on the Quebec North Shore or on the Churchill River. Every year over the past ten years, the people of Newfoundland and Quebec have been losing hundreds of million dollars in revenue because their governments have been unable to come to an agreement.

Each year, thousands of construction jobs in Quebec or Newfoundland have been lost or have not been created, because the provincial governments could not agree about the development of the Churchill River or other rivers on the Quebec North Shore and for ten years the governments and people of Newfoundland and Quebec have been the real losers. God knows that right now they would be very pleased with the few thousands jobs the construction of dams on either the North Shore or on the Churchill River could create for them. Unfortunately, both provincial governments have wasted the last two years over legal proceedings and squabbles, which have doubtless helped a number of lawyers earn a living but has done little to provide jobs for construction workers.

I would say, Mr. Speaker, that whatever the verdict may be in the actions in abeyance, nobody will be the winner. In the medium term, I would say that the apparent victory of either government may eventually turn against its best interests. I say this with full knowledge of the facts and as sincerely as possible. If the federal government were to intervene in that matter, it would only be to try to bring both parties together because we firmly believe that negotiation is the best answer.

A negotiated agreement involving mutually acceptable compromises would certainly prove more beneficial to the citizens of both Newfoundland and Quebec than any legal victory that could only result in bitterness and frustration. A negotiated agreement would result in many long-lasting advantages. The consequences of a confrontation would poison the atmosphere.

We have contacted both provincial governments and offered to help them resume negotiations on an agreed-upon basis. Here and now, Mr. Speaker, we repeat our offer. We do not want to interfere or intervene in any way, but we suggest again to both governments that if they feel that the Government of Canada can play a useful role towards reaching a negotiated agreement between them, we would do the utmost to help the governments of these neighbouring provinces get together again. I should like to emphasize that these two clauses of Bill C-108 apparently have been received very favourably by a majority of the House. In fact, during this most unfortunate break in our proceedings caused by the Progressive Conservative Party, the hon. member for Calgary West (Mr. Hawkes), the energy critic of the Progressive Conservative Party, confirmed the relevance of these two clauses on an open line program. I should like to repeat here the statement which was made by the energy critic of the Progressive Conservative Party. Here is what the member for Calgary West said, and I quote:

Yes—

—sorry, from Calgary Centre (Mr. Andre)—

The energy critic of the Progressive Conservative Party made the following statement:

Yes, that's a part of the bill that I would recommend to my caucus. I am ready to recommend to my party caucus not to delay for any length of time this part of the bill, but on the contrary to deal with it as expeditiously as possible.

I should like to repeat that those are the very words he used:

• (1600)

Yes, that's a part of the bill that I would recommend to my caucus.

This statement by the hon. member who is the energy critic of the Progressive Conservative Party is perfectly clear and we hope that our consideration of these clauses will not last forever. Before I conclude, Mr. Speaker, I should like to make our position clear on this issue, if I may. In my previous remarks, I have tried to show the situation as it really is in this bill which is now before the House, a situation which I should like to summarize again. First of all, I want to insist that the provisions of the bill which is now before the House are consistent with the powers vested in the Parliament of Canada in the area of international and interprovincial trade. Nobody has yet suggested that the Parliament of Canada lacked the authority to legislate in this respect. As a matter of fact, it is one of the responsibilities of Parliament to ensure that free international and interprovincial trade exists in Canada. Parliament must see to it that there is no impediment to international and interprovincial trade and that there is no barrier, actual or symbolic, to the free flow of goods between our provinces. If the Parliament of Canada did not have that power, it might be inferred that, to all intents and purposes, the country does not exist. That power is a basic and fundamental element of the very existence of a country worthy of the name. Therefore, the authority, the jurisdiction and the

responsibility of the Parliament of Canada to ensure the freedom of international and interprovincial trade are clear and undisputable.

Second, I want to emphasize once again that those provisions are identical to the ones Parliament has been applying for decades with respect to oil and gas pipelines and if I may say, for the greater good of Quebec, without the government of that province ever raising any objection. The same can be said about the powers the Canadian government has been exercising for more than a century over railway construction. And to come back again to oil and gas pipelines, the companies that build them also abide by the relevant provincial legislation.

Third, those provisions go even further than those that already apply to the pipelines, in two respects. One, they cannot apply to any existing pipeline, and two, they could apply to any future pipeline only after specific designation by the governor in council when the line involves interprovincial transport.

Fourth, the act will in no way affect the Hydro-Quebec network. I want to make that point clear because once again all kinds of irresponsible statements were made when the matter was brought up. The Hydro-Quebec network is not and will not be in any way affected by this provision. The existing and future Hydro-Quebec network is and will remain completely under the jurisdiction of the Quebec government. When the Newfoundland government asked us to legislate in that regard, it asked two things of us: First, to amend the act so that an autonomous power transmission line may be built and second, to take on the responsibility of compelling Hydro-Quebec or any other provincial hydro company to transport any hydro power which Newfoundland, for instance, might generate. We indicated at that time that we were willing to act on the first request which is in keeping with present practices with regard to pipeline construction. Our response to the second request, was first, that we did not think we could have jurisdictional authority over a provincial agency for the transportation of power over its own network and, second, that such a practice could only be successful in so far as the provincial body would be willing to co-operate and that it would be utterly unrealistic to expect the Parliament of Canada to impose such an obligation on a reluctant provincial agency. Consequently, we rejected the second request and went along with the first. This is extremely important and the people of Quebec are reminded that this provision cannot affect the integrity of the Hydro-Quebec network; it constitutes a guarantee for the present and the future.

Fifth, this act can in no way jeopardize the existing contract between Hydro-Quebec and Newfoundland with regard to Churchill Falls. All this controversy now existing between Newfoundland and Quebec as regards the Churchill Falls contract is a civil law affair between the two provinces; the point is whether this contract is valid, whether it can be changed or not, but the bill now before us does not affect it in any way. The actual dispute between Quebec and Newfoundland in this regard remains unsettled and it will be ruled upon by the courts unless some agreement is reached between the two provinces in the meantime. The purpose of this legislation would be the prospective development of new hydro resources that are not subjected, at the present time, to the contract between Quebec and Newfoundland. Therefore, there is no reason to worry or get excited, because the bill before us does not in the least affect the matter of the existing contract for power transmission between Quebec and Newfoundland.

• (1610)

Sixth, as I said before, these provisions are not specific to those two provinces. They have a wider scope and can apply to any province in Canada; as a matter of fact, these provisions have been brought forward in the House following a request from Calgary Power some time ago in connection with the export of power to the United States through British Columbia.

Seventh, it has been argued that there was a big difference between pipelines and power lines. In particular, I heard it said in Quebec that this difference comes from the fact that power lines were paid for by Hydro-Quebec, by the province, by the provincial taxpayers, and that the federal government has no financial input in the construction of power lines. On the other hand, it is argued that the federal government does contribute to the financing of pipelines. I must say that this argument is groundless for a very simple reason: in most cases, the government of Canada does not contribute any more to the cost of pipeline, designed to carry gas or oil, than to the cost of power lines. We are going to help to a large extent building the Quebec pipeline in order to ensure that Quebecers and Maritimers will get natural gas at the same price as people in Toronto. We have decided to support this proposed natural gas pipeline. However, all the pipelines which have been built throughout Canada were built without any financial contribution from the Canadian government. Once again, this argument does not hold water. It is truly impossible to differentiate between electric power lines and pipelines on the basis of the financial contribution or non-contribution of the Canadian government.

My eighth point is that some have suggested that the situation is different with regard to electricity on the one hand and oil and gas on the other. It is as though electricity has a certain magical quality not to be found in oil or natural gas. It is obvious to any fair-minded observer that electricity is just another of the many forms of energy. In fact, as we all know, in many cases, one type can be substituted for another, for instance to heat buildings and homes, oil, gas or electricity can be used, and all we have here are three different forms of energy which are very common in Canada and which most citizens use at one time or another in their daily lives.

Some seem to be suggesting that because electricity is involved, it is not good enough that the Parliament of Canada

be able to guarantee that the transmission of power from one province to another country or another province can be governed or regulated by the Canadian Parliament, when for over 50 years, Parliament has governed the movement of gas and oil from coast to coast and from one province to another. According to them, it is unthinkable that the province of Newfoundland, for instance, if it had a customer such as New York State that was interested in buying a lot of electricity, could sign a contract with this customer to transmit the power of the Lower Churchill, which is not yet developed, from Newfoundland to New York State by a power line through Quebec, without the Quebec government being entitled to say: I am sorry, but I forbid you to pass through my territory unless you sell me all your hydroelectric power so that I can then use what I need and sell the rest to someone else.

I have heard this argument from many Quebecers to whom I have spoken and I have asked them one question, and I must say, Mr. Speaker, that they generally could not reply because they have not thought about it that way. I asked them what they would say about a situation such as the following. We, in Quebec, need natural gas. As everyone knows, the gas pipeline will soon be extended from Montreal to Trois-Rivières, to Quebec City and to various other regions in Quebec. We clearly need this natural gas. It has to come from Alberta where there is a surplus, and we, in Quebec, want to have access to this natural gas. What happens at the present time is quite simple. There is a gas distribution company, a pipeline company, which takes the gas in Alberta and brings it through the various provinces to Quebec where consumers can get it because it comes under federal legislation and federal jurisdiction. What would be our reaction in Quebec if the premier of Saskatchewan were to say: "I am sorry, Mr. Lougheed, but you are going through my territory, you are violating my territorial integrity, and I cannot allow you to go through here. What I shall do is to purchase your natural gas, then I shall take what I need myself and sell the surplus to Manitoba, and the price I obtain is no business of yours, Mr. Lougheed. I shall buy your gas at a set price, but what happens afterwards is none of your business."

Then, the same thing would happen in Manitoba. Mr. Pawley, the new Manitoba premier would say: "I shall buy all your natural gas, Mr. Devine, take what I need and sell the surplus at a small profit to Mr. Davis." And Mr. Davis would do the same thing: "I buy all your gas, Mr. Pawley, I take what I need, I go to Mr. Lévesque and say: Mr. Lévesque, I have quite a lot of natural gas to sell you, but I shall make a small profit since it goes over my territory and affects my territorial integrity. I am therefore entitled to some compensation because you are going through my territory." You can imagine, Mr. Speaker, the price that Quebec would have to pay for oil and natural gas if each province were in some way to veto the transmission through its territory of a form of energy on its way to another province. I submit that no one in Canada could seriously suggest that we could accept as a country—and exist as a country—a system under which each province could practically have a right of veto on power transmission through its province to another province, or even become the sole buyer of that form of energy and resell the surplus to another province at a profit.

Clearly, this has been rejected by the Canadian people as a whole, it would be so far-fetched that nobody will argue or submit that such a system could be acceptable. However, let us realize that the end result is much the same if we accept the argument that power could not be transmitted through a province to another province or country, without the producing provinces having to sell all of its product to the neighbouring province, the province in between client and producer. But again in practice, what happens is that there are agreements. As I said, the most sensible, normal, decent and economical way is to have a contract between two provincial hydros, at a reasonable price, the power being taken in by the power grid and a certain quantity resold to another country or province. This, in my view, is what should be hoped for at this point in the case of the Quebec-Newfoundland dispute. It is an unfortunate dispute, and as I said, a dispute the cost of which has been borne by Quebecers and Newfoundlanders, and a very high cost at that.

I would urge once again, as I have done privately, the two energy ministers to reopen negotiations on a broad basis. I personally indicated to the Newfoundland government that I viewed as excessive the position taken by that government to refuse to discuss the development of the Lower Churchill River and North Shore rivers unless the existing Churchill Falls contract between Quebec and Newfoundland is reopened, and that I viewed as deserving favourable consideration by the Newfoundland government the proposal made by the Quebec government, under which that government, especially over the last few months and even the last few weeks, showed its readiness to improve the Newfoundland-Quebec contract concerning Churchill Falls within the framework of a general agreement on the Churchill river and North Shore rivers development. I will pursue my efforts to try and convince both governments to sit at the table and realize it is in their mutual interest to reach an agreement not only on the famous Upper Churchill contract but also on over-all hydroelectric development in eastern Quebec, northeastern Quebec and Labrador.

I feel that such an agreement between the two provinces would have positive economic benefits in the order of hundreds of millions and even billions for Quebec and Newfoundland, not to mention the tens of thousands of construction jobs that would be created for citizens in Quebec, Newfoundland and also Ontario and many other provinces, because such developments have spin-offs across Canada, with turbines and all kinds of made-in-Canada items having to be ordered, since such a development would have a probable Canadian content of approximately 90 per cent.

It is truly a political and economic disaster for our country that after almost ten years of legal proceedings between the two provinces, the stalemate is complete. God knows that both provinces suffer from a high level of unemployment at present. God knows that both provinces could gain from the economic activity brought about by those developments. I am thinking at any rate of Quebec where the James Bay development project is somewhat idling, where there are fewer workers than in the past, while many of them could undoubtedly find employment on North Shore rivers or even on the Churchill River. I am thinking, of course, of the large number of unemployed in Newfoundland who could also benefit from jobs created under an agreement between both governments and the carrying out of those huge hydroelectric development projects.

• (1620)

[*English*]

I will conclude by saying that I hope and pray the two governments will agree to get together and go back to the negotiating table to try and arrive at a deal which would cover the whole question of the existing contract between Newfoundland and Quebec about the Upper Churchill development, the Lower Churchill development as well as the development of the North Shore rivers. I believe the citizens of Newfoundland and Quebec would greatly benefit by such an agreement.

Bill C-108 does not deal only with these specific powers that we want to grant to the National Energy Board; it amends a number of other sections of the National Energy Board Act. One of my colleagues will explain those amendments in greater detail to the House, or I will do so in committee or at third reading. However, I would like to go over some of them quickly.

The amendment which removes from the board's jurisdiction the power to determine oil and natural gas export prices and gives it to the governor in council is quite understandable. The almost constant fluctuation in prices on the international scene has made this question a highly political one. It is, therefore, up to the political authority of this country to assume responsibility for it and not leave it with a quasi-judicial body.

Another amendment gives authority to the board to allocate oil and gas supplies to the various regions of the country. The objective, which is very simple, is to provide for future situations where Canadian oil demand might slightly exceed available supplies. Of course, the situation need not be a crisis. However, simple fairness demands that the board have the power to enable it to deal with an equitable allocation of the available resources between shippers, between provinces and among producers or producing areas.

Those, Mr. Speaker, are the principal amendments we are proposing to the National Energy Board Act. I would like to repeat that the amendments we are asking this House to approve will help accelerate the implementation of certain elements of the National Energy Program, which is essential if we are to achieve energy security. This objective is vital to the wellbeing and future prosperity of Canadians, and I am certain that with the help of all Canadians there will be no let up in our pursuit of it. I will be very happy to appear before the special committee of this House which has been set up to hear the views of hon. members and to discuss the content of this particular bill with them.

• (1630)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Lotbinière (Mr. Dubois)—Energy—Inquiry whether Quebec percentage of gasoline tax is greater than percentage collected by Alberta; the hon. member for Hillsborough (Mr. McMillan)—Finance—Processing of income tax returns. (b) Delay in payment of refunds; the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Emergency Measures—Limits of Crown prerogative. (b) Avenues of redress.

GOVERNMENT ORDERS

[*Translation*]

NATIONAL ENERGY BOARD ACT (NO. 3)

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Lalonde that Bill C-108, to amend the National Energy Board Act (No. 3), be read the second time and referred to the Standing Committee on Energy Legislation.

Hon. Roch La Salle (Joliette): Mr. Speaker, after the many speeches and bills on energy resources, I could not remain silent with respect to this bill which is so important to a province like Quebec and, of course, to the rest of Canada as well.

I listened very attentively to the minister's presentation, which I found both very straightforward and very interesting. However, there is one comment I must make right away. The minister was comparing electric power to natural gas, and he implied that carrying natural gas or oil or whatever by pipeline is similar to the transmission of electric power. If I remember correctly, the procedures for establishing this method of supply from west to east were determined with the agreement of the

provinces concerned. In the case of the bill being considered in the House today, there is a definite lack of similarity. Normally, I think, the National Energy Board has a very important role to play in developing our resources, and I feel that it should respond to, assist and even supplement the objectives and priorities that have been set by provinces, persons or companies. Here, the federal government has created a tool for the exploration and management of our natural resources for the benefit of the Canadian people.

I also heard the minister explain earlier in very simple terms what might happen if each province were allowed to purchase natural gas from a neighbouring province, take a profit and route it to Quebec City. However, the minister forgot a very basic factor, and this is inexcusable because he knows perfectly well that the objections raised by his own province are based on the fact that it has almost unlimited hydroelectric resources. And the minister failed to mention the consequences of this bill if it were to be ratified without the consent of both provinces. I think that this was a voluntary oversight which is extremely important if not essential for the people of Quebec. He is aware of the conditions in Quebec. He knows why Quebec objects but I should thank him and even congratulate him for emphasizing that the best solution would surely be that both provinces should come to an agreement. There is no doubt then that we would applaud a bill resulting from a negotiated agreement between Quebec and Newfoundland. Like the minister, we regret the dispute existing between Newfoundland and Quebec and both my Quebec and Newfoundland colleagues should be quite interested in a settlement and in a bill which would fulfil the aspirations of both provinces and which would be consistent, of course, with national legislation. The minister has carefully avoided saying that he does not want to intervene in provincial matters but nevertheless, it remains that if he decides to answer Newfoundland's call, he will not be fulfilling the wishes of Quebec. The minister should honestly and objectively try to pursue that possibility and arrange a settlement between the two provinces. But it is not by provoking one of the reluctant provinces with an Ottawa-imposed bill. The minister is certainly well aware that from the psychological point of view, this bill will be regarded by thousands of Quebecers as utterly unacceptable, and that the best solution would be the one he said he hoped for, namely, a negotiated settlement between the two provinces. But I have felt that under the present system, I certainly could not ask the Prime Minister (Mr. Trudeau) for an understanding government and co-operative federalism. There are probably a number of ministers who are more open to and eager for true federalism.

I think that the minister representing Quebec should take this opportunity to prevail upon those two provinces to come to an agreement; there is no doubt that under a federal system such as ours, the federal government has both the duty and responsibility to help them carry out such a great project as the development of our natural resources in the interest of all the provincial partners within this country. Because the minister stated that this bill is important and because it seems he introduced it halfheartedly, I feel, both as a Quebecer and as an elected Member of this Parliament, that I should urge all hon. members to make a special effort and in view of the bill which is now before the House, give the minister the time and the opportunity to make his proposal work. His intentions are most honourable, I am sure, for he has recognized that the best solution would be a negotiated settlement between Newfoundland and Quebec, and that the Quebec government has shown a degree of flexibility both on the possible reexamination of a contract which was entered into quite a long time ago and on the shared development of other hydroelectric projects.

For these reasons, Mr. Speaker, I beg my hon. colleagues from Quebec and the other provinces for a six-month hoist on this bill. We are aware of the dilemma a number of hon. members are in because at the same time they must defend the interests of their respective provinces while defending those of all Canadians. We want to represent the interests of the provinces and try to adjust them to a national objective that would allow the ten provinces of this country to feel at home in Canada and want to be a part of this wonderful country.

That is why, Mr. Speaker, I feel that it we rush the passing of this bill, we will antagonize one of the two provinces and possibly others, but one in particular that is represented here by 74 out of 75 hon. members, and whose people make up 25 per cent of the total Canadian population. I think I am being fair and equally mindful of the interests of Quebec, Newfoundland and Canada in requesting hon. members in this House for a hoist on the present bill with an amendment which I am about to read, Mr. Speaker; here it is:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-108, an act to amend the National Energy Board Act (No. 3), be not now read a second time, but that it be read a second time this day six months hence."

• (1640)

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for Joliette (Mr. La Salle) would have noticed that I have just taken the Chair. Consequently, I only began to pay attention a moment ago. I believe he has put a motion for a six-month hoist on the present bill, seconded by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I will read the motion.

[*Translation*]

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-108, An Act to amend the National Energy Board Act (No. 3), be not now read a second time, but that it be read a second time this day six months hence."

[*English*]

The Chair wishes to consult for a moment with one of the Table officers to determine whether this is consistent with the fact that we have a House order before us. As soon as I have

completed that consultation, I will determine whether the motion is in order or not.

[*Translation*]

Mr. La Salle: Thank you, Mr. Speaker. I wanted my position to be known and I am sure it is shared by the Opposition members as well, because I think that by asking the government for a six-month postponement, I am also going along with the comments made earlier by the minister when he again asked Quebec and Newfoundland to return to the negotiation table. As the minister is well aware, if his bill were to be passed quickly, it would place his own province in a difficult position with respect to the development of its hydro-electric resources and sales abroad. Of course, this should not be interpreted as meaning that I am opposed to Newfoundland developing its resources, quite the opposite. For these reasons, Mr. Speaker, and in the hope that all the members of this House will realize the relevancy and also the dangers of this bill, and I know that my Quebec colleagues are aware of the original objection, not only of the provincial government but also of thousands of Quebecers concerning the interpretation of this bill, and also of the position Quebec would be in if this bill were approved before an agreement is negotiated with the province of Newfoundland—

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member for Joliette (Mr. La Salle), but the hon. member for Longueuil (Mr. Olivier) is rising on a point of order.

Mr. Olivier: I rise on a point of order and apologize to my colleague for Joliette for interrupting him, but this is not at all my purpose. I simply want a clarification, Mr. Speaker. Have we now gone on to the amendment moved by the hon. member for Joliette or are we still discussing the bill now under consideration in accordance with the House order?

The Acting Speaker (Mr. Blaker): I shall inform the House presently of the decision made concerning the motion introduced by the hon. member for Joliette. For the time being, I am accepting generally that the hon. member should deal both with the bill and the motion. However, the hon. member for Longueuil is quite right. Until the Chair has decided whether or not the amendment introduced by the hon. member for Joliette is in order or not, technically, it cannot be discussed. With the understanding of the House, I shall continue to recognize the hon. member for Joliette.

Mr. La Salle: Mr. Speaker, to help you out, I shall go on asking my friends opposite to realize the need for a postponement instead of provoking an obstinate stance and even a kind of revolt in our own province concerning legislation which would not be shared by the Quebec government or the government of Newfoundland. The same could also apply to any other province. The minister in charge stressed that the Newfoundland-Quebec problem does not date back to 1976 but goes back several years earlier. It is therefore my view that it can be referred to quite objectively, Mr. Speaker, and I have no intention of branding anyone as a traitor on the occasion of this debate. But I would like my Quebec colleagues to take this opportunity to accept a six-month hoist on second reading, because of the consequences it could have on a province such as mine. And it is my hope that if such a proposal was accepted, and this goes for Newfoundland as much as Quebec, with the awareness of the governments' intentions, I feel there could be a resumption of negotiations and there might be a new urgency to negotiate and agree on the importance of a mutual settlement.

If I understood right, you are nodding that my amendment is accepted—

[*English*]

The Acting Speaker (Mr. Blaker): I regret that I persist in interrupting the hon. member. Perhaps we may deal with the motion now before us. I have read the motion to hon. members and have indicated that it is, in fact, a six-month hoist on the present bill.

Hon. members will notice that I have had an opportunity to consult with the Table officers. The motion is found to be in order. Accordingly, I think it is worth commenting briefly on the procedures which will take place shortly so that hon. members will feel comfortable about how we proceed.

The motion will come up for a vote at the same time as the present bill under debate comes up for a vote. According to the terms of the House order, that could be no later than 8.07 o'clock tonight. It could, of course, be earlier if no hon. members seek to have the floor in order to continue debate I would first have to put the question on the six-month hoist motion. Depending on whether that motion fails or succeeds, we would either proceed or not proceed with putting the motion on the second reading of the bill.

I am making some comment because the hon. member for Longueuil (Mr. Olivier) has quite validly pointed out on a point of order that once a motion is before the House it ought to be debated. Indeed, that is technically correct. The six-month hoist motion which is now before the House is the subject matter of debate.

However, the tradition of the House has been that because it is a technical motion, nonetheless, in the debate on such a motion the Chair has not called hon. members out of order if, at the same time, they want to continue discussing the bill which was under debate as well. Unless otherwise instructed by hon. members, the Chair will be very flexible in permitting debate, whether on the motion or on the bill itself.

I trust, then, that hon. members are now fully informed as to the procedures we will be following.

[*Translation*]

Mr. Olivier: Mr. Speaker, there is no intention on this side of the House to interrupt the honorable member for Joliette

(Mr. La Salle), let alone restricting him in this debate. We simply wanted a clarification. We did not wish the order of this House amended and the hon. member for Joliette can go on.

The Deputy Speaker (Mr. Blaker): The hon. member for Joliette.

Mr. La Salle: Mr. Speaker, clearly my amendment changes nothing to the legislation, aside from deferring the bill for six months. I would not like to waste the time of the House of course, because I know other members have comments to make on this, but I shall never prevail enough upon my colleagues from both sides of the House to accept my invitation because this proposal is in keeping with our responsibilities and objective of finding an acceptable compromise so that any legislation we pass may meet with the approval of the provinces. It should and could.

I think that we could then show that we fully realize the problem which Quebec and Newfoundland are facing and we will urge the minister concerned as well as the government of Canada to come to an arrangement and reach their objective. I do not think that I will make further comment on that legislation today but I hope that the amendment which I tabled will be favourably received by a majority in this House because such amendment provides an opportunity to avoid serious problems and we know that if it were negatived it could be interpreted in my province as a provocation directed against thousands of Quebecers to avoid those problems. If I am to take the words of the Minister of Energy, Mines and Resources who stated this afternoon that at no time would he intervene in a provincial issue, I hope he will hear my appeal and agree to a six-month hoist which should be put to good use for the benefit of both provinces involved and all Canadians.

• (1650)

[*English*]

Hon. William Rompkey (Minister of National Revenue): Mr. Speaker, I am very pleased to be able to make some comments on Bill C-108. I am glad to have had the opportunity of listening to the speech of the hon. member for Joliette (Mr. La Salle). I did not hear all that he said, but I certainly heard the last part and I want to comment on that later on.

First, I want to trace the involvement of the federal government in this important hydro development in Labrador. This bill does not deal, of course, with the present Upper Churchill Falls development, the megawatts flowing through the Hydro-Quebec grid to the New York market and elsewhere.

There is a contract between two hydro bodies, and it has been alleged that that contract is certainly unfair to my province. I support that position. I do feel that a re-examination of that contract is in order. There is no question but that Newfoundland is not extracting from the sale of that resource its fair share as the owner of the hydro resource. That contract must be re-examined and changed in favour of Newfoundland, however it is done. The present contract is unfair to the province. It must be re-examined and changed to give the owners of that resource a fairer share of the return from that resource.

However, the contract was negotiated, not with the federal government but between two governments and, indeed, two hydroelectric distributors. To talk about that is to talk about history.

From the point of view of the national government, I would like to refer back several years to a federal-provincial conference. I believe it was held in western Canada. Out of that federal-provincial conference came the agreement on the part of the Government of Canada to become a partner in the Lower Churchill Development Corporation. The Lower Churchill Development Corporation is a partnership between the Government of Canada and the government of Newfoundland. We are equal partners in that enterprise even though we do not own that resource. The claim has been made from time to time that ownership of resources is very important. However, in this particular case, even though we do not own the resource, it is quite clear that the rivers are owned by the provinces and that the produce from those rivers is owned by those provinces within whose boundaries the rivers flow.

Canada became a partner in that enterprise because we saw that the development of that resource was important, not only to Newfoundland and to Quebec but, indeed, to the entire country, as an alternate source of clean and perpetual energy and that it was a good investment for the people of Canada. Therefore, we became partners in order to develop possibly 10,000 megawatts of hydroelectricity in the entire Labrador area. Thus far Canada has put between $6 million and $8 million into that Lower Churchill Development Corporation, basically in order to upgrade engineering studies and marketing surveys because we felt that was important. Of course, this had to be done before a package could be put together. So there has been an investment of that amount of money by this government.

Similarly, in the budget before the budget of last November, the Minister of Finance (Mr. MacEachen) put aside $200 million as the share of the Government of Canada in the equity of the Lower Churchill Development Corporation for that Lower Churchill project. Again, that was a financial contribution by the Government of Canada to that very important project. Now, today, we have this legislation before us which is further evidence of the commitment of this government to pushing forward that hydroelectric development.

This legislation was placed before us by a minister from the province of Quebec. I want to congratulate him for bringing forward the legislation and to give him all the support I can concerning this legislation. He recognizes, coming from the province of Quebec, that the interests of Newfoundland, Quebec and, indeed, the country, as he said in his speech, can be served by pushing forward this hydroelectric development by all possible means.

What we have here is legislation which would permit a power corridor across Quebec for hydroelectric development in

Newfoundland. We all agree, as I believe I heard the hon. member for Joliette agree, that this is not the optimum solution either, from a practical point of view. Although I do not have the exact, up-to-date figures from an economics point of view, I suspect that the figures would show that a separate transmission line across Quebec for Labrador power is marginally economical and that the most economical method would be to pipe the hydroelectric power through the Quebec-Hydro grid to market at a cost which would ensure a fair and reasonable return to Newfoundland. That certainly must be established. I believe that can be done and that it would be the optimum and most economical solution. I hope it can be done by bringing the three governments together.

Today the Minister of Energy, Mines and Resources (Mr. Lalonde) offered his offices to bring together Newfoundland, Quebec and Canada in order to see if an agreement can be worked out which would be beneficial to Newfoundland, Quebec and Canada in the development of the total hydroelectric resource which is so important to all of us. I hope that that can be done. I urge all governments involved to come together co-operatively to seek a common solution.

We are behind this effort as the Government of Canada, financially and otherwise, because we believe it would be a good deal for this country. The Minister of Finance has said that he is prepared to invest money and capital in this project. I hope that the governments can come together to seek that co-operative solution. But if that cannot happen, what we have on the books as of today is legislation which gives equality to Newfoundland. That is the real importance of this legislation. What we are talking about here is a matter of principle that all Canadians hold to be important, the right of a province to develop and sell a resource, the right of equality.

• (1700)

In his speech the Minister of Energy, Mines and Resources laid out how he sees the principle of equality applying here. He asked how the people of Quebec would feel with regard to natural gas coming across another province if that province did not agree to have it pass through that province to be received in the province of Quebec. I believe the people of Quebec understand that argument.

Putting aside the present government of Quebec, I believe the people of Quebec are fair and reasonable people. They want equality in this country. They have fought, and rightly so, for equality. My colleagues on this side of the House have fought for equality in language rights. We now have that equality. The language of the two founding peoples of this country are equal. That is the issue here. The people of Quebec appreciate that principle.

The hon. member for Manicouagan (Mr. Maltais) and I share territory in that great area of the Canadian shield which encompasses both Labrador and Quebec. His people in Fermont and my people in Labrador City visit frequently. They talk together and share sports and social activities. There are no barriers there. Sometimes they speak in French, sometimes in English. The point is they understand and there is no barrier between them. They understand the principle embodied in this bill, and that is equality.

That is all Newfoundland asks. It asks to be equal in law with other provinces which have the right to develop and export a natural resource. We are talking about rights, equality and a chance. What is involved in this bill may not be the optimum solution, but it is important that it be established because it is a matter of rights and equality.

I would not want to delay the establishment of that important principle by this House. Far too long we have put off establishing the principle that hydroelectric development should be equal to natural gas, oil or any other natural resource. I am in favour of this bill being read and voted on as quickly as possible.

We cannot delay this principle or delay equality. We must have it now. In a sense, there has already been a delay. Draft legislation was before this House last spring. Throughout the summer, fall and winter, people and governments had the chance to study what the Government of Canada intended and wanted. That draft legislation was put forward and examined. It could have been commented on. In a sense, there was a delay in the period during which the legislation was examined.

I do not think the people of Quebec would see this as a provocation but rather as a chance to establish equal rights. They understand that principle. From my point of view and that of the people of my province, this bill is very important. It should be debated quickly and voted on without delay.

The Acting Speaker (Mr. Blaker): Before recognizing the hon. member for Vancouver-Kingsway (Mr. Waddell), perhaps I can make a correction. Earlier I indicated that under the House order covering the energy bills, debate would not continue past 8.07. I have subsequently been advised that is incorrect. In fact, the time will be 7.57.

Also, from recollection I believe, and I will verify it now, that the hon. member who is about to take the floor on behalf of the New Democratic Party will not have more than 29 minutes to speak. I see a nod at the Table. This is the extent of time remaining available to the hon. member's party.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, when you said that I would only have 29 minutes, I noted muted applause in the chamber. I want to speak on Bill C-108 and say on behalf of the New Democratic Party that we are opposed to this bill for three reasons. In the course of my remarks, I will also address some remarks to the adjournment motion.

First, the bill drops the provision which was in the draft bill and the National Energy Program which promised that the degree of Canadian ownership of energy companies wishing to export oil and gas would be a factor in deciding whether an export licence was issued. This is backtracking by the government on the promise to promote Canadianization of the oil industry that was set out in the National Energy Program. I will come back to that in a moment.

Second, the bill still allows export licences for oil and gas to run for 25 years. In view of what can only be called the dismal record of the National Energy Board in its supply projections, we believe that maximum is too high. Ten years would be more appropriate. We will therefore be introducing the appropriate amendment at the proper time.

Third, the bill allows the federal government, through the National Energy Board, to expropriate provincial land to construct an electric power corridor. As has already been said, this power now exists for oil and gas pipelines. However, this power could be invoked by the federal government to take sides in the current dispute between Quebec and Newfoundland over the Churchill Falls power agreement. We on this side want to see a negotiated settlement rather than the possibility of this new power being applied in the dispute.

We believe this bill is premature. I will go into the reasons for that in a few minutes. We believe it will be perceived as an interference in the affairs of Newfoundland and Quebec. Accordingly, we will support the Conservative amendment introduced a few moments ago by the hon. member for Joliette (Mr. La Salle).

Let me deal with these points in detail and as succinctly as I can. Clause 24, which is found on page 13 of the bill, amends Section 83. It drops the provision which gave the National Energy Board the authority to consider the degree of Canadian participation in oil and gas to be exported. Again, this is backtracking from the original commitment of Canadianization in the National Energy Program. That program was brought down in October, 1980. I quote from page 50 of the program:

> The National Energy Board will be asked to take Canadian ownership levels into account, from now on, in considering export applications. The Government of Canada would prefer that in granting such licences, the Board would give preference to Canadian-owned and Canadian-controlled firms.

There was a commitment to Canadianize, that is, a commitment to look at those Canadian companies which wanted to export gas in particular. A number of small Canadian companies have shut-in gas. They should have the same chance to export as the big boys. The original draft of this bill was prepared to give that chance. That measure should be reinstated in this bill. This is one of the fundamental reasons why we oppose this bill.

Clause 26 on page 13 amends Section 85. It still allows an export licence for gas to run for a maximum of 25 years. Clause 22 also brings oil under this provision. Under Section 83, the National Energy Board is supposed to allow exports only after assuring itself they are surplus to our future requirements.

• (1710)

Now, Mr. Speaker, the National Energy Board has a dismal record on this. This is the same board that recommended to the minister that we had over 300 years' supply of oil. Now we have an oil shortage. That is part of the reason why we have this energy problem in Canada. Oil is the only substance of which we are energy short. We exported in the early 1970s, at one time, half of our daily production. We were misled into doing that. The board did not project properly and we were stuck with some long-term export contracts. We literally exported away all our surplus oil, at tremendous and incredible cost to the Canadian consumer. Mr. Speaker, I would like to warn that the same thing may happen with natural gas. We say we have a surplus of gas, but that surplus may be gone sooner than we expect.

Let me just give you chapter and verse, Mr. Speaker. In June, 1971 the then minister of energy predicted that we had 900 years' worth of natural gas and 400 years' worth of oil. Massive exports were authorized in the late 1970s by the National Energy Board and the cabinet. Mr. Eric Kierans, who served in the cabinet at that time, wrote a very interesting article entitled "The Day the Cabinet was Misled". He said:

> The NEB based its conclusion on figures supplied by the petroleum industry which was, and still is, dominated by the multinational oil companies.

That is what we have been arguing in this House for so long, that Petro-Canada must be in the driver's seat so that this domination will never happen again.

In the 1970s, Canada was exporting nearly one-half its daily oil production to the United States. In 1974 the NEB revised its position and stated there would be an oil shortfall by 1982. In 1974-75 the NEB revised its position and stated that we would need Arctic gas in 1983, that we would be running short of gas by 1985. In 1975 the NEB said oil exports would have to be eliminated by the end of 1981. In 1977 the NEB said we would have an oil shortfall by 1985.

In 1979 the NEB recommended, and the Conservative government approved, additional natural gas exports based on the conclusion that there was one-third more in natural gas reserves than was previously estimated. In 1981 the NEB supply and demand report stated that we have a ten-year supply of conventional oil from established reserves and that for gas, supplies from current reserves would be adequate to meet domestic and export requirements for the next ten years. I quote from that report:

> There does not appear to be any surplus available at this time to support new export.

These are just a few examples of the bad forecasting shown by the National Energy Board. What we would propose, on what we say is a weakness in this bill, is that these long-term contracts should be shortened.

I want to say a few words, with respect to the third reason we are against this bill, a matter to which much of the debate has been addressed this afternoon.

[*Translation*]

The other reason why the New Democratic Party is against Bill C-108, to amend the National Energy Board Act, is that it will make it possible for the federal government to get involved in a strictly provincial dispute and to favour one province to the detriment of another. Under this bill, the federal government will have the authority, through the National Energy Board, to expropriate part of the Quebec territory for the

purpose of constructing an electrical power corridor to export electricity elsewhere in Canada or in the United States. We feel that this new authority of the Board will result in a direct intervention of the Liberal federal government in the Churchill Falls dispute between Quebec and Newfoundland. The federal government could use its new powers for constructing a corridor on Quebec territory, at the request of the Newfoundland government. But without Quebec's consent, such a unilateral action would be a denial of co-operative federalism. The NDP, therefore, stands firm in its conviction that this dispute should be settled through negotiations between the parties, even if arbitration is necessary. My party cannot accept that the federal government should impose unilaterally its own solution one way or another. Mr. Speaker, it is difficult to understand how hon. members from the Liberal Party representing Quebec can support a bill which challenges the territorial integrity of their province. How can they still pretend to be the legitimate protectors of their fellow Quebecers' interests?

[*English*]

The Minister of Energy, Mines and Resources (Mr. Lalonde) in his speech said that he did not want to get involved in this dispute. But he also said that he was asked by the government of Newfoundland to bring in this bill. There are obvious reasons why the government of Newfoundland wanted this bill, that is, as a club in its dispute with Quebec.

Clearly, the most contentious part of this bill is the power that will be granted to the National Energy Board to expropriate land for the purpose of constructing an electrical power corridor. It is true that the NEB already has this power over oil and gas pipelines. The minister said that, and I agree. The problem is that if Quebec does not give Newfoundland a better deal on the Churchill Falls contract, the NEB could step in and give Newfoundland a hydro corridor through Quebec for the export of Labrador power. The power is there in the bill and it could be used. The federal government has jumped into a snake pit, quite frankly, Mr. Speaker, because both Newfoundland and Quebec, to put it very mildly, have very strong views on this issue.

Two principles are involved, Mr. Speaker. In our view, there is the principle that the federal government must have an overriding right to legislate on energy, for the national good. The Minister of Energy, Mines and Resources put it well, Mr. Speaker. For example, if Saskatchewan had blocked the oil pipeline from Alberta to Manitoba and Ontario, the federal government would have had the right at some point to step in and ensure that Canadian oil flowed to eastern consumers. Therefore, this power that has been put in the bill, as the Minister of Energy, Mines and Resources said, is constitutionally within the federal domain. We agree with that and we think he is right.

There is another principle involved, one that is equally important, Mr. Speaker, in a federal state. The federal government should not favour one side or the other in a dispute between two provinces. Unfortunately, in this case the two principles clash. We in the New Democratic Party believe that this bill is premature. We wonder why the Liberal Party is proceeding with it when Newfoundland and Quebec are presently negotiating the Churchill Falls contract. Is this, Mr. Speaker, part of the Trudeau-Lévesque blood feud? I hope not. We prefer negotiation and the principles of co-operative federalism that the Prime Minister (Mr. Trudeau) apparently has thrown out of the window.

It seems to me, Mr. Speaker, so shortly after Quebec was isolated in the Constitution agreement, we need to offer to Quebec an olive branch rather than—if I may mix my metaphors—waving a red flag to a bull. We need to offer an olive branch; this surely is not the time for anything else. That is why I differ fundamentally with the Minister of Energy, Mines and Resources.

Let us be clear then, Mr. Speaker. Under this 65-year contract which was negotiated in 1969—I think it commenced about 1976—Hydro-Quebec purchased Churchill Falls power from Newfoundland. It purchased it at 3.6 mills per kilowatt hour. That power is presently being sold by Quebec to the United States for 30 mills to 40 mills per kilowatt hour. That is a very bad deal for Newfoundlanders.

I understand the Quebec argument, Mr. Speaker. Quebec argues that Hydro-Quebec took all the capital risks involved in the project. They did. Quebec completed a bad deal contract, for example, by exporting over a long period of time cheap energy to Ontario. That is true. Also, the 1927 court decision to give Labrador to Newfoundland is disputed by Quebec. I understand that. But let us, however, call a spade a spade. This is a bad deal and it needs renegotiation.

I repeat, Mr. Speaker, the negotiations are going on. We should give them a chance, it seems to me, before bringing in this controversial measure. That is we support the amendment proposing a six-month hoist.

• (1720)

It is extremely unlikely that the bill would bring a speedy resolution of the problem. Instead, the issue could be tied up in the courts for years. I wish the minister were here as I would put the argument to him that the bill is counterproductive and will not lead to a settlement. Rather, it raises a lot of problems. Furthermore, the legislation does not deal with the real problems, which for people living in Labrador are high unemployment, poor social services, alienation from the power base of St. John's and people having no say over their own lives. I suspect that people on the Quebec side of the border have the same problems.

We must ask ourselves if the economic problems will be solved as a result of this bill. I believe that they will not and that people will be put against each other on the grounds of which side of the border they live on. St. John's and Quebec City share the same problems. They need similar regional development plans to get away from the boom and bust economies of their hinterlands in Labrador and northeastern Quebec. Both provinces should share in the development of that region. As Newfoundland needs Quebec's agreement on its equitable arrangements for the transmission of electricity,

so Quebec needs Newfoundland's approval for the development of generating capacity on the five rivers whose head waters lie in Labrador. They have mutual interests.

The fundamental fault in the legislation is that it attempts to provide a legal solution to a political question. As a consequence of this, we are asked to choose between two alternatives, neither of which addresses the real problem or will provide practical solutions. This is not the time to bring in a bill of this nature. We need co-operative federalism now more than ever.

This party wants to see the dispute settled by negotiation between the two provinces. I have said that I think the contract should be renegotiated. If these negotiations fail then the issue should be put to a board of arbitration. Only after the total breakdown of negotiations should we even consider the exercise of federal power. In other words, the exercise of federal power, which I support in principle, should only be used as a condition precedent after the breakdown of the negotiations.

I should like to conclude by quoting a great Canadian, Sir Wilfrid Laurier. The same quotation was used by Mackenzie King, speaking in the House of Commons on the conscription crisis. I wish I had the quotation in French but I do not. I think it was made in English. It pertains to the situation today, Mr. Speaker. I would ask hon. members opposite, especially those from Quebec, to think about this. Sir Wilfrid Laurier said that if there is anything to which he had devoted his political life, it was to try to promote unity, harmony and amity between the diverse elements of this country. That is what we should be doing in this Newfoundland-Quebec dispute. We should not take any steps that would not promote unity, harmony and amity. This is where I disagree with the Minister of Energy, Mines and Resources. We should not take any steps that could even be perceived to promote disunity, disharmony and bad relations between two provinces that have much to do together.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my first remarks will be in connection with the motion for a six-month hoist moved by the hon. member for Joliette (Mr. La Salle). I support the motion wholeheartedly for several reasons, some of which have already been discussed by the hon. member for Vancouver-Kingsway (Mr. Waddell) who put them very cogently.

I should like to remind the House that the function of the federal government in a federal system is not to get mixed up in disputes between two provinces and to take one side or the other. The minister is well aware of this, as he has shown by twice repeating his argument on the Quebec-Newfoundland dispute.

One of the reasons for giving the bill a six-month hoist is that every member of the Conservative Party was behind the National Energy Board legislation. It is this party's legislation, put on the books in 1959 in an effort to head off the very problems that have arisen. The problems have arisen because the original legislation was not enforced.

The whole development concept held by this party in 1957-58-59 was that we should bring this country together by tying up the energy sources of all parts of the country. Then we should give Canadians the first chance to have access to those resources and we should devote all our technical knowledge to assessing the resources of the country and getting the maximum benefit from them.

In general, the legislation of 1959 gave the National Energy Board two duties. First of all, it was to be a court of record on questions of adjudicating the technical details of certificates of convenience and so on. Over the last 25 years the National Energy Board has done a fairly good job in this respect, although at times it has seemed a little slow.

For the first ten years of the board's life it did not exercise its advisory function even though the act is very clear on this. In the relevant section the word "shall" is repeated six times and the duties of the board are outlined.

If my memory serves me correctly, the Department of Justice took a very active part in drafting the legislation. The Minister of Energy, Mines and Resources was then attached to the Department of Justice, so I am sure he will remember how hard the politicians fought to get clear-cut instructions for this independent board. There is a weakness in the act, however, because the word "may" was left in. The word "shall" appears six times but then the word "may" appears. Section 23 of the National Energy Board Act reads as follows:

> Studies and reports of the board made under this part may be made public with the approval of the Minister.

I support the motion for a six-month hoist because when an amendment is proposed to such a strategic act in the history of resource development in Canada, it should be enforced. When I inquired in 1972 why this was not being done, I was told that the people on the energy board were not competent enough. The truth was that some civil servants in the department decided that they wanted the right to make these decisions and to advise the government about the future of energy. The hon. member for Vancouver-Kingsway made reference to this.

I do not particularly blame the board. It is tough to work under a group of civil servants or mandarins that do not insist upon the requirements of the act being carried out and, of course, there is no future in the civil service for those who do not bow their heads to this small group of mandarins. The amendment which is dealt with by Bill C-108 should address the question of the fundamental powers of the board. If those powers are allocated to the board, then we must make sure that it exercises them.

Before I come to the main thrust of my remarks, Mr. Speaker, I should like to point out that the amendment ignores international law. On page 2, at lines 17 and 18, the bill gives jurisdiction to the board for the development of oil resources at the bottom of the sea for a distance of 200 nautical miles. In God's name, who put 200 nautical miles into the National Energy Board Act? Under international law the resources at the bottom of the sea belong to the people who live beside the sea, as far out as they can physically develop them. That remains the law and it has been ratified by all nations. Sure

enough, a few civil servants in several countries have conspired for the last 20 years to get that changed and to limit it. These amendments to the law of the sea which are being put forward to the United Nations are stealing the property of the Canadian people off our shores. Here we have a group of so-called lawyers drafting legislation like this which puts in words like "two hundred nautical miles" in Clause 1. That phrase appears again in Clause 28.

• (1730)

I say with all seriousness, Mr. Speaker, that if this government does not stand up and take control of these nitwits who call themselves lawyers and who write into regulations something which is not right, then this government deserves to go down to defeat.

Some hon. Members: Hear, hear!

Mr. Thacker: The sooner the better.

Mr. Hamilton (Qu'Appelle-Moose Mountain): We fought hard to get control of these undersea resources, and a group which was not elected and never advised their ministers accurately, conspired with their colleagues in other countries to give it away without even telling their innocent ministers what the truth is. The offshore belongs to us under international law, as the offshore of the United States belongs to them, and where we meet halfway we will draw a line. It is all in the terms here. So once again I say to members of the House: stand up and do your duty here and do not let these drafters get away with that type of nonsense.

We drafted this bill 25 years ago to lay the framework for a great development program in Canada. We wanted to put in the means of moving all types of energy back and forth across Canada, and we went to the various regions of the country to lay out these programs, which were accepted. If you look at the record, in the fall of 1957, a few months after the government changed, we put through the House the Atlantic Provinces Power Development Act. It laid down that the people of Nova Scotia, Newfoundland, New Brunswick, and Prince Edward Island had to have some form of concerted energy development. They agreed, both Liberal and Conservative provinces, to that act. We got agreement from all provinces, including Quebec, that we should work together and have a national power grid from one end of the country to the other, from the Yukon River in the northwest to the Churchill in the east. They called it the Hamilton line. That power grid is the key to the dilemma in which the government finds itself today in relation to the dispute between Newfoundland and Quebec.

The Minister of National Revenue (Mr. Rompkey) was quite sincere when he said, let us try and put this thing forward and hope that Quebec will not see it as an insult or as taking sides. But the truth is that Quebec already sees it as an insult, already sees it as the federal government's interfering with them. How can we get away from that? Give this bill a six-month hoist and bring back amendments which will have the NEB playing an active part in putting into effect across Canada a national power grid, and the principle on which it will operate is that of a common carrier. That, to the uninitiated, means that once you build that great power grid in cooperation with all the provinces, every person will have the right to use that grid, whether it be a power line or a pipeline.

When you look at this bill carefully you find that an oil or natural gas carrier must be a common carrier; there is no monopoly held by one company or one province. But when we go into the amendment we have before us we see a technical and legal device whereby an interprovincial power line is called an international power line, which would give the federal government jurisdiction, giving it the right to come into a province and do certain things. That was not in the original bill because of the fact, as the minister stated, that we did not have the technical expertise or knowledge at that time and we were trying hard to get it before we added powers to the NEB under the act. This amendment adds that power but does it by the trick of calling it an international power line as opposed to "interprovincial". However, they missed out on the essential which makes legislation like this work. Once you go into a monopoly for the carrying of anything, you create in effect a great danger to this country. To prevent that, we should accept the principle of the common carrier. And if we could just get this legislation out of the House for a little while, then maybe the minister, who is very intelligent, could go back and look at these debates we had 25 years ago. Perhaps he could get from the government files a report which was submitted in 1963, and have a look at it. That report was done on behalf of the ten provinces, including Quebec, with the full support of the Duplessis administration and later on the Lesage administration. All that information lies in government vaults, and it lays down the economic alternatives in building a national power grid.

By doing this through the national power grid you would not be interfering with Newfoundland and Quebec; by using this principle you would not be isolating Nova Scotia, Prince Edward Island and New Brunswick from access to this power. You can see the realization of what many people have hoped and dreamed for, the full development of the Churchill River, the Fundy tides, utilization of coal, and access to low-cost liquified natural fuels, all pooled into one great power grid moving energy up and down the country. It would make the job of building this nation so much easier. We should look at the Atlantic Provinces Power Development Act as a framework for solving the differences between Newfoundland and Quebec, and then extend that all across the country. Without doing anything to hurt future generations, we would have an efficient method of moving energy across the country, and it would go a tremendous distance toward giving us energy independence. There has never been an energy crisis in Canada. There has always been and there will always be enough energy if we do not muck it up. It is just a question of building the machinery to move it around at low cost to give Canadians the big advantage their future demands they should have.

• (1740)

I hope the minister will go back to the drawing board and consider the concept of a national power grid with the principle of a common carrier. There is much law on that topic. If he is going to amend the original act, let him at the same time make sure members of the National Energy Board do their duty by carrying out the provisions of the act, building up the expertise and making projections. There will then be some sort of advice in the hands of the government on which to make decisions.

Finally, Canadians fought hard to win jurisdiction over the bottom of the sea. Canadians fought for this right. We brought the great powers to our support, reluctant though they were. Eighty-six nations in Geneva voted unanimously for the resolution in 1958 which was later approved by the United Nations. What we proposed and fought for is now the international law of the world. And any time anyone infringes on that law we have the right to take them to court at The Hague. We have a right to impose our will because what is off our shores is ours.

I hope this knowledge will get into the hands of the drafters of legislation in the Department of Justice and in other departments. I hope they will get away from this business of assuming that because there is a bunch of nitwits trying to reform something that it is law. It is only law when legislation is passed. Meanwhile, we own our offshore property and no one touches it. The British fleet off the Falkland Islands is teaching that lesson to one country in the southern hemisphere which was caught carrying out a little bit of imperialistic aggression just a month ago.

I think we in Canada can do no less. What is ours is ours unless we give it up by agreement.

I hope these views will be taken seriously by hon. members and that the government will give us a six-month hoist on this legislation in order to make a better bill out of it.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I will not take too much time, but I have a few remarks to address on Bill C-108. It is typical of too many bills drafted by this minister and his officials in the department. Bill C-108 is one of the eight divisions of Bill C-94 which in itself is almost an omnibus bill in the sense of mixing apples and oranges and confusing the issue.

The minister spent most of his time dealing with the provisions having to do with putting power lines under the jurisdiction of the National Energy Board in the same way that gas and oil pipelines are. I do not think anybody in the House, wherever they are or wherever they sit, would argue against the notion that we should, in fact, be a common market in Canada. What applies to pipelines applies to power utilities, and the minister covered all of those points very eloquently. I will not repeat them other than to say there is a fundamental, bottom line equity to that element, and certainly no reasonable person could oppose that.

In terms of the situation between Quebec and Newfoundland at this time, the real source of contention is that awful contract which was signed by a Liberal premier of Newfoundland, which really does shortchange Newfoundland. There is no question that contract shortchanges Newfoundland and it shortchanges Newfoundland badly. This bill does not deal with that, nor does it address the real sore in the circumstances.

One would think, over the last eight and a half years, that if we have learned anything about energy in this country we should have learned that unilateralism does not work. Big Brother in Ottawa cannot unilaterally impose its will. Every time it tries, whether it is by putting a price freeze on crude oil in western Canada or by trying to impose a taxation regime in opposition to the province of British Columbia, Alberta or Saskatchewan, it fails. When that is done, it causes bickering, retaliation and uncertainty. Lay-offs and loss of jobs result. There are no winners as a result of unilateral action. In Canada, a federal state, there is no alternative to negotiation, painful as it is, and especially if you happen to be a federal bureaucrat and believe that you have the right answers, to negotiate is painful. It is much better to have the power and to be able to say, "We can do it." But Canada does not work that way. Until the drafters of legislation recognize that, we will carry on with this interminable debating, arguing, fighting, loss of national will and purpose, which further weaken the fabric of this country and cause more and more Canadians to look at extreme options, such as the Western Canada Concept etc. We have had enough of that. We do not need any more of that. What we need is a government to take its responsibilities seriously and to start negotiating. But the real crunch in this bill is not the electricity portion, which really has nothing to do with the National Energy Program, but it is the parts that deal with oil and gas. Clause 26(2) of this bill will provide to the governor in council—in other words, to the same officials who brought us that disastrous National Energy Program which has caused the departure from this country of $17 billion at least and which has caused thousands and thousands of people to be put out of work and has put off our energy self-sufficiency for a decade or two—the control over the price of exported gas and oil.

The minister said in the House that the reason for the government's wanting to do it was that the question is political. He said it is a political question. The price of gas and oil is determined by a marketplace, not a perfect marketplace, but a marketplace that is being influenced by OPEC and others, but a marketplace nonetheless.

We export oil and gas to the United States, basically. Some time in the future maybe we will export some liquefied products to other countries. But we have one customer, and that customer, the U.S. has a deregulated market. There is the mixing of supply and demand and thereby a market price. If we want to sell into that market, we have to satisfy that market price. To say the pricing of gas and oil for export is a political question, and therefore is to be put in the hands of those officials who drafted the Nationl Energy Program, is absurd. More power is what the officials are seeking. It is power so they can go to the government of British Columbia and say, "I know you have some natural gas you want to export, but we think this is the price." The producers in British

Columbia might want to say, "That is not what the market says," but the official will say, "That is too bad. We have the power. We are deciding the price." They could go to the producers of shut-in heavy oil in Saskatchewan and say, "We are going to allow you to export that heavy oil but only at this price." But the producers, who know more about the market and who have forgotten more about marketing than those officials will ever learn, will say, "But that is not the market price." But this bill will state, "Give the power to those officials to do whatever they want".

• (1750)

No responsible parliamentarian could vote for that delegation of authority to those people, when there is a clear admission that what is involved is politics. The minister said that it was a political question to keep Premier Bennett, Premier Lougheed and now Premier-elect Devine in place. This is what this absurd provision is all about.

What is even worse is that on page 16 the same officials are allowed to allocate gas and oil in the country. They shall decide who shall get it. The minister said that this would be done in the event of shortages, but the bill does not say anything about shortages. The bill indicates that the governor in council shall allocate gas and oil. What happens when a province has a dispute with the federal government about taxes, as occurred recently? We will be asked to put authority in the hands of the minister. We will be asked to put a club in his hands which says, "Look, folks, you will have to see it my way or else under the authority granted by this provision we will allocate gas and oil in the way which will do your province a great deal of damage." This provision will affect consumers, utilities, companies, provinces, regions and cities. The city of Medicine Hat is currently suing the government over the natural gas and gas liquids tax. Under this provision the minister could say, "Look, Medicine Hat, stop your suit or we will not allocate gas to you. We now have the power to allocate who shall use gas and oil in the country."

We are being asked to put this power in the hands of the people who introduced the National Energy Program which brought the country's economy to its knees. No self-respecting Member of Parliament should be asked to vote for the provision, especially no self-respecting Member of Parliament who is concerned about the country.

Finally, Clause 30 on page 19 reads in part:

> The governor in council may by regulation exempt any oil or gas or any kind, quality or class thereof . . . from the operation . . . of this act.

This means that the National Energy Board may in fact have all its authority taken away if it does not behave itself. Then we will have a body which purports to be a semi-judicial body. It will have that visage or claim to be that, but in fact it will have no such power because of this provision. It will mean a total politicization of the National Energy Board—it will pretend to be one thing for the benefit of the public but will be nothing more than an instrument of government.

Even worse is Section 89(1) on page 19 which reads:

> The governor in council may make regulations for carrying the purposes and provisions of this act into effect and may . . . designate any product resulting from the processing or refining of oil or coal as an oil product; and . . . any product resulting from the processing of gas as a gas product.

I have just described any product resulting from the processing of oil or gas. I have described 90 per cent of the products in any department store. I think my shirt is cotton, but if it were polyester I have described it. I have described rubber heels of shoes, automobile tires, nylons, plastic combs, everything based on oil and natural gas. A huge array of products can be designated by the governor in council as falling within the ambit of the act.

I should like to refer to what was said by the Canadian Chemical Producers' Association. They are negotiating with the Japanese because they want to sell some petrochemicals to them. It will be of benefit to the Canadian economy; it will generate jobs and foreign exchange. In other words, it is very beneficial to Canada. The Japanese are not fools. They have read this provision. They could say, "How can we sign a contract with you for polyethylene, polystyrene, polypropylene and polyvinyl chloride when it says in the act that the same people who brought in the national energy policy with its 25 per cent confiscation on behalf of Petro-Canada can, without parliamentary approval or without asking anyone, put those products under the direct control of the act? We could find our supplies cut off." This is what the potential purchasers in Japan are saying to the Canadian Chemical Producers' Association. It would be nice to give them some comfort, but how can we, given the track record?

The minister talked a long time about electricity. The reality is that the bill neuters the National Energy Board. This bill puts in the hands of officials the power to set price and to allocate quantities for oil and gas in a way which I believe may well be unconstitutional and will certainly lead to more friction between producing and consuming provinces. It will not contribute to tranquil relationships in the energy sector. Although the minister talked about electricity, he did not include it in the items he would take under the power of the federal government. Why was electricity not included under these powers? Many people who are WCC members know exactly why. This is the sad thing about what is happening here. This is why any self-respecting Canadian who is concerned about what is happening and knows a little about the energy situation and the responsibilities of the National Energy Board has to vote against the bill. This is why we put forth the amendment.

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Order, please. Out of courtesy to the Chair, some hon. members have called for the question to be put. If it is the will of the House that the question now be put, it will be put on the motion for the six-month hoist of the hon. member for Joliette (Mr. La Salle), seconded by the hon. member for Hamilton Mountain (Mr. Deans). I see the parliamentary secretary is seeking the floor,

but if there is a proposal with respect to deferring the vote and the bells, the Chair would serve the House well by putting the question, dealing with the yeas and nays, and if at that point there was a motion to defer the vote until eight o'clock, perhaps it could be entertained. If that is an agreeable way to proceed, I will put the motion now.

Mr. Kaplan: Mr. Speaker, I was not party to consultations on this question, but I understand that it was agreed we would adjourn now, return at eight o'clock, and put the question at that time. If unanmimous consent could be sought, I believe Your Honour would find it forthcoming.

Mr. Smith: Mr. Speaker, I believe there is disposition on all sides of the House to an order which would permit us to adjourn for the supper break and deal with all matters at eight o'clock.

Mr. Kempling: Mr. Speaker, that is the result of the discussions which we have had. We will adjourn now, ring the bells at eight o'clock, and the question will be put then.

Mr. Deans: Mr. Speaker, I just want to make it clear that in my normal co-operative way, I intend to agree with that.

The Acting Speaker (Mr. Blaker): Then we will consider that the motion has been put in that fashion by the hon. parliamentary secretary. If there is unanimous consent, I will now leave the chair until eight o'clock. Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Then at eight o'clock we will put all questions necessary.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8.00 p.m.

The Acting Speaker (Mr. Blaker): Pursuant to order made earlier this day, it is my duty to put every question necessary to dispose of second reading stage of Bill C-108, an act to amend the National Energy Board Act (No. 3), now before the House.

The question is on the amendment. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Yea.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the amendment (Mr. La Salle) which was negatived on the following division:

(*Division No. 171*)

YEAS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Crouse
Dantzer
Darling
Deans
Dinsdale
Ellis
Elzinga
Epp
Fennell
Fretz
Friesen
Fulton
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Heap
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
MacKay
Manly
Mayer
McCain
McDermid
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Ogle
Orlikow
Paproski
Parker
Riis
Schellenberger
Scott (Hamilton-Wentworth)
Siddon
Skelly
Stevens
Taylor
Thacker
Towers
Waddell
Wise
Wright
Young—79.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapointe (Charlevoix)

Messrs.

Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Maltais
Marceau
Masters
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—126.

● (2040)

Madam Speaker: I declare the motion lost.

Motion (Mr. La Salle) negatived.

Madam Speaker: The next question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

Madam Speaker: All those opposed to the motion please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

Madam Speaker: Shall we dispense with the ringing of the bells?

Some hon. Members: Agreed.

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

(*Division No. 172*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Maltais
Marceau
Masters
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—127.

NAYS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Crouse
Dantzer
Darling
Deans
Dinsdale
Ellis
Elzinga
Epp
Fennell
Fretz
Friesen
Fulton
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Heap
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Manly
Mayer
McDermid
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Ogle
Orlikow
Paproski
Parker
Riis
Schellenberger
Scott (Hamilton-Wentworth)
Siddon
Skelly
Stevens
Taylor
Thacker
Towers
Waddell
Wise
Wright
Young—78.

● (2050)

Madam Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Energy Legislation.

Taxation

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

On the Order: Government bills (Commons):

Resuming debate on the motion of the Minister of State (Finance) for the second reading and reference to a Committee of the Whole of Bill C-93, an act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I am having difficulty speaking over the din on the other side. If I did not get any seats in Saskatchewan, I would be worried, too.

Mr. Clark: Or British Columbia, Alberta and Manitoba.

Mr. Baker (Nepean-Carleton): I have a question with respect to my status in rising at this time, and it is a matter I want to have cleared up. You will recall that on March 31, 1982, when we had a few moments while waiting for the Gentleman Usher of the Black Rod, I rose in the course of the debate on a grievance—

Some hon. Members: Order.

Mr. Baker (Nepean-Carleton): I am speaking on a point of order. After some insults, taunts and noises from the other side, which is not unusual, you indicated that I had the floor and could proceed with respect to that grievance. Somehow, somewhere in the middle of the matter, the Parliamentary Secretary to President of the Privy Council (Mr. Smith) rose in his place and was recognized for some purpose or other. He then, without his minister anywhere in the House, attempted, I think surreptitiously, to bring on a government order to intervene and interrupt me on the floor during the course of that grievance. Following that I was asked whether I was speaking to this matter and I answered yes. At that time my feeling was I was speaking to the grievance on which I had the floor and on which I had been interrupted. The debate then went on and on and on. I have to say to you, Madam Speaker, that in the course of that debate and through all of the interruptions which finally ended with the announcement that the Gentleman Usher of the Black Rod was here, it was and still is my understanding that, notwithstanding the intervention by the government in an attempt to cut off debate, I was still speaking on that grievance. I was not, as you will note on page 16030 of *Hansard* and the following pages, doing anything else but carrying on with the matter which I first raised in order to fill that hiatus in time between the end of the vote and the arrival of the Gentleman Usher of the Black Rod. We knew that was happening because the tables had been moved and it was in fact general knowledge.

That is the position, Madam Speaker, that I left that night, that my grievance ended when we had to take the call of the hon. Deputy to the Governor General. It ended then but it carried on all through that period of time. I would hope that my understanding would be upheld by the Chair in any ruling, and I think before we enter into the debate I would like to have that matter cleared up by the Chair.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, it surprises me that the hon. member does not know on what he was speaking.

Mr. Blenkarn: Nonsense! You know better than that.

Mr. Pinard: It is clear from the record that the hon. member should know he was speaking on Bill C-93.

Mr. Baker (Nepean-Carleton): It was not even clear to the government.

Mr. Pinard: On page 16030 of *Hansard*, after a point of order was raised by my parliamentary secretary, you asked for order. You said:

Order, please. The Parliamentary Secretary to President of the Privy Council (Mr. Smith) has asked me to call the following order:

Then the Order was called as follows:

On the Order: Government bills (Commons):

Resuming debate on the motion of the Minister of State (Finance) for the second reading and reference to a Committee of the Whole of Bill C-93, an act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds.

That is in the record. Then you say, Madam Speaker:

Is the hon. member for Nepean-Carleton (Mr. Baker) seeking the floor to speak on this matter?

You were referring to Bill C-93, Madam Speaker. The hon. member for Nepean-Carleton (Mr. Baker) said:

Yes, Madam Speaker.

Then some hon. members said:

Oh, oh!

Some hon. Members: Oh, oh!

Mr. Pinard: And then the hon. member for Nepean-Carleton (Mr. Baker) said:

It is very interesting that the government should attempt to cut off debate on the economy—

• (2100)

Madam Speaker, to remind the hon. member for Nepean-Carleton, as he has already said himself, he was speaking on the economy. He was speaking on Bill C-93 which had just been called, and you had given him the floor to speak in the debate. Therefore, I would like to reassure the hon. member that he was speaking on Bill C-93, and we are very anxious to hear from him.

Some hon. Members: Oh, oh!

Mr. Pinard: If he has any doubt about what he was debating, we are willing to give him consent that what he was saying be considered as being said on Bill C-93.

Mr. Baker (Nepean-Carleton): Madam Speaker, the hon. member is quite right. I was speaking about the economy.

Mr. Nielsen: That is the subject of the grievance.

Mr. Baker (Nepean-Carleton): But what he has forgotten about is that the subject matter of the bill relates to certain taxes and to provide other authority for the raising of funds. It would be helpful if the hon. member could remember the subject matter of the bill which, incidentally, ministers were not here to introduce on that evening.

Naturally, I am in the hands of the Chair. But I believe the matter is open to the interpretation that I have asked the Chair to put on it, that is, that it was a grievance relating to the general economy. Not once did I talk in that debate about the statute law relating to certain taxes or to provide other authority for the raising of funds. Not once did I do that. And the parliamentary secretary took great pains to omit telling the Chair that that was the case.

Hon. Erik Nielsen (Yukon): Madam Speaker, I just want to reinforce two points. First, that the subject matter of the grievance raised in the initial instance by the hon. member for Nepean-Carleton (Mr. Baker) was the economy. There is no doubt about that. The second point is more important. He had proceeded with his grievance for some time in the House during very roisterous circumstances, to say the least. As the Chair will recall, there were various specious points of order raised and questions of privilege. Roughly halfway between the time when the grievance was first raised and The Gentlemen Usher of the Black Rod arrived, the parliamentary secretary rose.

I suggest, Madam Speaker, that it is not possible to interrupt a grievance which the hon. member for Nepean-Carleton was speaking to at the time by using a point of order for the purpose of slicing the grievance at that stage by introducing a government order. I make that submission to you. In our practice you cannot interrupt that process. The grievance procedure process itself has been in disuse since 1968, except upon extremely rare occasions. That is what was done here. The parliamentary secretary, after about five or ten minutes of the grievance discussion, intervened on a point of order to have the government order read.

I suggest there have been oversights in the past which the Chair itself has drawn to the attention of the House, For instance, the exchange between a member on our side and the Minister of National Health and Welfare (Miss Begin) when the Chair allowed certain questions to be asked and then prevented subsequent questions on the same subject. The Chair will recognize that.

I suggest that in the confusion of the discussion of that grievance the Order was called on a point that was not in keeping with our customary practices in this place. In fact, what I am suggesting to you, Madam Speaker, is that the Order should not have been called and it should not be on the record as such. There was no opportunity to raise it at that time because the Gentleman Usher of the Black Rod arrived and the vote was taken. The Order has not been called again until today.

In my final submission, may I suggest to you that it would be a very bad precedent to allow the government's position to be adopted and placed on the records of this place. It will mean that this remnant of past procedures prior to 1968 when grievances were allowed in very rare circumstances will be completely wiped out if the Chair finds that it was proper to put the Order, Bill C-93, to the House on that occasion.

I strongly submit that the matter under discussion was a grievance and that it was incapable of being interrupted by a point of order for the purpose of calling a government order, and I suggest the Chair should so find and thus avoid the very undesirable precedent of eliminating completely the grievance procedure. That is precisely what a contrary ruling would mean. Once again, the opposition would be seriously weakened by another tool of the opposition being denied to it.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I just want to speak very briefly on this point. It might be very helpful to you and to the House if we read the rest of the record of that date as recorded in *Hansard*, part of which was read by the government House leader (Mr. Pinard). Your Honour will find on page 16031 that the hon. member for Thunder Bay-Nipigon (Mr. Masters) intervened to say:

> Many of us would like to be involved in the debate, if I only knew at which point I could have the floor. Certainly members on all sides welcome the opportunity to speak in this House.

I should point out that this was well after the intervention made by the parliamentary secretary to the government House leader. Order was called and Your Honour then said:

> If I may give the hon. member clarification in this period when we are awaiting a message from the other place, it is a time when grievances may be expressed.
>
> SOME HON. MEMBERS: Hear, hear!
>
> MADAM SPEAKER: That process had begun when the parliamentary secretary asked me to put a certain motion to the House, which I have. Debate has begun on that motion I think, although I am not sure whether that is the motion being debated. But the hon. member for Nepean-Carleton (Mr. Baker) did get up and he has the floor.

Down at the bottom of page 16031, Madam Speaker, you were forced to intervene again after some attempts to get attention from the hon. member for Longueuil (Mr. Olivier).

After that, Madam Speaker, you said:

> I wish that the hon. member for Nepean-Carleton (Mr. Baker) would be allowed to explain the grievance that he wishes to raise in the House. I understand that hon. members are perhaps not willing to hear this grievance, but as Speaker of this House, I must hear it. This is a time when grievances can be brought before the House. I have recognized the hon. member for Nepean-Carleton and I wish that hon. members would respect that.

At that point it seems clear that you had found we were in the middle of a grievance procedure. That grievance procedure was ended only by the appearance of the Gentleman Usher of the Black Rod.

That reading from the record of your own remarks and findings of that night may well help you to resolve the question raised by my colleague from Nepean-Carleton (Mr. Baker).

Madam Speaker: We can all recognize that was a very confusing period in the House during a hiatus created because the House Order had not been transmitted to all officers of the House. Of course, the hon. member for Nepean-Carleton (Mr.

Baker) took advantage of the situation to air a grievance, a procedure which has not been used very often but is quite legitimate. The discussions went on with several interruptions. But at one point the government did call a government order. During the course of the proceedings which followed some members still spoke on the grievance. At one point I did recognize that debate had started on the government order, although I was not sure the hon. member for Nepean-Carleton realized that he was to speak on it. The Right Hon. Leader of the Opposition (Mr. Clark) quoted that part of *Hansard* wherein the Chair felt the House was on the government order but was not sure whether the hon. member for Nepean-Carleton was really debating it. It was a very confused situation, with many hon. members yelling back and forth. As I often say, this is not the best way of conducting debate in the House of Commons, but of course those situations occur. Perhaps the hon. member for Nepean-Carleton might be heard at a later time or now, if he should like to continue and speak on the Order which was just called; I could still recognize him. If he wanted to resume debate now, I would recognize him for that purpose.

• (2110)

The House resumed, from Wednesday, March 31, consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to a Committee of the Whole.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I want to thank you very much. I think you indicated clearly in what you said that things are not always in the House as the President of the Privy Council (Mr. Pinard) may think they are. Indeed there is some doubt about it. The matter of grievance is an old process. It was one used by me prior to 1978 in a matter dealing with the hon. Mr. Judd Buchanan. I do not want to proceed with the grievance; I should like to exercise the right Madam Speaker has given me to take part in the debate.

I think it is most unusual to have the opportunity of beginning a debate like this on a bill which is most unusual. I thank Madam Speaker for giving me the opportunity. The government may regret arguing, as it has done, that it is a grievance because we are in a very interesting time in Canadian public life. Approximately 25 hours ago all of us were sitting with bated breath wondering what would happen in the province of Saskatchewan.

Mr. Pinard: Mr. Speaker, I rise on a point of order. I would invite the hon. member to speak to Bill C-93.

Mr. Nielsen: He is doing just that.

Mr. Baker (Nepean-Carleton): The hon. gentleman cannot go back on his word. He forgets, of course, that there is more to Canada than just central Canada when we are talking about borrowing authority. There is western Canada about which some people forget. There is great concern about this unusual bill in all parts of the country. Whether or not hon. members on the back benches of the party opposite realize it, this is the first time in Canadian legislative history when there has been put together a borrowing bill on the one hand and a tax bill on the other in the same bill. This is the first time. It is just that kind of thing which has caused the Liberal Party of Canada to be eroded in public confidence province by province by province. This is why last night in Saskatchewan it got zilch; that is why it received zilch in that vote.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): It got 4 per cent of the vote, that is one more percentage of the vote than the separatists. That is some record in Saskatchewan! Let us not be mystified about the intentions of Canadians with respect to economic matters as they relate to tax bills, the budget and the general economic circumstances of the government which make them see fit somehow or other to take this unprecedented step.

I am very happy to have the opportunity of speaking in the debate tonight and I am happy that that point is clear. As the President of the Privy Council said, I believe this bill deals with taxation, the right of the government to extract money, the right of the government to borrow money to put Canadian people further and further in debt, to pile debt upon debt and increase the deficit. All these matters indicate the facts that the country is out of control and that the government is out of control.

The Prime Minister (Mr. Trudeau) is asleep. The Minister of Finance (Mr. MacEachen) is walking around in a Cape Breton fog. The Minister of Energy, Mines and Resources (Mr. Lalonde) has nothing better to do than to raise specious points of privilege today when the national energy policy is driving drilling rigs out of Canada. That is what we are talking about. If hon. members opposite have their perspective so centred on central Canada that they forget there are regions of the country which are suffering from their economic policy, they do not deserve to be in the House.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): This is what the people of Canada are facing. "Economic Gloom Deepens" was the title of a story which appeared in the Ottawa *Citizen* on April 22, 1982. There is not an hon. member opposite who has not returned to his or her riding, gone out in public in the sunshine and talked with people. There is not one of them who has not met small business people, farmers, workers, owners of companies, investors and even bankers who are not concerned about what is happening in the country. What do these mugs of Meach Lake do about it? They went up to the retreat in the Gatineau Hills, probably in the riding of the hon. member for Gatineau (Mr. Cousineau). He should have gone. He could have sorted them out. He is an ordinary guy. He does not live the high life. He does not live on that great mountain at Meach Lake from where he can look, in grandeur, like a duke over his kingdom. He gets the devil from his constituents. He is not really responsible for it, although I believe he is in part because he supports the government vote after vote after vote,

just as the New Democratic Party has supported the government vote after vote after vote.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): This is why the Liberals lost in Saskatchewan. This is why they are down to a corporal's guard in Saskatchewan. They do not like common-law marriages in Saskatchewan. This is why, this is why.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): What did the Prime Minister and this planning and priorities committee, that great mystery group of the Liberal cabinet, do up in Meach Lake on the weekend? They might as well have drilled a hole in the ice and fished. The Secretary of State (Mr. Regan) was the spokesman for the government. The Minister of Justice (Mr. Chrétien) spoke for the government. It was not the Minister of Finance who spoke for the government. It was not the Minister of State for Finance (Mr. Bussières) who spoke for the government. It was not even the Prime Minister who spoke for the government. They sent the Secretary of State. What did he say?

Mr. Epp: Not much.

Mr. Baker (Nepean-Carleton): First of all he has no credit to say anything about the economy; he almost wrecked the economy of Nova Scotia when he was there as premier. What did he say? He said that there would be no change in their policy. Hon. members on the back benches of the Liberal Party and the ten members who sent the courageous letter to the Minister of Finance should remember that there will be no change. The Solicitor General (Mr. Kaplan), wherever he might be, should remember that there will be no change in economic policy. I will tell them why they should remember it. It is because the people of Canada will not forget. Small businessmen in central Canada, in western Canada and in eastern Canada will not forget. They will learn how to curse the government in both official languages for its economic policy.

Mr. Nielsen: And a few others too.

Mr. Baker (Nepean-Carleton): And a few others as well. I travel in my riding to speak with the farmers there. For the first time farms, which have been in the same families for four and five generations, farms with centennial signs on them that have been there since Confederation, are having a tough time. They cannot operate, build or grow, if there is not money at reasonable rates; they cannot buy equipment or compete with others. What does the small businessman or woman say—the entrepreneur, the cutting edge of employment opportunities, investment, development and building? If he were able to stand here and speak for himself, he would say to you, Mr. Speaker, and all members that this government is bankrupt in ideas. He said to me, "Surely with all the promises that it made about getting its economic house together it cannot stand and let this happen to me and let me lose my investment." That is what is happening. Every time the slippery Minister of Finance oils his way through that fog and fails to answer a question in the House of Commons, it is another nail in the Liberals' coffin.

• (2120)

I want to say to those Liberal backbenchers that there is a limit to the amount of snake oil which will be bought by the Canadian people.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Canadians have had their fill of snake oil. In February of 1980, the Liberals were elected to office on a number of promises. The Liberals said, "Elect us and we will keep the oil and gas prices down." The member for Windsor West (Mr. Gray) who is now the Minister of Industry, Trade and Commerce, was denuded of a great deal of his power for good reason. He said that if interest rates went above the rate that they were at that time—13 per cent, I believe—and he was minister, he would resign. Well, he still sits there.

The Liberals said to trust them and not to believe the budget which was introduced by the then minister of finance, the hon. member for St. John's West (Mr. Crosbie). The Liberals told Canadians not to believe what the Conservatives had to say about the tax credit for the high and rising cost of fuel. They said not to believe the Conservatives when they proposed to bring in property tax legislation to help home owners. They urged Canadians to support them in their filibuster of that Conservative legislation. They travelled throughout the country telling Canadians this.

Interest rates have risen from 13 per cent to 19 per cent today and in some areas it has gone to 24 per cent. Interest rates go through the roof if you try to secure secondary financing. That is the economic situation today, and it is a challenge to any government which really cares, but this government is beyond caring. This government is beyond seeing and beyond credibility. In fact, this government is incredible. It has no right to govern a country like this.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): If you want to hear about economic matters in this debate, I will tell you about economic matters because I live with those taxpayers. I go to my riding. I do not hide out at Meach Lake. I feel for the farmers and small-business men. I visit the apartment buildings in Bayshore and Parkwood Hills in my riding and see how rents are going up and up for people who would only like a choice in housing but do not have that choice.

I ask those Liberal backbenchers, "When will you stand up and speak for the people who sent you here? Why do you not stand up for the Canadians who voted for you in good faith? They did that in other parts of Canada. Why are you so blind, stupid and voiceless in the House of Commons?" Those are questions I must ask them. I realize it is difficult for them but every so often they must put cabinet opportunities behind them

to stand up and speak the truth. They would not be the first group of parliamentarians to do that.

There are other parliaments in the world. When the President of the Privy Council finds it convenient, he will say that we must think about the Mother of Parliament. The difference between our Parliament and the Mother of Parliament at Westminster is that the government there must pay attention to its parliament because it has purpose and tradition. In the United Kingdom, the backbenchers of the Conservative Party, Labour Party and the Social Democratic Party as well have a tradition of speaking up when the government is not functioning in its people's best interest. They do not hide in the caucus room. They come out of the closet and speak on the floor of their House of Commons.

That is the purpose of this place. I invite those backbenchers, the ten who wrote the letter, to stand up, gather their courage and discuss problems that affect their country and the people who sent them here. Although ministers cannot speak out in that manner while they are members of the ministry, there must be some who care and are concerned about our situation. There must be some who do not believe the stories spread in this House every day by the Minister of Finance. They ought not to be in the government if they believe that.

There is no gratification to being in government if you must sell out your principles and sell out your electors to stay there. There is no reward in being a parliamentary secretary if it means remaining silent in the back benches. There is nothing about this place that is not representative.

There are some members opposite, who are no longer parliamentary secretaries, who should speak up. But silence seems to prevail on that side of the House.

I wish I were able to quote from a letter which was written to me by one of my constituents. He said that he was a Liberal but not a "Trudeau Liberal", if I may use that label in accordance with the rules of the House. He told me that he was in the Liberal Party years ago and was lamenting, as much as criticizing, that he followed the Right Hon. Lester Pearson because he loved and understood what confederation was all about. He said that he followed the Right Hon. Louis St. Laurent because of his great sensitivity and his understanding of Parliament. However, in his letter he described how he despaired about what had happened to his party. Although he has not joined our party, he has surely left the Liberal Party. He will find no refuge in the New Democratic Party because they are, in fact, a facsimile of the Liberal Party, once you look a little closer at them. The people of Saskatchewan discovered that.

He despairs and wonders what has happened to his party and its sense of independence. He wonders what has happened to its principles because, as I have read the history of the Parliament of Canada at the time of Laurier, St. Laurent and Pearson, I find that those were men who sincerely cared about Canada. They stood for the average people, not for government intervention. They stood for the principles which some members state. According to my constituent, it is not the same party which he is still asked to support but now refuses to support. If a party is going to govern, it must deserve to be the government. In order to do this, it must respond to the conditions in the country and it must be believed.

Let us review what has happened in Canada since the present Prime Minister became leader. The Liberal Party of Canada allowed itself to fall under the thumb of Liberal Party philosophies which did not exist during the time of St. Laurent and Pearson. Let us look at what has happened to the country as a result of this government's policies. In 1968, when the seeds were planted at the beginning of the golden years of the present Prime Minister, and took root in the minds of the gullible, the total number of unemployed Canadians was 351,000. The most recent 1982 figures show the total number of people unemployed in Canada has risen to 1,069,000. That is an increase from 4.5 per cent unemployed, which was considered high at that time, to an absolutely incredible and unacceptable 9 per cent. Those are figures supplied by Statistics Canada. That is an incredible record. Everyone on the other side and every thoughtful person knows the figures. Not only do they refer to human misery, not only do they refer to uncertainty, not only do they refer to loss of opportunity, the failure to live up to promises—

• (2130)

Mr. Riis: It is the Liberal platform.

Mr. Baker (Nepean-Carleton): Well, the Liberal platform, such as it is, is made of balsa wood. Not only do they refer to all of that, but they also refer to a record. It is a record for which they will have to answer, and from time to time they have been answering for it across the country. They are answering for it now across the country. I do not believe Dr. Gallup, but I do not suspect that we would be seeing the present trends evidenced by the Gallup polls if there were a believable government. I do not believe it at all. However, in the face of that trend which has meant social disaster for many families, the Liberals go to Meach Lake in those luxurious surroundings. It was there twice. They met in those luxurious surroundings—

An hon. Member: How was it?

Mr. Baker (Nepean-Carleton): Well, the hon. member will never get there, so I will tell him later. The Liberals discussed the economy and, in the face of statistics which reflect human misery, the Secretary of State said, "We will not do anything. We will stick to our course." We do not yet know how many people must go bankrupt, how many people or how many farmers must go down the drain before they will stop it. Is that believable from a government which really cares? Does the hon. member for London-Middlesex (Mr. Bloomfield) really believe that it is a caring government across the way which he blindly supports? I like the hon. member for London-Middlesex but I fear for his vision. I know a good optician downtown who could fix his eyes.

When one considers youth unemployment, one finds that the figures are even worse. The youth unemployment rate in 1968 was 7.4 per cent. It was 3 per cent higher than the rate for

adults in 1968. Today, the youth unemployment rate stands at an astounding 15.8 per cent, which is twice the rate for others.

Mr. Riis: And they do nothing.

Mr. Baker (Nepean-Carleton): Those are the people to whom we said, "Get your education. Go to school. Learn a trade. Take your degree. Become apprenticed to someone. Work on a farm. Do these things and work, and the world is your oyster." However, what do we give them? We give them a grand opportunity to enjoy unemployment insurance as long as it lasts. When one speaks in terms of percentages, one does not think of people, but there are people behind the percentages. Then, after UIC has run out, we give them another marvelous privilege. We put them on the municipal welfare rolls.

If I find fault with the Minister of Finance, it is not that he is the Minister of Finance, because I get along well with him on a personal basis; rather, it is because he is such an out-of-touch Minister of Finance. I rather like the guy and my heart goes out to him, but he is very out of touch with the real world. He has never met a payroll in his life. He never held a job outside of the university or the government. However, the government put that man in charge of finance in combination with Ian Stewart, the deputy minister of Finance, and this combination has proven to be lethal to the business sector of Canada. That is the problem.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): There are some brains in the Ministry of Finance and some good public servants who understand the ways of the world. However, when the government wanted to find a minister who would work together with such a deputy minister in order to trot out all the little pet theories which have gone on and on, someone who would soak it up like a sponge, they found him in the man from Cape Breton who never met a payroll in his life.

I will tell Your Honour that I am learning, you are learning, Mr. Speaker, your friends are learning and my people are learning that that combination is lethal for the country, and that is the problem. It is only pride. I know many of the backbenchers in the Liberal Party well. I cannot believe that those people have not urged the minister and pleaded with him to withdraw that budget. I see them smiling. They are recalling their conversations with the minister, their letters and their prayers to the minister. Candles have been lit in every cathedral in the country so that he would withdraw the budget.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): They still want that.

Mr. Nielsen: They do it every Wednesday in their caucus.

Mr. Baker (Nepean-Carleton): They should continue to urge him to withdraw the budget. However, it would be very effective if some of them were to get on their hind legs and speak in this debate in the House of Commons and say, "Withdraw the budget, Mr. Minister of Finance". That is what we must hear. That would make it happen. I want the people who elected my friends in the Liberal Party to understand that their silence, their blind support, maintains in effect the worst budget since confederation.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): That is the situation we are in. Equally, I want them to know that if those same people in the back benches of the Liberal Party who showed courage and a streak of independence when it came to the Constitution debate would show that same streak of independence now, we could rewrite the history of this country. We could give some new hope to some of the people to whom I have referred. It is important, as we reopen this debate, that we remember that.

Some people in the United States say that their inflation rate is coming down. I do not know if any hon. members have accompanied their wives to—

Mr. Blenkarn: The negative rate.

Mr. Baker (Nepean-Carleton): My hon. friend says, "The negative rate".

Mr. Blenkarn: It is 15 per cent in Canada.

An hon. Member: It is the same interest rate, Don.

Mr. Baker (Nepean-Carleton): I take it from a source in the cabinet that the inflation rate is making quite a difference in the United States, but I will illustrate the situation in Canada. In 1968, when the Prime Minister took office, the inflation rate was 4.2 per cent. It is now 11.6 per cent. Our current account deficit is growing. Our interest rates have doubled in that period of time. Tell me, Mr. Speaker, is there one good inscription in economic terms that we can carve on the political headstone of the Prime Minister? There is not one. That is the history through which my friends in the Liberal Party are living and which they are blindly supporting. Some of them may survive, but many will not.

I do not support the Western Canada Concept, but hon. members should speak to the people of western Canada as I have done. I was in the city of Lethbridge not too long ago and I spoke to some of the people there. What do they say? They say that the government has no respect for them, that no one listens in Ottawa and that no one seems to understand their problems. They want to build their provinces. The cutting edge of the development of Canada is out there. They want to build. They want policies which will induce investment. They do not want the drilling rigs to leave. They also say that no one in Ottawa will listen to them in economic terms. That is why that political phenomenon is developing in western Canada. I hope it has been nipped in the bud in Saskatchewan. I say that I sincerely hope that what has happened in Saskatchewan will nip it in the bud in Alberta, British Columbia and wherever it is occurring.

This country is much greater than any person in the House of Commons, no matter what kind of halo he or she has around

his or her head. This country is better than its government. This country deserves a better government. The backbenchers of the Liberal Party deserve better leadership than the economic ministers and the present Prime Minister. That is what is happening and that is why there was a change in Saskatchewan. That is why there are no Liberal votes west of the Manitoba-Ontario border except in a couple of areas.

Mr. Blenkarn: And there will not be any after the next election either.

Mr. Baker (Nepean-Carleton): It will not be any better out there. I want to say to the Liberal Party that unless it changes course, there will be dammed few in Ontario either. I am a little worried about the Liberal Party in terms of the province of Quebec as well.

Mr. Riis: Why worry?

Mr. Baker (Nepean-Carleton): Well, I am worried because, quite frankly, I do not want to see the alternative of Members of Parliament who are devoted to breaking up the country running federally. I do not want to see that. I would rather see a misguided Grit than a separatist, although they may be equally damaging to the country, because we might be able to get some sense into the backbench members. However, that could very well happen. In eastern Canada, the Liberal Party is dying. Why? It is because it has become irrelevant. When the mudlarks from Meach Lake come down out of the hills and say, "We will do nothing about what is wrong with this country, we will not address the economic problems, we have nailed our colours to the mast and we will sail with the ship until it goes beneath the waves", that government has become irrelevant. The only thing it has is power. It does not have the principles to use that power correctly in the country's best interests.

• (2140)

I have a document in my hand which I am prepared to put in the time I have and to the extent I can. It contains some alarming statistics. They are such that there can be no justification for a government asking for the unprecedented right to borrow such large sums of money at one time and impose excise taxes all at the same time. There is no justification for it.

I have dealt with interest rates, inflation and unemployment. I will now turn to the energy policy. I feel badly for some Canadians. When they voted on the budget of the hon. member for St. John's West (Mr. Crosbie) those people in the gallery thought, "My God, that fellow Crosbie will nail us for 18 cents". Those people in the gallery never believed this government would get them for 90 cents. A man from my constituency came into the House of Commons. He turned his pockets out as a gesture toward the government. A person was hauled out of the House of Commons the other day because he voiced some dispute with the government.

Honesty is a marvelous thing. There were a lot of things in the budget of my friend, the hon. member for St. John's West, that some members have forgotten. There was help for small business, a small business development bond that meant something, that was not a parachute to catch the stricken and the disabled but really meant something for small business, the energy tax credit which would have cushioned the energy cost to home owners, and mortgage interest. In addition, there was help with municipal taxes, capital gains relief for farmers, and northern tax benefits that had been neglected.

There was a whole host of things in that budget that would have helped certain beleaguered endangered sectors of the economy. It was not perfect. However, more and more Canadians are saying that that budget, at least in terms of its approach, was a lot better and more honest than the Cape Breton disaster of November 12, 1981. That is the worst budget. One does not need a Ph.D. in economics or be a Member of Parliament or a tax expert to realize the country in hurting. It is hurting because the government has not had sense enough to see what it needs.

What does this country need? It needs encouragement for Canadian entrepreneurs. You do not have to kick the little people in the seat of their pants. You do not have to tax the benefits they receive on their life insurance. Those benefits are an encouragement to save. You do not have to hit the medical or dental premiums that are paid by employers. At the same time, you use the tax system to create incentives where you want those incentives to be.

It is not the role of government to have its fingers in every pie. It need not intervene in every place of business. The role of government is to create an atmosphere where hard-working, entrepreneurial Canadians can do some things for themselves. That is the role of government.

Everywhere this government has put its finger, it has messed things up. Why? Not because of ill will. It just does not understand. How can you expect public servants to understand business in the same way as business people understand business? If I were a public servant, I would not understand it either. It is like asking a doctor to practise law or a lawyer to practise medicine.

The business sector has its role. Labour has its part to play. How can you inspire a sense of partnership in the country if you run around the country and say that co-operative federalism is dead and our history means nothing, if you assail the interests of organized labour and make the business sector, not the big corporations but the small businessmen, distrust government? If you so conduct yourself, the other two sectors, and everyone else will distrust government. That is where we are.

I am not in power now. I am not now a member of a government, but I was once and with the grace of God I will some day be a member of a good government once again. What this country needs is a responsive government that is prepared to match its rhetoric with reality and policies. I ask the fugitives from Meach Lake, where is that matching of rhetoric with policies? Where are the new things that are needed?

The Minister of Finance brought in a package that he said would open up the budget process. Read it and you will see that the clam still stays pretty closed. There is even some opportunity for a little skulduggery. I am not accusing the minister of that, but there is that opportunity.

If the economic and tax committee of this House of Commons had first had an opportunity to hear the forecast for the economy that was released on budget night, do you believe it would have approved the National Energy Program? Do you believe that if the members of this House of Commons, experienced in the ways of this place and some experienced in business, had been allowed through an open budget process to give advice to the government on what economic policies should be followed; they would have approved a National Energy Program such as we have? Do you believe the members of this House of Commons are as stupid as the government and would accept a recommendation the likes of which was reproduced in the budget of November 12?

Is there anyone in the House of Commons who believes that the members of the House would advise the Minister of Finance to take such a stance from which he would have to retract and suffer the humiliation of having to withdraw at one crack 17 sections of a budget which had been touted as the best thing since sliced bread just a month before? Day after day, as surely as every day passes on the calendar, one little thing is withdrawn. My friend from Parry Sound-Muskoka (Mr. Darling) told me that 30 items have been withdrawn from that budget. Does that show confidence in the Minister of Finance, the Department of Finance, and the government?

If we had an open budget process, do you honestly think the House of Commons would have given that kind of advice to the Minister of Finance? No. That would not have happened. That is what happens when you play your cards close to your vest. The Minister of Finance played his cards so close to his vest that he got ingrown cards. That is the problem.

I know my time is coming to a finish. However, let me say that this government is so undeserving of the double whammy on the Canadian taxpayer that is contained in Bill C-93 that it is not the intention of this party to allow this to occur. I hope, before this debate is finished, that some backbenchers on the other side will have the guts, courage and concern as well as a feeling for the people who sent them here, to stand up on their hind legs and say to the Minister of Finance, "Enough, withdraw this abomination. Rethink it for the good of this country."

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I am certainly glad to have an opportunity to speak in this debate. I want to begin by saying that it is very difficult at this point in 1982 to consider giving the government borrowing authority. It is very difficult for me, as a representative of an industrial area that is suffering untold miseries, primarily as a result of this government's economic policy, to consider seriously granting to the government the right to borrow even more money, more money that they will spend, undoubtedly in the same way that they have spent much of the taxpayers' dollars that have been raised over the course of the past few years, and many of the dollars that they have borrowed over the course of the last few years.

I spent four days in Hamilton last week, Mr. Speaker, and I must confess that they were four days of immense educational value. I met with people from almost every walk of life. I set up meetings from early in the morning on Monday last through until late on Thursday evening of that same week. I met with young people in high schools. They asked me where they were going to find a job when they graduated at the end of this winter, where they were going to go to find employment, employment they had to have in order to begin to realize the dream that most of us have considered until now to be a reality—that dream that if you work hard in Canada you can provide for yourself and look forward to a reasonable future.

I went from there and I sat down with manufacturers of shoes, to discuss with them the problems they were having, problems of trying to maintain a viable industry in the face of low-grade, cheap imports. These people were asking, not that the government stop the imports, but simply that there be a reasonable quota allowance of imports into Canada. Why? Because they wanted to protect those jobs in that community. They wanted to try to roll back the lay-offs that had become the order of the day in the shoe industry. They wanted to try to find a way to avoid the problems that had overtaken almost half of the entire industry across the country, much of it in the province of Quebec. They were asking for government assistance at this point, but not in the form of dollars, they were not looking for handouts. They were looking for understanding, they were looking for an opportunity to do what they do well, in the country that they have chosen to operate in, provide jobs for Canadians, top grade footwear for Canadians, and guarantee that there would be some stability in the industry.

I say this to you, Mr. Speaker, that they made the point: "Oh, yes, it may be true today that you can get a cheaper shoe or a cheaper piece of footwear from offshore" but they said to me, and they are right: "On the day there ceases to be a domestic manufacturing sector, the price of the footwear from offshore will automatically go up. The only thing keeping that price down at the moment is the fact that they are trying to undercut the Canadian manufacturers and put them out of business." That is true. And the government, for reasons I do not quite understand, are prepared to allow this to happen.

I left Susan Shoes, but I will come back to them later. I left and went to sit down with the chief executive officer, the president of the Firestone Tire and Rubber Company and we talked about the problems of rationalizing the rubber industry. We had a discussion about their efforts in international markets all over the world. We talked about the rationalization process that they had undertaken. They pointed out to me—something that I already knew—that they had been able to increase the level of employment in the Hamilton plant from 1,100 about a year ago to almost 1,700 now. That was done on the basis that they were going to rationalize their productive capacity in such a way as to cut costs. They were going to be more productive, they were going to meet world markets.

Again they needed the government to do something for them. They needed a *quid pro quo*, so to speak, they needed an opportunity to import from their plant in another part of the world, on an equivalent basis for what they were exporting out of the country, so that they could get rationalization in both areas. And they wanted the government to assist them in achieving that end. They have waited nine months, nearly a year by now, and nothing has happened.

I want to make a point about this. The people I was speaking to were, in this case, the chief executive officer of the company, and in the case of the footwear company, the vice president. I also met with the unions who represented the workers in the plant in both cases, and in each case they were in full support of the effort put forward to get the government to recognize the economic problem of that particular industry and of that particular industry sector.

I then went and sat down with the employee representatives of National Steel Car, the manufacturers of hopper cars. They have been closed down virtually for the last year, as the member for Burlington (Mr. Kempling) knows. They are awaiting for what the government has clearly indicated for some time, its intention to purchase approximately 1,200 hopper cars to cover the movement of grain in every year for the next five years. They were saying to me: "If it really is the government's intention to do that, if the government really intends to purchase those cars, would it not make sense, since we are in such economic chaos at the moment, and since we are in such a downturn, for the government to move up its program of purchase and begin the purchase this year and provide some employment in this plant?" Such a decision by the government would also mean employment in the plant in Trenton, Nova Scotia. Then there would be an opportunity for people to go to work.

In every single one of the instances that I came into contact with, Mr. Speaker, during the course of those four days, those people were talking to me about their desire to find a job, their desire to have a a job they could go to every day, a job that would be productive, a job that would be good for Canada, a job that would enable them to pay their own way, to plan their own future. When I proposed to the government that perhaps the government could consider these measures, and other measures that I intend to talk about as this debate goes on, the government said: "Well, we will think about it, we will think about it."

The government then went on its merry way, following its high interest rate policy, following its high unemployment policy, following its high unemployment policy, following its high bankruptcy policy, following it right down the path to ruination. I say to you, Mr. Speaker, that it is very frustrating. What we in the NDP are proposing, at least on this side of the House and, I imagine, supported by a number of members on other sides of the House, in the Conservative Party and in the Liberal Party, too are proposals that I think are reasonable, sensible and workable. They are suggestions as to how we can improve Canada's economy, how we can get that turn-around, how we can provide those job opportunities.

Some hon. Members: Hear, hear!

Mr. Deans: I notice, Mr. Speaker, that it is ten o'clock. I wonder if I might adjourn the debate.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

ENERGY—INQUIRY WHETHER QUEBEC PERCENTAGE OF GASOLINE TAX IS GREATER THAN PERCENTAGE COLLECTED BY ALBERTA

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, on April 7 last, I had the opportunity to direct a question to the Minister of Energy, Mines and Resources (Mr. Lalonde) in the House. The gasoline war was then raging in Quebec and many Quebecers were asking themselves many questions about the distribution of taxes collected by various governments in connection with gas prices. It was then obvious that many gas retailers in Quebec who had gone on the so-called gas strike were specifically demanding to oil companies that are not necessarily Canadian to reduce their profits and give them more money, and were also asking the Quebec government to cancel the notorious tax it has been levying on Quebecers since November 17, 1981.

Indeed, Mr. Speaker, under those circumstances, and more specifically in connection with the price paid by Quebecers for gas, except in a few towns bordering on other Canadian provinces, such as Ontario and New Brunswick, where Quebecers were allowed to pay less for their gas after that notorious tax of 30 cents a gallon or 6 cents a litre, if you like, was cancelled, it was perhaps advisable at that time to determine what price was actually being paid by Quebecers, a price set by the separatist Quebec government which claims to be acting in the best interests of Quebecers.

Mr. Speaker, I take this opportunity to remind Quebecers that the budget of November 12, 1981, granted certain tax exemptions to Quebecers with a family by exempting from tax those in certain income groups, by increasing basic deductions and also by increasing the child tax credit for subsequent years. What happened to Quebecers a few days later, on November 17, 1981? Their own government asked them to pay an additional tax of 30 cents a gallon on gasoline, and within the next few days, tabled a bill to increase the rates of Hydro-Quebec by about 16 per cent.

On the one hand, Quebec men and women got tax cuts in the federal budget, and on the other hand, their own government, which is supposed to protect their interests and help

them in this difficult period, imposed a higher tax on gasoline, which means that we hold the record for personal income tax because Quebecers now pay 20 per cent more than the residents of certain provinces, such as Ontario, and we even pay more than the people of Prince Edward Island. We really are the champions as far as income tax is concerned, and with this surtax introduced by the province of Quebec on November 17, we became once more the over-all champions when it comes to paying taxes.

What was important at the time, and that is why I asked my question to the Minister of Energy, Mines and Resources, was that throughout the energy negotiations, the present Quebec government had never objected to prices at the gas pumps being the same as world prices. The question we can ask and the explanation we can give Quebecers is very simple. The Quebec energy minister has never objected to this situation because, in view of the provincial tax on gasoline, the higher the price, the more taxes can be collected. They are the champions of indirect taxation. Of course, everyone will recall that since they came to power in 1976, they have held the record in this regard. This is why, when the Canadian government talks of keeping gasoline prices at 75 per cent of world prices, the Quebec government does not complain too loudly, but it would still prefer . . . and as for supporting Alberta when it was asking for world prices, the Quebec government did not object too much because it meant that its own tax on gasoline would increase. According to these figures, Quebecers must all pay over and above what their fellow Canadians are paying. We are champions. We hold the record for indirect taxation, and when gas retailers went on strike in early April, more specifically on April 7th, we wondered just how much the Quebec government was collecting from Quebecers by means of this additional tax which was implemented on November 17, 1981, and which caused Quebecers to pay more than other Canadians. In spite of the National Energy Policy which aimed at keeping Canadian prices below world prices, Quebecers were penalized by their own government, the separatist PQ government in Quebec, and became the champions of high gas prices. It was not good enough for them to hold the record for income tax, they were made the champions of record high prices for gas; that is the reason why gas retailers in Témiscouata were right on April 7th to pressure the Quebec government into reducing and cutting this unfair tax and make all other Quebecers aware of their true situation compared to that of other Canadians. That is also the reason why I asked on April 7, 1982, what the cut was the Quebec government was taking at the pumps compared with that of the federal government and even the Alberta government.

That is the reason why the Minister of Energy, Mines and Resources provided these figures and why, returning tonight to this issue, I should like to ask the minister to provide the House with more detailed information on the share collected by each of the provinces. Are Quebecers really favoured by their provincial government, especially since the introduction of that notorious tax on November 17, 1981? That is my question, Mr. Speaker?

• (2205)

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, let me first explain why car owners in the province of Quebec are at a disadvantage, as far as the price of gas is concerned, compared with car owners in other provinces. That situation is due to the fact that the provincial tax on gas, also called road tax, is an *ad valorem* tax, a tax in relation to value. This means that the Quebec government increases taxes without saying so. Because, in November 1981, the Quebec government imposed a 40 per cent *ad valorem* tax on gas, twice as much exactly as the previous rate. It should be noted that the *ad valorem* tax on gas in British Columbia, Saskatchewan, Manitoba and Ontario remained at the 20 per cent rate, while that in Newfoundland and Prince Edward Island was slightly higher at 22 per cent, but only 16 per cent in New Brunswick. Better still, there is no such tax in Alberta, and the tax in Nova Scotia is levied at a fixed rate and is generally one of the lowest in Canada. Consequently, Mr. Speaker, gas prices in Quebec are the highest in Canada. For example, at the end of March, regular leaded gas in Montreal was selling on average at 45.2 cents per litre as opposed to 41.9 in Vancouver, 40.8 in Winnipeg, 40.9 in Toronto and 41.6 in St. John, New Brunswick. Therefore, the price gap between Toronto and Montreal was more than 20 cents per gallon. Concerning revenues derived by both levels of government and industry, what is the meaning of that price gap on the very high *ad valorem* tax on gas? In order to answer the question, one only has to refer to the following example. Based on a 47 cents per litre retail price in Montreal and 41.3 cents in Toronto, the Ontario government would levy 6.3 cents per litre, while the Quebec government would levy 13 cents. At the same time, the producing province would levy 5.4 cents per litre sold in either provinces. In other words, the producing provinces, Alberta in this case, would receive 13 per cent of revenues derived from sales in Ontario, and 11.4 per cent from sales in Quebec. The federal government's share of tax revenues on sales in Ontario would be 19 per cent, while it would be lower than 17 per cent of sales in Quebec. In summary, percentage-wise, the share levied by Quebec on revenues would be almost as high as the combined shares of the federal and Alberta governments levied on gas sold in Quebec.

Worse still, by reason of the high levy taken by the Quebec government on revenues, gas dealers did not even get a sufficient profit margin on sales, and that is why they went on strike early this month. This flies in the face of common sense and good government, but it is signed Charron, Parizeau and Lévesque. What else can we wait for if not for an opportunity to prove to them that Quebecers are tired of being the most highly taxed in order to pay for independence.

• (2210)

[*English*]

FINANCE—PROCESSING OF INCOME TAX RETURNS. (B) DELAY IN PAYMENT OF REFUNDS

Mr. Tom McMillan (Hillsborough): Mr. Speaker, on April 5, 1982, I posed two questions to the Minister of Finance (Mr. MacEachen) in the absence of the Minister of National Revenue (Mr. Rompkey). My questions concerned the fact that Revenue Canada had issued a bulletin in which it instructed Canadians to file their 1981 income tax returns as though the November, 1981 budget were in fact law.

The reason for taking that action was that several major provisions in the budget of November 12, 1981, were retroactive to the 1981 tax year. I am thinking, in particular, of provisions related to income-averaging annuity contracts, capital cost allowance, registered retirement savings plans, etc.

Yet, having instructed Canadians to file their 1981 income tax returns on the basis of the November budget, Revenue Canada then ordered its own officials in regional tax offices right across the country to stockpile any returns affected by the budget until it was legislated into law. Revenue Canada's motivation for wishing to set aside such returns for later processing was the confusion surrounding the November budget. The Minister of Finance has been making so many retreats on, and changes to, his budget that not even Revenue Canada officials know where the budget stands at any given time.

Revenue Canada's instructions, however, meant that thousands of Canadians whose 1981 income tax returns were affected by the budget would have to wait unduly for any tax refunds owed them. Indeed, reliable estimates indicate that the Minister of Finance may not be able to get his act together on the budget until as late as next fall. Some Canadians might have to wait until then for their returns.

The Minister of Finance, in reply to my two questions, totally denied that there was any confusion about his budget and, therefore, that any tax refunds were being delayed by the budget. But, sir, nothing could be further from the truth.

In response to the public interest aroused by my own statements in the House of Commons, and statements made by my colleague, the hon. member for Vancouver Centre (Miss Carney), Revenue Canada was pressed into reversing itself on the matter of tax refunds. Instead of stockpiling returns affected by the budget, the department replaced its earlier bulletin with instructions to its regional offices to follow the following procedure. Henceforth, those taxpayers would be expected to file their 1981 tax returns on the basis of the November, 1981 budget, but their returns would not be stockpiled, as planned earlier. Rather, Revenue Canada will process their returns no less than three times; once under the pre-budget tax rules, and a second time on the basis of the November budget. A refund will then be paid to the taxpayers on the basis of the lesser amount. The same returns will be processed a third time after the budget becomes law. If a further refund is due it would be paid by Revenue Canada at that time.

• (2215)

I followed up my questions on April 5 to the Minister of Finance with questions to the Minister of National Revenue on April 7. In reply he stated that there has been no "hold-up" in refunds, no "stockpiling". He was wrong, dead wrong. There had been stockpiling of tax refunds until we in the Official Opposition protested the practice.

The fact that there is no longer any stockpiling of returns is because the federal government and the Minister of National Revenue, in particular, changed their minds. In the face of parliamentary pressure from us in the official opposition, Revenue Canada is now following a new procedure in order to get people's refunds out with less delay than otherwise would have been the case.

While welcoming that favourable outcome, I remain convinced that a much simpler procedure would be to change the effective date of the budget so that no taxpayers' returns would be affected by it in the 1981 tax year. In that fashion all tax returns could be processed in the most expeditious way possible.

In conclusion, the government says that only a handful of Canadian taxpayers need be concerned about the budget impacting on their 1981 tax returns. The figure of 200,000 is frequently bandied about. I believe it is actually higher, because more than 200,000 taxpayers borrow money to pay premiums for their registered retirement savings plans. In any event, whether the figure is 200,000 or many more, the number is not so large that the government would lose a lot of revenue should it decide to change the effective date of the November 12, 1981 budget in order to simplify the process of adjudicating 1981 tax returns and getting out refunds to people who qualify for them. Therefore, I continue to urge that wise course of action and hope the government will be enlightened, wise, reasonable and flexible enough to take that worthy suggestion.

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, may I say first of all that I should like to rely as well on the understanding and co-operation of the hon. member as on the usual and real understanding and co-operation of Canadian taxpayers.

Before answering the question of the hon. member, as Parliamentary Secretary to the Minister of National Revenue, I should like to remind hon. members that our tax system is a self-assessing system under which specific deadlines must be strictly met. That, indeed, is one of the keys to the success of Revenue Canada. In addition, I must congratulate the civil servants of that department on their performance in surpassing themselves every year, that is, in collecting more money while reducing costs. Mr. Speaker, I am sorry the hon. member is concerned about the impact the provisions of the last budget might have on the processing of income tax returns for 1981. It is all the more regrettable that as a result of his concern many Canadians might ask themselves unnecessary questions about

the matter. I must say I find his assessment of the number of taxpayers involved at 200,000 a little bold in view of the fact that it has no valid basis. I think he should start dealing with facts and stop worrying and causing concern. Here are the facts: No tax refund will be delayed because of the budget. None whatsoever, Mr. Speaker. Actually, the mailing of income tax refunds is moving along pretty well. To this date, there has been a greater number of refunds than last year. Those taxpayers who would be affected by the November 1981 budget are urged to fill out their tax returns according to the changes relating to 1981. They should attach to their income tax return a letter specifying the budgetary proposals which affect them. As I said earlier, it is explained in the information material published before—and today it is confirmed by facts—that the changes affect a mere handful of taxpayers as far as the 1981 tax returns are concerned. Where budgetary proposals impose new limitations to certain deductions the department will consider them according to the proposed legislation.

On the other hand, where budgetary proposals are more lenient, the returns will be subject to the provisions of the existing legislation. Those returns will be identified and treated in the same manner. Once the budget is adopted by Parliament, the Department will make all the necessary adjustments for all those returns.

The normal procedure will be followed and, as far as possible, we will try to keep to a minimum any delay in the mailing of refunds to Canadian taxpayers. This information is clear and it defines a course of action which all Canadians, including the hon. member, can and must understand.

• (2220)

[*English*]

EMERGENCY MEASURES—LIMITS OF CROWN PREROGATIVE (B) AVENUES OF REDRESS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, Order in Council 1981—1305 is the order in council which empowers the government under the emergency planning legislation, or council order to establish internment camps. The order is dangerous and Draconian, not because of the subject matter or that it is not necessary to plan for emergencies, but because that particular order in council, and its provisions, is so open-ended in its scope of powers and so subtle and devious in its terms of reference. It is dangerous and Draconian.

Let me just illustrate by reading the heading at the beginning of the order in council. It reads, "Other than statutory authority". What does that mean to a layman? Does that mean a power or authority other than law? That means nothing to a layman. One must turn to other sources to derive the meaning.

In this case, we can turn to a letter from the President of the Privy Council (Mr. Pinard) to the Standing Joint Committee on Regulations and other Statutory Instruments. There we find that the power comes from Crown prerogative, or what Mr. Nixon used to call "executive privilege". In a letter to that committee, the President of the Privy Council said:

> The Civil Emergency Measures Planning Order C.R.C. c. 1334, was made pursuant to the Crown prerogative—

Crown Prerogative simply means that it is the power by which the Prime Minister can do what he thinks necessary in what is deemed to be an emergency. I realize that the customs and statutes have somewhat limited those particular powers of the Crown prerogative, but it is a very loose and easily misunderstood term. That is why I rose in my place in the House on March 31 to ask the Prime Minister, as reported in *Hansard* on page 16005:

> —what the limits of Crown prerogatives are in this context. Does he have a legal opinion regarding the limits of this power under the new constitution?

The Prime Minister said, among other things:

> Certainly I am on sound ground in saying that any prerogative, royal or otherwise, can be limited by statute. That would be the position I would take.

He said, "can be limited by statute". At the outset, it is ominous for him to say, "can be limited by statute". I have to ask why he did not say, "will be, should be" or even "may be".

The letter from the President of the Privy Council is much more specific. That letter, dated March 19, reads as follows:

> If Parliament were dissolved, or if the pace of the prices at hand did not allow the time to assemble Parliament, the government would be forced to act in reliance on the Crown prerogative to the extent that it provided a legal basis for authority to act.

What is the legal basis for the power to act? I was concerned about that particular provision and, therefore, went to the government research branch of the Library of Parliament to ask them to conduct a study of that provision. I would like to read a short segment of that study. Page four of the study indicates:

• (2225)

> By far the majority of crises in British history were met by parliamentary action; with strong cabinet and a majority government, necessary legislation to delegate powers can be quickly passed without resort to arbitrary action without the authority of Parliament. However, the possibility of independent executive action always exists. As noted, such actions may be found to be legal as an exercise of the royal prerogative or by virtue of a common law duty to protect the realm. The courts would determine the legality of such actions.
>
> In other circumstances, there may be no legal basis for executive action, and yet the courts may be prevented from considering the issue. Under the British constitutional system in which Parliament is supreme, executive acts can be rendered legal *ex post facto*, by passage of an indemnity act. Such a statute protects officials from prosecution or civil proceedings, and this precludes judicial determination of the legality of the actions.

It then refers to invocation of the law of necessity. I know that this Prime Minister (Mr. Trudeau) loves to invoke the law of necessity; but the point is that in such circumstances the courts may be prevented from considering the issue.

That led me to the supplementary question I asked the Prime Minister at that time. He has repeatedly said that the new charter would always contain provision for resort to the courts. However, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) has indicated in this House that the procedure in relation to this emergency planning order

eliminates due process in the court, because the government has already worked out a five-step process which does not include court procedure. That bothers me.

Then I find that, according to the tradition or the convention of the Royal prerogative, it is possible to provide retroactive legality to hitherto illegal action, and that by invocation of the law of necessity the courts can be prevented from looking into a matter which would otherwise be considered illegal. This is what worries me about the Crown prerogative. I think the people of Canada deserve a clear indication as to what the limits of the Crown prerogative would be if the government invoked these emergency planning measures.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): First of all, Mr. Speaker, I would point out to the hon. member that in his opening statement he again misstated the facts, although unintentionally, I am sure. He said that Planning Order 1981-1305 empowered the government to establish civilian internment camps. That is not correct. If the government has this authority, and it would only use it in wartime, it is certainly not because of this planning order. It may be as a result of the War Measures Act which would come into play in a wartime situation.

However, what this planning order does is to allocate to various ministers the responsibility for drawing up plans. It does not give the government any authority it does not already possess. It could well be that after drawing up those plans the ministers may come to the conclusion that legislation is required and would have to be passed. However, the government is not given any authority by this order in council it did not have before.

The hon. member noted that the emergency planning order was made pursuant to the Crown prerogative. He asked the Prime Minister (Mr. Trudeau) what the limits of the Crown prerogative are in this context. The Prime Minister replied that he would have to examine the order to determine the prerogative which is involved.

We have reviewed this matter and I can inform hon. members that the prerogative authority for the emergency planning order is that which is commonly known as the prime ministerial prerogative. It is a settled convention of government that the Prime Minister may from time to time allocate, amend or clarify working responsibilities of ministers of the Crown by virtue of this prerogative. This same principle underlies the Public Service Rearrangement and Transfer of Duties Act, the act on whose authority the previous civil emergency measures Planning Order PC-1965-1041 was revoked.

I might also say that I requested the research branch of the Library of Parliament to compile a paper on the validity of the emergency planning order. I would be happy to show my friend a copy if he has not already seen it. It quite clearly confirmed that this was a legitimate order within that prerogative.

The hon. member went on to ask the Prime Minister about the recourse to the courts of those who may be interned in wartime. He noted that the anticipated internal safeguards and procedures I outlined in my statement to this House on December 17 did not make explicit reference to the right to appeal to the courts. I did not include this right because it goes, almost without saying, that an individual in such circumstances may make representations to the appropriate judicial tribunal. Since I spoke on that occasion, the Canadian Charter of Rights and Freedoms has been approved to give constitutional expression to this right.

• (2230)

The Prime Minister has himself undertaken to reassure the hon. member of the primacy of the charter in relation to any emergency act, regulation, or order. I know of no broader guarantee that anyone could offer on this subject.

The charter takes precedence not only over statutory authority but also over the emergency authority remaining in the prerogative of the Crown. I hope the hon. member will be reassured to know that this government is not in the business of planning to undertake measures plainly inconsistent with the charter. As I indicated earlier, the government intends that the security of the state be preserved by measures that also allow the maximum possible liberty of individual Canadians.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

At 10.32 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, April 28, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

INCOME TAX

PROPOSED ADVANCE PAYMENT BY FISHERMEN—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In the November 12 budget the government served notice that it intends to confiscate a portion of fishermen's catches as an advance payment of income tax when they sell their catch. This Saturday, May 1, the lobster season opens on Prince Edward Island, and fishermen are still very upset with the idea of having a portion of their catch confiscated. Therefore I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House instructs the Minister of National Revenue and the Minister of Finance to withdraw this mandatory measure immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR INTRODUCTION OF NEW BUDGET—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the evidence is clear. The startling facts from the Conference Board of Canada today should put an end to the myth that government economic policies are working—75 per cent of business executives say that it is a bad time to invest; 32 per cent are not proceeding with previously-announced investments; working people who get a meagre $200 tax cut are paying four times that amount with new hidden taxes on health and dental plans and energy taxes; and there are countless other real life examples. Therefore I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the Minister of Finance immediately announce a withdrawal of his disastrous November 12, 1981 budget and not wait until fall for his new budget as announced by the Minister of Justice, but introduce one immediately, one which will be positive, promote development of Canada, and encourage full-time meaningful jobs for the 1,200,000 unemployed and those thousands of students presently coming into the work force.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MUNICIPAL AFFAIRS

FUNDING OF PROPOSED METROPOLITAN TORONTO CONVENTION CENTRE—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the federal government's commitment of some $19 million toward the construction of a proposed Metropolitan Toronto Convention Centre, about which many serious questions have been raised concerning its design, its operating costs, and the irregular manner in which it was processed through local government, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House direct the government to withhold the payment of any moneys toward the development of the Metropolitan Toronto Convention Centre until such times as a full financial cost benefit and impact analysis is undertaken and full public hearings have been held to determine the advisability of this particular structure.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

CALL FOR INTRODUCTION OF NATIONAL MEAT MARKETING PLAN—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, in view of the fact that red meat industry producers in Canada are still experiencing an ever-increasing life and death struggle for survival with no meaningful relief in sight, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Agriculture now take the necessary steps to introduce for the short term a meaningful national stabilization program, to be followed in the long term by a national marketing and supply management program which

would bring the stability needed for the betterment of producers and the industry as a whole.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, it gives me great pleasure to move, under the provisions of Standing Order 43, seconded by the hon. member for Athabasca (Mr. Shields):

That this House recognize the recent achievement of our Prime Minister and congratulate him on his induction into the Singles Hall of Fame by Singles International, where he joins such world famous luminaries as Miss Piggy of the Muppet Family.

Madam Speaker: The hon. member for Louis-Hébert.

* * *

[*Translation*]

LABOUR RELATIONS

REQUEST THAT HOUSE CONGRATULATE NEW PRESIDENT OF PUBLIC SERVICE ALLIANCE—MOTION UNDER S.O. 43

Mr. Dennis Dawson (Louis-Hébert): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

Whereas Mr. Pierre Samson has been elected President of the Public Service Alliance of Canada, I move, seconded by the hon. member for Lotbinière (Mr. Dubois):

That the House congratulate Mr. Samson, particularly since he is the first francophone to be elected president of a union where nearly 30 per cent of the membership consists of francophones. I also move, Madam Speaker, that the House support Mr. Samson when he puts the union's demands before the Treasury Board, in the hope that negotiations on collective agreements will proceed as smoothly as our simultaneous translation.

Madam Speaker: Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

[*English*]

INCOME TAX

REGULATIONS AFFECTING EXCHANGE TEACHERS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas a significant number of teachers undertake exchange assignments each year with selected teachers from other countries, and whereas the relocation costs, which often involve family dependants, and adverse costs of living and exchange rates, are absorbed personally by the individual exchange teacher, and whereas Section 8(10) of the Income Tax Act permits Canadians assigned to offshore employment in the energy resources industry or the developmental construction industry special remuneration from taxable income, I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That the Minister of National Revenue be directed by this House to initiate changes in the income tax regulations so that Canadian exchange teachers may also be included in Section 8(10) of the Income Tax Act to alleviate the financial burden facing the exchange teachers of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

CONDEMNATION OF MINISTER—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion concerning the status of working women. Today's *Globe and Mail* quotes Ontario studies which prove that the largest single factor in the 40 per cent lower wage rates for women is occupational discrimination and that affirmative action programs have the most potential for reducing the wage gap between men and women. Inasmuch as the minister purportedly responsible for the status of women indicated in committee last night that she has back tracked on mandatory affirmative action in favour of a go-slow policy, even on voluntary affirmative action in the Public Service, I move, seconded by the hon. member for Beaches (Mr. Young):

That the minister purportedly responsible for the Status of Women be condemned strongly for relegating hundreds of thousands of working women to low paying, low status, dead-end jobs for the rest of their working lives.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INDIAN AFFAIRS

FUNDING FOR CONNE RIVER BAND IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the Conne River Band of Newfoundland has not received its first quarter funding for 1982 to date, despite assurances by both the minister and his parliamentary secretary that the necessary funding would be immediately forthcoming. Because essential services to the community cannot be provided by the Council due to this bureaucratic log jam between the Governments of Canada and Newfoundland, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government move immediately to release the first quarter of funding for 1982 to the Conne River Indian Band Council so that the necessary services and programs to the community can be continued.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MINES AND MINING

PROPOSED SUMMER SHUT-DOWNS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, given the projected summer shut-downs affecting some 1,400 iron ore workers at the Adams, Sherman and Griffiths mines in the Timiskaming region of northern Ontario, due largely to the collapsing domestic demand for steel products, and whereas the production from these mines is dedicated exclusively to the Dofasco and Stelco steel mills at Hamilton, Ontario, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the government take immediate steps to restore economic confidence and to restore jobs to Canadian steel workers, both in the north and industrial Ontario, by rescinding the offensive and interventionist polices contained in the National Energy Program and the disastrous November 12 budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

DISASTERS

REQUEST FOR ASSISTANCE FOR QUEBEC FLOOD VICTIMS—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion concerning an urgent matter, namely, the recent floods in Beauce and the Eastern Townships.

Whereas the government has been denying that requests for assistance were received from Quebec as early as last week, I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That the House urge the government to stop making frivolous excuses to the people of the flooded areas in Quebec and immediately provide assistance to the flood victims.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

BUSINESSMEN'S VIEWS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is to the Prime Minister who undoubtedly noted the Conference Board report which was issued today in which the Board now finds that 75 per cent of the senior executives in this country believe that our economy will get even worse than it is at the present time. It points out, for example, that the main concerns of people in this country are the high interest rates, the weak market demand, and then government policies. Would the Prime Minister finally concede that his economic direction has been on the wrong course and that he should start paying attention to some Canadians who know what the reality is out there from coast to coast?

• (1415)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I may remind the hon. member that the document to which he is referring also reflects an aspect he did not point out, namely the optimism expressed by the same persons with respect to the possibility of a drop in inflation in this country. I would also remind the hon. member that as soon as we are able to bring down inflation, we shall eliminate the climate of uncertainty that is holding back investors and preventing economic recovery. Their optimism as to a possible drop in inflation indicates that these businessmen agree with the government's policy to reduce inflationary pressures.

[*English*]

Mr. Stevens: Madam Speaker, that is straight balderdash.

Some hon. Members: Hear, hear!

REVIEW OF ECONOMIC PERFORMANCE

Hon. Sinclair Stevens (York-Peel): Perhaps my follow-up question can be asked of the Prime Minister, if he would have the courtesy to respond to it. The inflation rate in this country, after high interest rates since 1975, is actually higher than it was in 1975.

Some hon. Members: Question!

Mr. Stevens: If the Prime Minister chooses to blame international conditions for the sad plight of our economy, would he explain the research study released yesterday at Rutger's University in New Jersey, which points out that, of the seven countries under review, it is Canada which is last among the group of seven as far as economic performance is concerned?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sorry I have not seen this review from the United States; but referring to the previous review to which the hon. member referred, the Conference Board news release, I fail to see why the hon. member describes as balderdash the perfectly correct answer given by the minister a moment ago. If the hon. member enjoins me to show courtesy, I would enjoin him to look at the facts.

I will read the statistics given concerning the question on inflation over the near term. Forty-five per cent of the respondents said that it would be lower and only eight per cent said it would be higher, which was the exact point made by the minister. Therefore, the hon. member should get his facts straight before suggesting courtesy from others.

Mr. Stevens: Madam Speaker, at least the Prime Minister has said that he is willing to deal with facts.

Mr. Crosbie: For the first time.

GOVERNMENT POLICY ON INFLATION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my follow-up question is based on the fact that the Prime Minister will agree that we have had a tight interest policy since 1975. In 1975 the inflation level in this country was actually lower than the current level. Would the Prime Minister tell us when his tight money policy will finally wrestle inflation to the ground as he has promised year after year?

Mr. Crosbie: Whipper Billy Trudeau!

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member has a tendency to confuse cause and effect, since he omitted to relate high interest rates to their cause which is the high rate of inflation. He has also neglected to situate within a broader context the various causes that have led to this high rate of inflation. Instead of trying to draw attention to a question that is already heavily criticized by everyone, he should join the government in inviting all economic partners to continue the fight against inflation and thus help restore a climate that is favourable to investment.

• (1420)

[*English*]

LAY-OFFS IN MINING INDUSTRY

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the acting Prime Minister, whoever that may be. The escalating collapse of Canada's industrial economy is not only reflected by the many thousands of newly unemployed in our manufacturing industry but in the shutdowns, massive financial losses, and lay-offs in Canada's primary mineral producing sector. For example, shutdowns at the Adams, Sherman and Griffiths mines in the Timiskaming region of northern Ontario will affect some 1,400 iron workers. Production from these mines is dedicated exclusively to the Dofasco and Stelco steel mills at Hamilton, Ontario. I ask the Prime Minister what concrete action the Minister of Industry, Trade and Commerce recommended to cabinet at Meach Lake in order to reverse this alarming crisis. What specific proposals were offered to restore economic confidence and jobs to Canadians? What is the Prime Minister going to do about it?

Some hon. Members: No answer!

* * *

NATIONAL HARBOURS BOARD

AWARDING OF RIDLEY ISLAND, B.C. CONTRACT TO JAPANESE FIRMS

Mr. Thomas Siddon (Richmond-South Delta): It is obvious that we need a Prime Minister to take charge of this country because the one opposite has no sense of concern for the Canadian people who are losing their jobs. The Conference Board statistics recently released confirm that many corporations will no longer invest in Canada, leading to substantial additional cutbacks in production and jobs. This is confirmed by the documented outflow of more than $20 billion of investment capital from Canada in the past 12 months compared with only $4 billion in the previous year. At the same time, we learn that Ridley Island Terminals—

Madam Speaker: Order. The hon. member knows that preambles are not required for questions, and his is lengthy. He has to go to his question.

Mr. Siddon: Now that the Minister of Industry, Trade and Commerce is here, I hope he will answer why it is that Ridley Island Terminals has awarded another $7 million contract to a Japanese consortium at the same time that investment capital is flowing out of Canada. Where is the minister's elusive

industrial development plan that we have heard so much about? Why do we continue to export investment capital and Canadian jobs to foreign countries?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Clark: This is the expert at losing to the Japanese.

Mr. Pepin: You are an expert at losing.

The question on the Ridley Island project has to do with the purchase of nearly $8 million of steel pipe. The answer is very clear. Maximum efforts were made to procure this pipe in Canada. Five Canadian firms, among others, were asked to bid on that. For one reason or another, every one of them declared themselves incapable of providing the special pipe.

Some hon. Members: Oh, oh!

Mr. Pepin: I will provide a detailed blow-by-blow account of all the efforts that were made by the National Harbours Board and the Department of Industry, Trade and Commerce with regard to procuring this pipe. If the hon. member wants to challenge me on that, he can write me a note and I will provide him with a full answer.

* * *

THE ECONOMY

REQUEST THAT GOVERNMENT TAKE INDEPENDENT CANADIAN ACTION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Prime Minister who, with the Minister of Finance, has time and again indicated how our problems in Canada are related to those around the world. I refer to the study mentioned earlier, by the Centre for International Business Cycle Research at Rutgers University. The study indicated that Canada is now in last place. While other countries have taken action independent from the Americans and have been successful in slowing the recessionary trends in their countries, we do not take action. With this evidence before us today, when can we exepct independent action to be taken, or do we have to wait until the fall budget is introduced?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the study to which the hon. member is referring requires some consideration. The hon. member concluded from this study that all countries should have their economic recoveries or recessions at the same time; I think he should remember that this is not the way things work. There has been a recovery in some countries, while in others the process is somewhat slower. What is, in fact, encouraging in this study is the fact that economies are interdependent and that there are symptoms of recovery in certain countries. We can therefore be optimistic and assume that, very soon, our economy will also be on the way to recovery.

• (1425)

[*English*]

REQUEST THAT GOVERNMENT REDUCE INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, while I do not necessarily agree with the response, I appreciate a response—which is more than I can say for the Prime Minister.

I do have a question for the Prime Minister. His Minister of Finance has been going around the country, apparently very interested in the views of businessmen, business leaders and investment leaders. Interestingly enough, a survey by the Conference Board of Canada, just released—and these are leaders who are very knowledgeable and very susceptive of the economy—indicates that wage settlements are not a serious problem facing Canadians today. Yet the Minister of Finance has repeatedly indicated that wage settlements are his No. 1 preoccupation. Will the government now drop its preoccupation with wage controls and instead drop interest rates as a step toward economic recovery?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should realize that the government's concern embraces several causes and not only one cause of inflation, as the hon. member seems to be saying. The government has said on many occasions that the various economic partners each have their influence and that they should act with discipline and restraint in their respective sectors and spheres. The government itself has shown the way by very substantially reducing its financial requirements, as set forth in the budget plan, and it intends to continue to show the same discipline and restraint, in order to set an example and persuade all economic partners to join the government in fighting inflationary pressures.

[*English*]

REQUEST THAT GOVERNMENT ACT IMMEDIATELY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I would like to direct a question to the Minister of State for Finance, in the hope that the Prime Minister will rise.

Some hon. Members: Hear, hear!

Mr. Riis: On Monday of this week the minister responsible for co-ordinating economic development in Canada tentatively stated what a number of Liberal backbenchers have been stating over the last number of days, as well as, of course, some members of the cabinet—one being the Minister of State for Small Businesses and Tourism—that is, that if present policies continue in this country major action will be required much different from that being presently introduced by the government. The minister responsible for economic development

indicated that because of the position of our economy today extraordinary measures will likely be required. In line with the—

Madam Speaker: Order. That is a rather long question.

Mr. Riis: Madam Speaker, I will ask the question now. In line with the proposal of the minister responsible for economic development, is the Prime Minister or the Minister of State for Finance prepared to indicate to this House that because of conditions extraordinary steps are required and action is required now, not in the fall of 1982?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, if the hon. member is so well informed on the activities of this government, he will realize that in many sectors, important and indeed extraordinary measures have been taken to help businesses to adjust, and to assist the recovery of certain industrial sectors. Therefore, the hon. member should realize that government programs already contain special measures designed to help businesses to adjust and to promote economic recovery.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF CHINESE DELEGATION FROM THE NATIONAL PEOPLE'S CONGRESS OF THE PEOPLE'S REPUBLIC OF CHINA

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of a Chinese delegation, headed by Mr. Xu Dixin, Member of the Standing Committee of the National People's Congress of the People's Republic of China.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

FALKLAND ISLANDS—QUERY RESPECTING RECOGNITION OF BRITISH SOVEREIGNTY

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister and deals with the very serious situation that exists in reference to the Falkland Islands. Does the Canadian government recognize the United Kingdom as having sovereignty over the Falkland Islands? Secondly, could the Prime Minister tell us what steps the government has taken since April 2 to support the United Kingdom in reversing the present aggression that has taken place in the Falkland Islands? What steps have we taken in addition to the pious expressions of support that we have given to date? What actual steps have we taken, and what might be contemplated in view of the present very serious situation?

• (1430)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the question of sovereignty over the Falkland Islands is not for Canada to decide; it is a matter to be decided either by an international tribunal, whether it be an arbitration tribunal or the International Court of Justice, or by negotiation between the parties.

What is of great concern to Canada and to other peace abiding countries is that Argentina has chosen to try to settle a dispute over territory by recourse to force of arms and that the United Kingdom has had to have recourse to self-defence in order to regain those islands. That is the position that Canada has taken. It is in pursuance of that position that we have banned the export of war material to Argentina and that we have, like the members of the Common Market, imposed similar kinds of restrictions with respect to the entry of Argentinian imports to Canada.

Mr. Crosbie: Madam Speaker, the Prime Minister does not see this question as being important enough for him to answer. Let me tell the Secretary of State for External Affairs that what he has done to date is not sufficient. Apparently the Canadian government does not recognize the United Kingdom as having sovereignty over the Falkland Islands. That is an interesting admission.

REQUEST THAT ALL EXPORTS TO ARGENTINA BE BANNED

Hon. John C. Crosbie (St. John's West): May I ask a supplementary question, Madam Speaker? The Secretary of State for External Affairs says that the action we have taken to date is to ban imports from Argentina and to ban the export of military supplies to that country. Will the government go further and ban any exports to Argentina during the period of this emergency in order to demonstrate or try to exert some pressure on Argentina? I refer specifically to the 3,000 nuclear fuel bundles that are supposed to be exported to Argentina by June 30. Has the government already or will it now ban any further exports to Argentina?

In addition to these expressions of support that we have heard, would the minister tell us what actual steps the Canadian government has been requested to take by the United Kingdom government, or what steps have been taken? Specifically, will we now ban all exports until this emergency is resolved?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member believes his question is important enough to be answered by the Prime Minister, but obviously his own leader does not believe that the question is important enough to be asked by him.

We have taken similar actions to those taken by members of the European Community with respect to Argentina. We are giving the identical kind of support to the United Kingdom that our other friends are giving, and more than some countries in the world are doing.

With respect to contracts, we are not inhibiting any contracts which were pre-existing at the time we took that course of action. The contract to which the hon. member refers with respect to the remaining nuclear material is in this category.

Beyond that, we have a signed agreement with Argentina that it will not use the nuclear material or nuclear technology that we supply, for any non-peaceful purpose. We would not want to depart from any aspect of the terms of that contract because we would not want to provide any opportunity for the other party to say that the contract was now null and void. We want to make sure that Canadian technology is only used for peaceful purposes.

* * *

NATIONAL DEFENCE

FRIGATE CONSTRUCTION PROGRAM CONTRACT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. Could the minister inform the House if one of the two consortia competing in the contract definition phase of the patrol frigate program is experiencing difficulties? Could he tell the House whether these difficulties may result in that consortium not being able to meet the October, 1982, deadline for submission of its proposal?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as far as the frigate program is concerned, everything is on schedule. I have had some communication with both consortia, scan-marine and Saint John Dry Dock Ltd. I am not aware of any difficulties experienced by either in meeting the deadline that will enable us to get the frigate program going.

QUERY RESPECTING PAYMENTS TO COMPETING CONTRACTORS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, in the absence of the Minister of Supply and Services I will direct my supplementary question to the Minister of National Defence who should be interested enough in the subject to know the answer. Could the minister tell the House whether the government has withheld, or is considering withholding, any milestone payment to one of the consortia in the Canadian patrol frigate program due to its not being able to meet the progress deadlines imposed by contract?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as of last week, when I received the monthly report on the frigate program, I am not aware of any such occurrence.

[*Translation*]

FORESTRY

INQUIRY WHETHER QUEBEC WILL PARTICIPATE IN JOB CREATION PROGRAMS

Mrs. Suzanne Beauchamp-Niquet (Roberval): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In February, the minister announced that agreements had been signed with the Government of Ontario regarding certain job-creation programs in the forestry industry. Last Friday, the minister announced that similar agreements had been signed with British Columbia. Could the minister inform the House how negotiations with Quebec are progressing and whether Quebecers in the forestry industry who are interested in participating in the program will be able to do so in the near future?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I can confirm to the hon. member that we have received a proposal concerning a development and employment program in the forestry industry in Quebec which is similar to what we have undertaken in signing agreements with the provinces of British Columbia and Ontario. I can assure the hon. member that we will give it very prompt, and sympathetic consideration. I hope we will be able to make an announcement on an agreement by next week. I want to thank the hon. member and some of her colleagues for the work they put into developing this proposal.

* * *

NATIONAL ENERGY BOARD

APPROVAL OF SALE OF ONTARIO GENERATED ELECTRICITY TO UNITED STATES

Mr. Derek Blackburn (Brant): Madam Speaker, I should like to direct my question to the Prime Minister. It concerns the National Energy Board decision, made public yesterday, to allow Ontario Hydro to go ahead with the sale of electricity to the United States. I put it to the Prime Minister that, if the government allows this to happen, it will completely destroy the credibility of all the work done by the special committee on acid rain, by the House of Commons, by the government, by the Department of External Affairs, and our steady but slowly successful attempt to get support in Washington.

I put this question to the Prime Minister because the Minister of the Environment made a statement yesterday. What is the Prime Minister prepared to do, as leader of this country, as far as that agreement or decision by the National Energy Board with respect to Ontario Hydro is concerned, when it comes to cabinet for discussion?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will take the steps advised by the minister responsible for the environment and review the decision of the

National Energy Board, along with my colleagues, and the recommendations of the ministers involved.

Mr. Blackburn: Madam Speaker, I thank the Prime Minister for answering the first question put to him today in the House.

REQUEST FOR GUARANTEES RESPECTING EMISSION CONTROL DEVICES

Mr. Derek Blackburn (Brant): I have a supplementary question for the Minister of the Environment. In view of the fact that hundreds of thousands of dollars have been spent by the special committee on acid rain, in view of the petition that was circulated in this House, in view of the incredible work that the Department of External Affairs has been trying to do in Washington, and in view of the fact that we have been making steady progress in getting friends in the U.S. House and Senate, will the minister assure the House that before Ontario Hydro is allowed to enter into any agreement with the New Jersey Power Corporation he will make sure that Ontario Hydro guarantees, in writing, to put scrubbers in place on all stacks at Nanticoke generating station, or equivalent technology, that will reduce and, we hope, eliminate the sulphur coming out of the smoke stacks?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): Madam Speaker, as the hon. member knows, the recommendation of the National Energy Board will come before cabinet for discussion. Clearly, I cannot tell him what the decision of cabinet will be before it has been taken. The views of the Department of the Environment were presented to the National Energy Board and are well known. I know of no reason to change them at the present time.

* * *

• (1440)

ADMINISTRATION OF JUSTICE

URANIUM PRICE FIXING TRIAL—PROSECUTION OF URANIUM CANADA LIMITED

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Minister of Justice. If one of the main purposes of criminal law is to punish individuals or corporations when, after due process, they are found guilty of an offence, how can the minister justify the prosecution and possible punishment of a shell corporation such as Uranium Canada, which has absolutely no assets, and which, for all practical purposes, is the Department of Energy, Mines and Resources and the senior staff?

In addition, the maximum fine in the event of a finding of guilt is $1 million. Who would pay that fine? Would it be a new form of transfer payment from the President of the Treasury Board to the province of Ontario which collects fines?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, in this matter, I followed the recommendations I was given by Commissioner Bertrand and his legal advisers who decided in favour of prosecuting the companies that allegedly conspired to fix the price of uranium in Canada. So I took Mr. Bertrand's report and accepted his recommendations, and we put the Crown corporations and the private companies on the same footing. We were entirely justified in doing so because, a few weeks or months before that, the Ontario Court of Appeal handed down a decision that Crown corporations could be prosecuted before the courts in Canada in matters of this kind.

[*English*]

JUSTIFICATION FOR PROSECUTION

Mr. Chris Speyer (Cambridge): The minister is insulting the intelligence of everyone in this room today. He is the chief law officer of the Crown, so how can a prosecution possibly be initiated against a corporation with absolutely no assets and no way of paying a fine? It would be nothing more than a book entry between the federal and provincial governments, so how do you justify it? Don't cop-out.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there was a corporation involved. When the Bertrand report said we should prosecute private and public corporations, we did not look in the books of every corporation before prosecuting. If that were the case, Madam Speaker, the hon. member would have said, "why didn't you prosecute?" We cannot presume there will be a fine because we do not know the result. If the court decides they should be fined, it will be a problem that the corporation will have to face at that time. As Minister of Justice I have done my duty, which is to prosecute—

Mr. Clark: And hide everything you can.

Mr. Chrétien: —the corporation according to the recommendations of the Bertrand report. That is exactly what I have done. On top of that, to make sure that the views of the Bertrand report would be seen in the best light possible in front of the court, I decided to hire the same lawyer that Mr. Bertrand had selected.

CROWN CORPORATION DOCUMENTS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is to the Prime Minister and deals with the situation where the other four corporate defendants in this uranium cartel case have requested that Uranium Canada and Eldorado Nuclear turn over to them documents in their possession for purposes of a full and fair defence. This request has been refused by the Crown corporations, which will mean that the corporate defendants' defence is going to be prejudiced. Will the Prime Minister direct the Crown corporations to

make available to these private firms the documents in their possession to assist them in a full and proper defence?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will be happy to take note of the question and discuss it with the Minister of Justice who is here today.

Mr. Hnatyshyn: Madam Speaker, the Prime Minister may not understand this, but the Minister of Justice is involved in the prosecution of these companies. The other arm of government is involved in the defence. The Prime Minister should consult with members of his cabinet because he has more men of conviction in his cabinet than any other Prime Minister in the history of this country.

Some hon. Members: Hear, hear!

REQUEST THAT DOCUMENTS BE DECLASSIFIED

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Crown corporations are immune from prosecution and the remaining defendants are at a clear disadvantage in obtaining the evidence they require for a full defence. Therefore, will the Minister of Justice, or the Prime Minister, agree not to invoke the provisions of Section 41(2) of the Federal Court Act which will prevent the introduction of government documents as evidence in court? In addition, will the minister agree to declassify all government documents in this case so that the private corporations can have access to them for a proper defence?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I do not think I want to debate these questions which are in front of the court at this time. The argument the hon. member makes is in relation to a case which is in front of the courts at this very moment. It is for the lawyers there to put their arguments to the court.

Mr. Clark: It is not sub judice.

Mr. Chrétien: If there is some ruling by the judge in this case we will advise accordingly, but at this moment the question is between lawyers in front of the court. It is up to the court to decide; it is not for the Minister of Justice to pass judgment at this moment.

STATUS OF FUTURE ENERGY CROWN CORPORATIONS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my supplementary is to the President of the Treasury Board who is responsible for drawing up a comprehensive Crown corporation policy. In light of the fact that the decision in the Uranium Canada and Eldorado case is that they are agents of Her Majesty and therefore immune from criminal prosecution, is it the policy of the government, supported by the minister, that all new energy Crown corporations should automatically be made agents of Her Majesty and thereby be given immunity from criminal prosecution?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, that question is rather unrelated to the direct responsibilities—

Some hon. Members: No, no!

Mr. Johnston: —I have had in terms of comprehensive Crown corporation policies. The issues I have addressed and discussed with the hon. member on a number of occasions are control, direction, and accountability of these corporations.

Mr. Clark: Except before the courts.

Mr. Johnston: With respect to the specific question he raises, I suggest he take it up with the Minister of Justice or the Minister of Energy, Mines and Resources.

* * *

BANKS AND BANKING

STATUS AND POWERS OF INSPECTOR GENERAL OF BANKS

Hon. Ron Huntington (Capilano): Madam Speaker, in the absence of the Minister of Finance I will address my question to the Minister of State (Finance). In his reply to my question yesterday the Minister of Finance said he was in close touch with the Inspector General of Banks and that he had no reason to believe that any of the banks operating within the Canadian system are not in a viable position, and he believed that each of them is viable in the circumstances, whatever that means. If that statement were true, why would the chief executive officer of the Bank of Montreal describe many banks in the Canadian banking system as beached whales, and say that Canadians may have to turn to foreign banks to finance Canadian projects?

I ask the minister is he or the Minister of Finance satisfied that the Inspector General of Banks has the status, resources and authority to give the necessary attention and supervision to the Canadian banking system?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in the preamble to this question, the hon. member referred to comments by an officer of the Bank of Montreal. If the hon. member is seeking clarification of these comments, I would recommend that he put his question to the author and not to the Minister of Finance.

As for the hon. member's principal question, namely, does the office of the Inspector General of Banks have enough staff and expertise to perform its duties under the provisions of the Bank Act. As far as I know the answer is yes, and I am not aware that the Inspector General of Banks has asked for more resources to do the office's work.

[*English*]

FOREIGN CURRENCY ASSETS OF BANKS

Hon. Ron Huntington (Capilano): Is the minister aware that 40 per cent of the total assets of Canadian banks is in foreign currency assets, and that this growing practice is because they are not required to set aside reserves against foreign currency assets as they must do with their domestic assets? This weakness is now becoming a serious inhibiting factor to Canadian development; that is the issue. The Minister of Finance's answer to me yesterday is at odds with the statement of the chief executive officer of the Bank of Montreal.

What is the point of Canadianization policies if we have to borrow from foreign banks to develop our own country, and is this minister, or the Minister of Finance, prepared to correct this unstable situation by separating foreign and domestic lending, and ensuring that proper reserves are set up at home for Canadian banks creating foreign currency assets?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member will recall that when we revised the Bank Act, changes were made in the requirements for bank reserves. The member should also recall that on the same occasion, certain foreign financial institutions operating in Canada were given the possibility of obtaining the status of Canadian banking institutions. As far as any effects on the reserves as a result of these changes are concerned, I am willing to ask the Inspector General of Banks what the consequences have been and whether the hon. member's assessment is correct.

* * *

• (1450)

[*English*]

CRIMINAL CODE

REFERRAL OF SUBJECT OF PROSTITUTION TO COMMITTEE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Justice. As he knows, the National Action Committee on the Status of Women, and the National Association of Women and the Law have both urged the government not to refer the important question of soliciting for the purposes of prostitution to the Standing Committee on Justice and Legal Affairs unless witnesses could be heard in a way that would not delay or kill Bill C-53, the long overdue legislation reforming Canada's rape laws. The terms of reference proposed yesterday by the minister require consideration of soliciting "during hearings on Bill C-53".

Does the minister agree with the position of these women's organizations on this important question and, if so, will he support a reference on this subject which would specify hearings in the last three weeks in May when Bill C-53 is not before the committee?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, first we should refer the problem to the committee and unanimous consent has not been given by the hon. member to do that. After that, when the matter is before the committee it can decide about its own procedure. I want to accommodate hon. members as best I can. But if the hon. member is very keen to have Bill C-53 passed very quickly, I think judging by past experience the hon. member would have helped a lot if he had learned to shut up in committees once in a while.

Some hon. Members: Oh, oh!

Mr. Robinson (Burnaby): Madam Speaker, the women of Canada will want to hear the minister's position on this important question. He has been silent too long.

Some hon. Members: Oh, oh!

Mr. Robinson (Burnaby): If the minister wants to play games with the women of Canada with respect to rape laws, that is his problem.

Some hon. Members: Oh, oh!

TERMS OF REFERRAL

Mr. Svend J. Robinson (Burnaby): At the conclusion of question period, Madam Speaker, I intend to seek consent to move without debate a reference in identical terms to those proposed yesterday by the minister, with one addition, that witnesses on soliciting be heard in the last two weeks in May—

Some hon. Members: Order.

Madam Speaker: Order, please. When the time for motions comes, I will call the hon. member if he rises on motions. But it is the time for questions now.

Mr. Robinson (Burnaby): Madam Speaker, I know the official opposition will support this particular reference. Is the minister prepared to support it?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there is a motion that has been agreed to by the official opposition, by the members of my party and I guess the majority of the members of the New Democratic Party. We do not see why we should give the hon. member for Burnaby special status in this House to propose some special conditions, especially when the hon. member is always keen to get up on questions of rights yet he is one who voted against the equality of men and women in the Constitution.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

MARINE TRANSPORT

PROTECTION SAFEGUARDS FOR FISHERMEN

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct a very important question to the Minister of Transport. At the present time fishing quotas that are established by the Minister of Fisheries and Oceans literally direct most of Atlantic Canada's deep sea fishing effort into the frigid iceberg prone waters of Hamilton Bank, off the coast of Labrador, where at any given time some one half of the fleet operating in that area comes from the province of Nova Scotia. They are required to fish through ice packs which are five or six feet thick. As these men face almost certain loss of life in times of disaster because foreign hospital ships, freezer trawlers and support ships are no longer operating in the area, what does the minister propose to do in order to protect the lives of Canadian mariners beyond the present inadequate rescue facilities that are in place?

Hon. Jean-Luc Pepin (Minister of Transport): The question is rather a general one, is it not, Madam Speaker? I can only answer with a cliché that we intend to do the best we can with the equipment and the money we have. My hon. friend has a particular preoccupation. If he feels that a certain area is not sufficiently taken into account by the coast guard, I would be grateful if he would indicate which one it is and I will be pleased to provide him with whatever information I can find on the particular item.

Madam Speaker: The Right Hon. Leader of the Opposition.

I see the member for South Shore is rising. His supplementary question should be very short.

Mr. Crouse: Madam Speaker, the minister has asked me for a suggestion and that is why I rise on a supplementary question. In February, 1982—

Madam Speaker: Order, please. It should not a suggestion even if the minister has asked the hon. member for a suggestion. The hon. member should ask a question.

REQUEST THAT COAST GUARD SHIP BE STATIONED AT ST. ANTHONY, NFLD.

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, the minister knows that there has been a tremendous loss of life in the area within the past year and a half. Since there are many tragic examples that I could give to the minister of this loss of life, will he consider establishing a coast guard ship on station at St. Anthony, Newfoundland, equipped with a helicopter pad, in order to provide more adequate protection for our mariners who are forced at the present time to operate in this rather rough environment?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we will certainly take that suggestion into account. I will bring it to my officials and have it debated. The department's view on this matter will be provided to the hon. member by me, to which he can object and give me his reason for the objection.

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EXTERNAL AFFAIRS

FALKLAND ISLANDS—OPTIONS BEFORE CABINET

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I would like to put a question to the Secretary of State for External Affairs, who has indicated that Canada's policy toward Argentina is to speak loudly and send nuclear bundles. Will the Secretary of State for External Affairs confirm that the choice which was before the cabinet of Canada in relation to Argentina was, on the one hand, to suspend all commercial relations until the Argentinian forces were out of the Falkland Islands, and on the other hand to proceed with "business as usual", and the Government of Canada chose the option of business as usual?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, unfortunately, as often happens, the right hon. Leader of the Opposition has completely distorted the position of the government. The choice before the government was, as the European community decided, whether to render impossible any future contracts between Canadians and Argentinians. We took that step, which was exactly the same kind of step the European community had taken in support of Britain. It would not be sensible to go beyond that in a general way because these contracts in the past were entered into in good faith. This is particularly true in the case of the nuclear industry. It would not be a good idea to engage in any such abrogation of past contracts because in this instance it would leave the Argentinians the option of declaring that, if the contract were not fulfilled on our part they, for their part, would not be bound by the undertaking which they gave to use Canadian technology only for peaceful purposes.

GOVERNMENT POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, these contracts were entered into before Argentina undertook an act of aggression against Great Britain and put occupying forces on the Falkland Islands. Will the Secretary of State for External Affairs or the Prime Minister, if he is interested, tell us how Canada expects to be taken seriously on this question when, on the one hand, we condemn and, on the other hand, we send and export 3,000 nuclear fuel bundles to Argentina?

• (1500)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the right hon. member appears to be rather badly informed on this case. The uranium which is involved in the fuel bundles is not even Canadian uranium. It is Argentinian uranium which we are upgrading in Canada according to the contract into which we solemnly entered.

Mr. Crosbie: Why?

Mr. MacGuigan: Britain is very pleased with the kind of support it has been receiving from its allies.

Mr. Crosbie: What support?

Mr. MacGuigan: Our actions are exactly parallel to those of the European community.

* * *

EXTERNAL AFFAIRS

REQUEST FOR ASSISTANCE TO SEND CANADIAN AEROBATIC TEAM TO EUROPE

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Secretary of State for External Affairs. It concerns the Canadian Aerobatic Association which wishes to send a team to Austria for the world championships in August, 1982. Has the minister received a letter of request for assistance from the Canadian Aerobatic Association, asking for assistance either in terms of money or in terms of getting the airplanes over to Europe?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Yes, Madam Speaker, I have received such a letter. We do not have a great amount of funds for sending Canadians abroad to participate in functions of this kind. We will certainly give fair consideration to the request of the hon. member.

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PETITION

MISS JEWETT—NICARAGUA—RIGHT TO SELF-DETERMINATION

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and thirtieth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for New Westminster-Coquitlam (Miss Jewett) on Tuesday, April 27, 1982, and finds that it meets the requirements of the Standing Orders as to form.

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[*Translation*]

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, I merely wish to confirm, for the information of hon. members on both sides of the House, that tomorrow will be an opposition day.

PRIVILEGE

MR. PELLETIER—REFERRING TO MEMBERS BY NAME DURING DEBATE

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, I should like to draw your attention to a practice that, I feel, is becoming a dangerous habit. I should like to refer you, Madam Speaker, to Beauchesne, fifth edition, Citation 319 on page 104, and I quote:

(1) It is the custom in the House that no Member should refer to another by name—

Madam Speaker: Order, please. Is the hon. member raising a point of order?

Mr. Pelletier: No, Madam Speaker, I am raising a question of privilege.

Madam Speaker: Does this question of privilege arise from today's proceedings?

Mr. Pelletier: Yes, Madam Speaker.

Madam Speaker: The hon. member for Sherbrooke has the floor.

Mr. Pelletier: Madam Speaker, during the past months, certain opposition members have referred to ministers and the Right Hon. Prime Minister by name, which is forbidden under the Standing Orders of the House.

I must also point out today that on Monday and Tuesday, the hon. member for St. John's West (Mr. Crosbie), yesterday, the hon. member for Bow River (Mr. Taylor), last week, the Right Hon. Leader of the Opposition (Mr. Clark), the hon. member for Calgary Centre (Mr. Andre), and the hon. member for Yukon (Mr. Nielsen)—

Madam Speaker: Order, please. The hon. member must not go beyond his point of order. In fact, it is certainly not a question of privilege, and the hon. member should not persist in treating it as such. If he wishes to speak on a point of order, I shall listen to him.

Mr. Pelletier: Madam Speaker, that is all right with me. I am quite willing to call this a point of order, but it seems to me that if all hon. members' privileges may be affected, it is more like a question of privilege. In any case, Madam Speaker, it seems to me you should be somewhat stricter on this point, because in my humble opinion, it is a practice that could well—

Madam Speaker: Order, please. If the hon. member disagrees with the manner in which the Chair conducts the proceedings of the House, he has various options from which to choose, which do not include making remarks of this kind and reprimanding the Chair. It is not a personal matter but concerns my role in the House.

The hon. member may have noticed that when some members use the name of the right hon. Prime Minister or another minister as an adjective, for instance in the case of the Trudeau era or the Trudeau administration, this is entirely acceptable. On the whole, hon. members do not make a habit of referring to other members or ministers by name, but in the very few instances that they do, and considering the time that goes into matters of this kind, I do not intervene if I feel that it was merely an oversight on the part of the hon. member. I cannot really interrupt proceedings every so often, if such infringements of the Standing Orders do not have quite extraordinary consequences for the proceedings of the House.

However, I have noted the hon. member's comments and I shall try to watch this aspect more closely. Sometimes my attention wanders, because I must also watch other members who wish to have the floor, and I do not always hear it when an hon. member happens to use the name of the Prime Minister or another member in the manner referred to by the hon. member.

ROUTINE PROCEEDINGS

[*English*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

PRESENTATION OF FOURTH REPORT OF STANDING COMMITTEE—REPORT OF THE SUB-COMMITTEE ON THE NORTHERN CANADA POWER COMMISSION

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I have the honour to present the fourth report of the Standing Committee on Indian Affairs and Northern Development, in both official languages. This report represents the culmination of the work of the subcommittee on the Northern Canada Power Commission and is entitled, "Electrical Power North of 60°".

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PETITION

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition on behalf of citizens of the city of Toronto calling upon Parliament to request the Prime Minister (Mr. Trudeau) to refuse to allow the testing of Cruise missiles on Canadian soil.

* * *

JUSTICE AND LEGAL AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE RESPECTING STREET SOLICITING FOR THE PURPOSE OF PROSTITUTION

Miss Pat Carney (Vancouver Centre): Madam Speaker, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

Motions

That, with unanimous consent and without debate, it be an instruction to the Standing Committee on Justice and Legal Affairs that during its consideration of Bill C-53, it take into consideration all legal methods of dealing with street soliciting for the purpose of prostitution and including Sections 195.1 and 171 of the Criminal Code of Canada, as well as the various provincial and municipal laws presently in force in this regard, and include—

Madam Speaker: Order, please. I am in a bit of difficulty because motions of this nature should be introduced by the government House leader; this kind of Government business should be introduced by the government. I could cite May and Beauchesne who stated very clearly that government House leaders must put all these matters to the House themselves and that government House leaders also move housekeeping motions, allot supply days and generally ensure that the House is kept busy. Of course, with unanimous consent this can be done in another manner, but it is usual for such a motion to be presented by the government.

Hon. Erik Nielsen (Yukon): Normally that is the case, Madam Speaker. I am sure the Chair is aware that the hon. member for Vancouver Centre (Miss Carney) is trying to obtain unanimous consent of the House in order to put a motion which is precisely in the same words as the one the government has endeavoured to have the House accept on two occasions. On both occasions it was thwarted by members of the New Democratic Party.

I suggest that there is nothing wrong. Indeed, it is perfect keeping with our practices for any member on either side of the House to rise, seeking unanimous consent of the House on motions, to put a particular motion. Of course it is another matter if the House does not give consent. I am certain that the government and the Conservative opposition are prepared to give that kind of consent. It remains to be seen whether the motion is acceptable to the members of the New Democratic Party now after they had refused it twice before.

• (1510)

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, as I explained yesterday, we were quite prepared to give unanimous consent to have the motion moved. I do not believe there was ever any doubt in anyone's mind that not only were we prepared to give unanimous consent to allow the motion to be put, we did in fact give unanimous consent yesterday to allow the motion to be put. There was no attempt on our part to stop it.

However, I would like to make it quite clear that we are prepared to allow that motion to be put with unanimous consent subject to the withdrawal of that part which denies debate, there being no predisposition on the part of the House to deny an hon. member an opportunity to express his or her opinion on any motion put before the House.

I suggest that it is a denial of the rights of hon. members to ask that any member be asked to forgo that opportunity. I suggest that, provided the "without debate" provision is withdrawn, we will be happy to give unanimous consent.

Mr. Nielsen: Madam Speaker, perhaps to assist the Chair before it rules on the point made by the Chair, you may wish to consider Standing Order 32(1)(p) which deals with the business of the House and which, I submit, provides any hon. member with the opportunity that is being sought by the hon. member for Vancouver Centre (Miss Carney).

Madam Speaker: First, I wish to reply to the hon. member for Hamilton Mountain (Mr. Deans). This morning again I went through the proceedings which took place yesterday. Indeed, once the motion was proposed I did ask for unanimous consent. But as soon as I asked for unanimous consent, some hon. members did give it, but not all of them. The hon. member for Burnaby (Mr. Robinson) was on his feet and I therefore recognized him. Consequently, that procedure by which I was seeking unanimous consent was interrupted by his seeking the floor—which is perfectly legitimate—and I gave him the floor. Subsequently there was an exchange on both sides of the House. Again I asked for unanimous consent in order to complete that procedure, and unanimous consent was not given. That must be made quite clear.

In my estimation there was not unanimous consent. As far as today is concerned, even without having looked at the reference, I think the point made by the hon. member is well taken. The House can do just about anything it wishes as long as it receives unanimous consent.

Therefore, I believe we have heard part of the motion, but if the House is ready to give unanimous consent to the hon. member for Vancouver Centre to propose her motion to the House, I can ask the House whether it will give that unanimous consent.

Mr. Robinson (Burnaby): Madam Speaker, I rise on a point of order. With respect to yesterday's proceedings in the House, I want the record to be very clear that it was absolutely the case that unanimous consent was granted by all parties to the putting of this motion yesterday. The only issue was whether or not there could be debate on it. Certainly, we gave unanimous consent.

Madam Speaker: Not at all. There was no unanimous consent. I must make that quite clear for the record. The Chair would know by looking at the whole House whether there was unanimous consent.

It was the distinct and clear impression of the Chair that the proceeding to seek unanimous consent was interrupted by the hon. member for Burnaby rising to be recognized. As I say, that is perfectly legitimate. I did recognize the hon. member and, after the exchange, the Chair came back to complete the procedure. At that point the House did not give its consent.

Miss Carney: Madam Speaker, does your ruling mean that I may proceed with this motion?

Madam Speaker: Does the House give unanimous consent for the motion to be put by the hon. member for Vancouver Centre?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: There is no unanimous consent.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I ask leave of the House to propose the following motion:

That it be an instruction to the Standing Committee on Justice and Legal Affairs that during its consideration of Bill C-53, it take into consideration all legal methods of dealing with street soliciting with the purpose of prostitution, and including Sections 195.1 and 171 of the Criminal Code of Canada, as well as the various provincial and municipal laws presently in force in this regard, and include the hearing and consideration of the views of the interested persons and organizations, provided that all witnesses on this issue be heard by the justice committee, or a sub-committee thereof, between May 10 and May 31, 1982.

I seek unanimous consent of the House to propose this motion which would have exactly the same effect as the motion which was moved yesterday by the hon. Parliamentary Secretary to the Minister of Justice (Mr. Peterson) and as the motion moved today by the hon. member for Vancouver Centre (Miss Carney) with the one proviso that the dates in question be May 10 to May 31 so that the consideration of Bill C-53 would not be jeopardized in any way.

Madam Speaker: Does the House give the hon. member its unanimous consent to put this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: The hon. member does not have unanimous consent of the House.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,431, 2,547, 2,548, 3,696, 3,733, 3,754 and 3,755.

[*Text*]

POLICY ON TRAVEL OUTSIDE NATIONAL CAPITAL REGION

Question No. 1,431—**Mr. Crosby:**

1. Is there a policy applicable to the officers in the Prime Minister's office and in the Privy Council office respecting payment for travel to their homes outside the National Capital Region and for time off for such travel and, if so, what is the policy?

2. Are such officers permitted to travel first class on Air Canada and other airlines at public expense and, if so, what are their names?

3. Are such officers permitted to receive income and other benefits from sources other than the government and, if so, what are the limits?

Right Hon. P. E. Trudeau (Prime Minister): 1 and 2. Yes, Chapter 370, Sections. 8.3 and .3.2.2 of the Treasury Board Canada Administrative Policy Manual.

3. Yes. There are no amount limits. Officers in such situations, under the terms of the Public Servants Conflict of Interest Guidelines, must ensure that such pecuniary interests do not conflict with the discharge of their official duties.

MR. MICHAEL PITFIELD

Question No. 2,547—**Mr. Cossitt:**

1. With reference to the answer to question No. 1,217 which stated in part that after his reappointment as Clerk of the Privy Council and Secretary to the Cabinet Mr. Michael Pitfield made regular trips to and from Boston to visit his family and that first class air travel was permitted by the government, is it the policy of the government to provide payment for Mr. Pitfield to visit his family or for other senior public servants to visit relatives who happen to live in a location other than Ottawa and, if so, how is such expenditure of public funds warranted?

2. What was the total amount spent by the government on trips to and from Boston made by Mr. Pitfield, including the date and amount in each case?

3. Was there an agreement between the government and Harvard University and/or Mr. Pitfield that he should perform certain duties for the university after his reappointment in Ottawa and, if so, what are the details of the agreement and for what reason was it approved?

Right Hon. P. E. Trudeau (Prime Minister): 1. Answers 1,217 and 1,217 (revised) stated in part that following his reappointment as Clerk of the Privy Council and Secretary to the Cabinet, Mr. Pitfield made regular visits to Boston until the end of the 1979-80 academic year to visit his family and complete his teaching obligations to Harvard University.

It is the policy of the government when recruiting an individual into the public service to negotiate appropriate transitional arrangements with the individual concerned and, where necessary, with his employer. See also question 2,386, parts 3 and 4, answered May 25, 1981.

2. In relation to part 1 above the cost of the following travel between Ottawa and Boston by Mr. Pitfield was paid by the government:

March 10/14, 1980	$300.80
March 18/21, 1980	291.80
March 27/31, 1980	294.30
April 3/7, 1980	352.21
April 10/14, 1980	354.11
April 17/21, 1980	272.30
April 24/28, 1980	268.30
May 1/5, 1980	378.91
May 11/12, 1980	347.72
May 18/19, 1980	412.17
May 22/23, 1980	420.86
June 1/2, 1980	438.06
June 17, 1980	259.87

3. See 1 above; see also questions 1,217 and 2,386, answered May 25, 1981; and 1,217 (revised) answered May 27, 1981.

Order Paper Questions

Question No. 2,548—**Mr. Cossitt:**

With reference to the answer to question No. 1,217 which stated in part that after his reappointment as Clerk of the Privy Council and Secretary to the Cabinet Mr. Michael Pitfield carried on with the completion of certain duties for Harvard University (a) was he on full salary with the government at the time and, if so, what was the salary per year (b) was any amount deducted from his government salary to compensate taxpayers for the time that he was performing duties for the university and (i) if so, what amount (ii) if not, for what reason?

Right Hon. P. E. Trudeau (Prime Minister): (a) For the period after April 1, 1980, see question 1,883, part 1, answered April 10, 1981. For the period before April 1, 1980, Mr. Pitfield was also paid in the salary range for the DM-3 level, which was $62,900—$78,300.

(b) See question No. 2,386, answered May 25, 1981; see also question No. 2,547 answered today.

MR. MICHAEL KIRBY

Question No. 3,696—**Mr. Crosby:**

1. What position was held by Mr. Michael Kirby prior to December, 1981 and what remuneration was paid to him?

2. Did he receive any benefits other than dollar remuneration and did the benefits include payments or allowances for regular weekly or more frequent trips between Ottawa, Ontario and Halifax, Nova Scotia for personal reasons?

3. Was the remuneration paid on the basis of the regular public service workday and work week and, if so, how did he account for any time spent in personal travel between Ottawa and Halifax?

4. (a) What is his position at present (b) what is the remuneration and does it include allowances for personal travel?

Right Hon. P. E. Trudeau (Prime Minister): 1. Secretary to the Cabinet for Federal-Provincial Relations on exchange from the Institute for Research on Public Policy (IRPP). Remuneration—DM-2, $73,400—$86,000.

2. In addition to dollar remuneration, the exchange agreement with the IRPP provided for the payment of expenses for a weekly trip on the average by air (economy class) for Mr. Kirby to and from Halifax, including expenses for ground transportation.

3. The remuneration was paid on the basis of the regular public service work week, although it is recognized that deputy heads work many hours of overtime for which no extra remuneration is paid. Time spent in personal travel did not infringe on official business time.

4. (a) Secretary to the Cabinet for Federal-Provincial Relations. The exchange agreement with the Institute for Research on Public Policy was terminated as of December 31, 1981. (b) See 1 and 2 above.

MR. MICHAEL PITFIELD

Question No. 3,733—**Mr. Crosby:**

1. Were any payments made to Mr. Peter Michael Pitfield in the past five years, other than instalment payments on his annual salary, and, if so, what was the amount?

2. Did Mr. Pitfield furnish an office and, if so, what was the cost of each item of furniture?

3. Did Mr. Pitfield order, or cause to be constructed, a custom desk for his office and, if so, what was the amount paid for the desk and was any tender called?

Right Hon. P. E. Trudeau (Prime Minister): 1. The only payments made to Mr. Pitfield were instalments on his annual salary; separation pay (see question No. 674 answered May 22, 1981); payments for work done on a part-time basis when Mr. Pitfield was not a member of the public service, amounting to $17,600 in fiscal year 1979-80; and reimbursement in accordance with Treasury Board directives of official travel, relocation, and hospitality expenses incurred by Mr. Pitfield in the performance of his responsibilities. The amounts of those reimbursements over the past five fiscal years are as follows:

1977-78	$ 6,813.83
1978-79	4,618.91
1979-80	3,786.83
1980-81	3,900.73
1981-82	9,852.32
(as of January 31, 1982)	

2. No.

3. No. At no time during his career in the public service has Mr. Pitfield requested the refurnishing of his office. In 1980, however, Public Works Canada required the desk used by Mr. Pitfield and his predecessors since Confederation so that it might be put in the historic cabinet chambers in the East Block that are now open to public view. The original Clerk's desk has been replaced by Public Works Canada with a reproduction costing $4,850 in order to retain the traditional character and furnishings of the office of the Clerk of the Privy Council, now in the Langevin Block, and to discourage future incumbents from changing the decor of that office simply to suit personal tastes. Public Works Canada, in due course, will be replacing two other pieces that have traditionally been used by Clerks of the Privy Council with replicas at a cost of $4,400.

PRESS INTERVIEW BY GOVERNOR GENERAL

Question No. 3,754—**Mr. Cossitt:**

1. Was anyone in government, particularly the Prime Minister, aware in advance that the Governor General was giving a press interview on January 21, 1982 or thereabouts and of the content of the Governor General's statements and, if so, what are all the details and the names of the persons involved?

2. Is it customary for the Governor General to advise the Prime Minister in advance of his intention to hold a press conference or to give a press interview?

Right Hon. P. E. Trudeau (Prime Minister): See Beauchesne's Fourth Edition, Citations 171(gg), (ii) and (nn).

Question No. 3,755—**Mr. Cossitt:**

Did the Governor General in an interview on or about January 21, 1982 declare that it was his opinion that Canadians may drift away from the monarchy after the end of this century and, if so, was such a statement made on the recommendation of the government or with government approval?

Right Hon. P. E. Trudeau (Prime Minister): See reply to question No. 3,754 answered this day.

[*English*]

Madam Speaker: The questions unumerated by the parliamentary secretary have been answered.

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QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,675 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 2,675 shall be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

DEPARTMENTAL PUBLICATIONS

Question No. 2,675—**Mr. Beatty:**

1. Do departments publish magazines concerning their activities and policies and, if so, which departments?

2. For each magazine (a) what is the name and the nature of the contents (b) how often is it published (c) what was the (i) press run (ii) size of the distribution list for each issue in the past 12 months (d) what was the total cost to the taxpayer for the (i) preparation (ii) printing (iii) distribution of each issue in the past 12 months?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed, from Tuesday, April 27, consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to a Committee of the Whole.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I was making some comment on this government order last evening when we reached the adjournment hour. I would briefly sum up today what I believe is wrong with this bill. I find it very difficult to grant to this government the authority to borrow further. The reason I find it difficult is that it has mismanaged the finances of this country and mismanaged its economy to such an extent that it has created a sense of despair in Canadians about their personal future and that of their families.

If the government were to have a further borrowing capacity it would be used in exactly the same manner as it has used its existing borrowing capacity. The government would use its tax revenues from individuals and groups in exactly the same way. I believe that if I agreed to grant the government a further borrowing power I would be neglecting my responsibility to my constituents.

I firmly believe that if this economy had been properly managed we would not have the high interest rates which we are currently faced with. If we did not have the high rates of interest that we are currently facing, there would be more job opportunities in this country. One million of the million and a half people who are currently unemployed would be employed. If those one million people were employed and earning a living, and if they were producing products in their places of employment which would be sold both in Canada and around the world, we would be generating sufficient tax revenues to make it unnecessary for this government to go further into the money marketplaces to borrow at exorbitantly high interest rates.

• (1520)

The reason this government is required continually to come back to the House of Commons to ask for additional borrowing power is that this nation has such an unused productive capacity, primarily as a result of this government's fiscal and monetary policies. These policies have further reduced the tax flow and revenues which could have been used and should have been used to meet the ongoing economic and social programs that the government wants to put before the public of Canada. I want to say, quite frankly, that there could be no doubt in the mind of anyone that the responsibility for the economic chaos which exists in almost every single municipality from one coast to the other rests entirely with the Government of Canada at the federal level.

I say to the minister that I have never felt the necessity to worry about interim borrowing on the part of government. I have always felt there would be times when governments might have to borrow money. As in the case of individuals and corporations, it is necessary from time to time to borrow money in order to proceed with long-term projects.

Mr. Blenkarn: Long-term projects, of course.

Mr. Deans: However, I suggest to this government that, as a result of its high interest policy and as a result of its determination to pursue the Reagan theories—

Mr. Blenkarn: Not Reagan theories.

Mr. Deans: —it has raised the cost of borrowing, both for private individuals and for government, to a level which makes it virtually impossible to contemplate allowing that opportunity to this government, at least at this time.

I want to know what the money will be used for. I suppose that I could be convinced in my mind of the necessity of the borrowing if the minister were to rise in his place and explain the long-term projects and the proposed schedule of payments. We should be satisfied that we would derive sufficient cash flow from the proposed projects to enable us to pay off the indebtedness. I would not even mind if the government were speaking about borrowing in conjunction with a series of other proposals, one of which would have to be the reduction of interest rates. I would even not mind if, in conjunction with the borrowing and the reduction of interest rates, the government were to state that it sees the necessity of stimulating the economy at this time in order to put a million and a half people to work and to provide job opportunities for Canadians who so desperately want to find employment but cannot. I would be prepared to consider granting to the government the opportunity to borrow at a reasonable rate of interest in order to stimulate the economy in certain areas. This would guarantee that a sense of economic growth is being developed across this country and that people are able to find a place to work and earn a decent living, allowing them to buy goods in the consumer marketplace and provide homes for their families. That would make sense to me.

However, why is the government borrowing? Is it borrowing to build homes? No, it is not. Is it borrowing to ensure new economic growth? No, it is not. It is borrowing simply in order to pay for the debt that it incurred from borrowing some years ago. It is borrowing to pay off old debts. There is not sufficient growth in this economy to justify that kind of action.

As I said last night, I spent four days last week in my constituency. I met with many people, from high school students to old age pensioners. I met with representatives from the unions of workers. I met with the chief executive officers of various companies. I met with small business people. We discussed the problems which had suddenly become apparent, "suddenly" meaning over the course of the last couple of years.

These problems had become apparent in what had been the industrial heartland of the country for years, but primarily of the Ontario milieu. In Hamilton we had in place a series of different sized industries dealing with diverse commodities, all the way from the basic steel industry through to the manufacture of appliances. We made shoes, as I said last night. We had every conceivable kind of industry which, by virtue of the structure of the municipality, seemed to guarantee, at least to the extent that one could guarantee it, a degree of economic stability. We had diversified industry. We had the rubber industry, we made hopper cars and we had the basic steel industry. We made fridges and stoves, shoes and clothes. We built homes and made the bricks. We had a port for shipping. We had a glass company which made all kinds of glassware. In other words, there could be no more diversified economy than the economy of the area I represent.

However, today, what do we find? I find that without exception, in every single sector of the economy, in every single company, there have been lay-offs at a level comparable to that of the 1930s. In some companies, 80 per cent of their employees have become unemployed. Companies which had been seen to be the major movers and shakers in the economy of Canada are looking ahead and seeing virtually nothing in terms of the opportunity for economic recovery.

I want Your Honour to know that when I listened to my constituents, I could not help but sense their frustration. I spoke to young people in high schools. I guess I met nearly 2,000 students over the course of four days. I spoke to them individually in the auditorium and answered their questions. I discussed the policy of the government and what we would offer as an alternative. Almost without exception, their main concern was about what would happen to them after they left school. They asked, "Where will the job opportunities be? Where will I go to work?" In one case I spoke to a student whose father had worked in the glass industry for 28 years, but who had become unemployed. His son asked me, "Where will I look? What would you suggest, Mr. Deans?" To be honest, I had nothing to suggest. This government has so undermined the economic fabric of the country and has so depressed the natural optimism of Canadians, that I could not really point to one industrial sector where there was buoyancy, a sense of optimism and an opportunity for growth.

I spoke with senior citizens in my constituency and they said to me, "Ian, I remember what it was like in the thirties. I was there. The symptoms are here again today." Those with money are extracting more and more from the economy but are putting less and less back in. There has been an undermining of the sense of co-operation which must exist in a country. They said to me that they are simply glad they are not facing the kinds of problems that their sons, daughters and grandchildren are facing. They do not think that this government has the will to solve those problems.

I do not want to suggest for one minute that the solution lies only with the government. I recognize that the solution requires action on the part of this government, the provincial governments and municipal governments to ensure that we do not waste any more money. However, we must also put the available capital to good use so that there will be an opportunity for those who are now seeking it.

• (1530)

The primary responsibility for the problem rests four-square with this government. The solution may require a multifaceted approach. It will undoubtedly require a redevelopment of that sense of what it is to be a Canadian amoung Canadians. It will require us again to instil in Canadians the need to buy the things their neighbours make. It must be clear that when there is the option of buying something manufactured by your neighbour or friend or buying something manufactured in another part of the world, where they are of comparable quality, good economic common sense tells you that you would be better off in the long run to buy what is made in your own country.

That is what we must tell people if we want to see economic survival. They will participate. Why is this not being done now? Because they do not think the government knows what it is doing. They honestly do not believe the government knows. There is a sense of frustration, a feeling among people that they have a government that does not really care. The government has left the impression that it does not care about the effects of its policies on the average people. It gives them the right to create a further indebtedness. It gives them the right to borrow even more without any consideration for the effect it will have on working people from coast to coast. That is a miscarriage of responsibility. It is improper.

You, Mr. Speaker, are not in the position of voting. If you were, I am sure you would want to join with me in voting against the proposal put forward by this government. I feel confident that would be true.

The steel industry in Hamilton suffered a terrible blow. The government led it to believe a pipeline would be built. How well I remember just a year ago telling the government that the chance of that pipeline ever being built with private funds, given the many billions of dollars necessary, the economic conditions of the day and the high interest rates that had to be charged as well as the long period of time between the original investment and return on that investment, was pretty slim, at least during the last part of this century. Nevertheless the government went full steam ahead. It raised optimism without producing the goods. Then it heard that Alsands will not go ahead, or if it does it will be so diminished in size it will not produce the kind of economic recovery opportunity that everyone had anticipated.

The steel industry looks around and asks where it will go. In addition to those three major projects that would have provided some economic stimulus, we find that the automobile industry, to which the steel industry is closely tied, is in a recession because of imports and, to some extent, their own mismanagement. Nevertheless, it is seriously undermined. People will not buy automobiles because they cannot afford to pay 22 per cent interest at the bank or wherever they do their financing.

I turn from there to the International Harvester Company that looks as if it were on its last legs. How well I remember International Harvester! One of the main growth points of this country is the agricultural community, yet we discover that Massey Ferguson and International Harvester have no demand for their product. Why is the demand down? Is it because we do not require as much? No, it is because people in the farm community cannot afford to carry the high interest rates. They cannot afford to invest in combines, tractors and other farm implements they require because the interest rate charges are just too heavy. Even with subsidies, they are still way beyond what they can reasonably carry on the return they get from the sale of their produce, whatever it may be.

Mr. Darling: Don't forget the reduced write-off.

Mr. Deans: True. There are two industry sectors that are being undermined for the same basic reason, namely, high interest rates.

There has been a dramatic downturn in the glass industry. I met a man who for 28 years had worked in the glass industry. He was standing on his front lawn raking dead grass. He stopped me and said, "Ian, I have never been on unemployment insurance. I do not even know how to apply. One thing I feel confident about is that the company I worked for is not likely to open its doors again". It closed because it could not afford the high interest rates to carry the inventory necessary to be competitive. It was a small company. The interest rates charged today, added to the cost of production, resulted in too high a cost for their product to be competitive. Therefore they closed their doors, and are not likely ever to open again.

I have spoken to retailers. They told me quite frankly that they cannot carry a wide enough range of products in their store to compete with the major department stores. Why? Because of high interest rates. There is no way they can afford to go to the bank, and they must pay for their products up front. They must pay within a very short time whether or not the product is sold. Therefore, they have to borrow money at 20 per cent or more, and that is added to the cost.

There is no internal financing arrangement for them. The indebtedness they have taken on is substantially more than they, looking at their financing position year by year, can afford. Most smaller retailers do not make that much money. They are not in the upper one tenth of the population's earners. Their earnings generally are in the lower half. The reason they are in business for themselves is that they like the independence. However, the cost of independence these days is very high. It is 20 per cent at the bank as well as a loss of revenue they can ill afford, all because of this government's high interest rate policy.

This government comes to me and asks me, as an act of faith, to approve further borrowing. I say, no. I cannot approve further borrowing because I do not have any faith in this government. I cannot remember when last I did, it is so many years ago.

It has always amazed me how the Conservatives can have so much faith in the Liberal government. Since coming here four years ago, I have wondered why it is that the Tories consistently vote with the government. Here we are, 33 of us, battling daily to hold this government down, and every time a vote comes up in the House of Commons, up stand the Tories alongside the Liberals against the people of Canada. I know you keep notes, Mr. Speaker, and you are aware that between October and February, the Tories and Liberals voted the same way, shoulder to shoulder against Canada, 26 different times.

• (1540)

An hon. Member: They don't like the truth.

Mr. Deans: On the other hand, we in the New Democratic Party, even recognizing that once in a while the government does bring forward an enlightened measure, have supported the government on only 13 occasions during the same period. That is enough to show who gets into bed with whom, enough to show where the soul brothers are.

There is no difference between the Conservatives and the Liberals. Out of 39 times that votes were taken in the House of Commons—votes which in many instances were diametrically opposed to what the people of Canada wanted—the Tories stood up with the Liberals 26 different times. Shame, shame! No wonder your faces are red. No wonder you are embarrassed.

Some hon. Members: Oh, oh!

Mr. Deans: I say to you, Mr. Speaker, that if ever again I should hear a whisper from the Conservative party about an NDP-Liberal coalition—that they should have such nerve—

Some hon. Members: Oh, oh!

Mr. Deans: Would you believe it, the government has been virtually robbing the country of its opportunity to produce for itself? Here we have a government introducing the highest interest rates imaginable. Here we have a government that is following almost exactly the position of the previous minister of finance in the Conservative government, the present finance critic in the Conservative Party, and supporting Gerald Bouey right down the line.

Some hon. Members: Oh, oh!

Mr. Deans: I remember—it is on the record—the minister of finance in the Conservative government saying; "Well, if I were still in government, I would be supporting Gerald Bouey's high interest rate policy." I remember the member for Etobicoke Centre (Mr. Wilson) going to Montreal and saying: "We do think the high interest rate policy of the Minister of Finance really is the appropriate policy to follow."

Lest there be any mistake in anyone's mind, Mr. Speaker, I want to make it quite clear that we do not believe in the high interest rate policy being followed by the Liberal Party in office today, supported at every turn by the Conservative Party in opposition today. We do not believe that that high interest rate policy is in the best interest of Canada. We do not believe it is in the best interest of Canadians as individuals. We believe

it will further undermine the industrial core that is so necessary for the future of the country. We believe quite frankly that this coalition of Liberals and Tories against Canadians has to stop.

Some hon. Members: Hear, hear!

Mr. Deans: I say to you, Mr. Speaker, that if there is anything you can imagine in your power that you can do to stop this coalition from undermining Canadian wealth, then I ask you to do it.

Some hon. Members: Hear, hear!

Mr. Deans: I would like to wind up my comments by putting to you, Mr. Speaker, that I would be interested in hearing from the government where they think the jobs are going to come from for the 1.5 million or 1.8 million—depending on whom you include in the statistics—of Canadians currently unemployed. Where will those jobs come from, if people in Canada who are working cannot afford to buy the products that those unemployed people could be manufacturing?

Where will the tax dollars come from to pay off the indebtedness this government is asking us today to vote on. Where will the tax dollars come from in an ever-shrinking economy? Where will the tax dollars come from when fewer and fewer Canadians are working? The unemployed obviously cannot pay taxes, and since the unemployed are becoming a significantly larger percentage of the total working population, does it mean that the rest who are still employed will have to carry that additional burden, in order that this government may squander more and more dollars? Is that the only alternative? Is that all there is? Where is the other way?

How are we going to pay it off? I ask the minister, what are you going to use? Where will you get the money? You can get it only from taxes. If fewer people are working and more industries are closing down due to bankruptcy and there are fewer dollars being generated in the over-all, where are you going to get the money to pay this off?

I put it to the minister through you, Mr. Speaker, that these policies the government is following are totally unacceptable. These government policies are, almost without exception, based on false premises, false premises of a sudden economic change in North America from which Canada will derive great benefit.

This is a myth. It is a myth. I ask the minister to answer me; What are you going to do to change the situation, to allow the people of Canada once again to get work? What are you going to do to make it possible for Canadian consumers to purchase the things that Canadians manufacture? What are you going to do to make it possible for our auto industry to hold its own during this period of siege? What are you going to do to ensure that there will in fact be a shoe industry after this government is gone? What are you going to do to try to guarantee that the rail transportation system will in fact meet our needs as the country grows? What are you going to do to re-instil in Canadians the kind of confidence that we have to have if we are to survive as a nation? When are you going to stop denying Canadians the opportunity to build Canada?

Some hon. Members: Hear, hear!

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to have the opportunity to speak on this borrowing bill, Bill C-93, an omnibus bill in itself because it is also a taxing bill. I am pleased to speak on behalf of my constituents of Parry Sound-Muskoka and, of course, on behalf of Canadians across this land, and I welcome the opportunity to do so here this afternoon.

It is indeed an outrage that this government has the gall to seek permission to borrow $6.6 billion to spend on its programs, at a time when it asks all other Canadians to reduce their own personal spending. In other words, they are the ones to make sacrifices. This government should be well aware of the sacrifices Canadians are making, most of them forced and unnecessary. Because this government has badly bungled its management of the economy, because this government remains committed to its disastrous policies, because this government exhibits aloofness and disdain toward the plight of Canadians, and because this government has shattered the confidence of all Canadians, the government is the one that should be making the sacrifices, and not the Canadians. The government should be reducing its own wanton spending, much of it obviously wasteful, spending which is the single important root of the problem. This government wants an additional $6.6 billion, with little regard to the fact that the money it now has has been poorly managed. It is asking Parliament for a blank cheque—just sign the cheque and we will spend it as we want.

No Canadian, either those at the personal level or those in business, would be allowed to borrow money under similar circumstances. No one else would be allowed to conduct affairs in such a scandalous manner. It is simply a matter of sound, practical economics, obviously something that the government fails to comprehend. By asking the House to condone this throwing of good money after bad, it appears that the arrogance of the government knows no bounds. And, if permission is granted, who will repay the loan, and at what cost? We know that is has to come out of the pockets of the taxpayers of Canada and, as the previous speaker mentioned, in all probability the money that is being sought will be used to pay off debts we owe and will not pump anything into the economy where it is so badly needed.

• (1550)

The government knows that borrowing in this manner simply amounts to a deferral of taxes. What is borrowed today will have to be repaid in greater amounts at a later date. As the government deliberately marches deeper and deeper into debt it forces further sacrifices on Canadians. This is a sad and shameful legacy for future generations. Across this land one senses a growing and pervasive insecurity. It is something which is very real and which the government chooses to ignore.

The November budget provides a perfect example of this attitude of indifference. The budget presentation was an opportunity for the government to redress its past wrongs. It

was an opportunity, through sound policies and programs, to provide short-term assistance and long-term plans which would restore our faith in the future.

The budget was an opportunity for this government to take the helm and steer the country to safer and saner economic shores. Unfortunately, it did nothing of the kind. Submerged in producing costly advertisements, which glorify and extol its existence, the government merely peered over the waves and waves of discontent and announced it would continue to fill its own tanks with more of the taxpayers' money. The government is not piloting a ship of state; it is operating a decrepit and leaky submarine. It is a submarine whose skipper and officer mates have spent more time and effort plotting a constitutional course across the Atlantic than they have in concerning themselves with the many depth charges being lobbed in their vicinity. Depth charges, in this instance, may be a misnomer. One only has to glance through the log book of the voyage of this government to realize quickly it has not depth. The budget it presented gives ample evidence of this.

The Minister of Finance (Mr. MacEachen), when presenting his budget, said it had three main themes: restraint, equity and economic renewal. He then proceeded to outline measures whereby everyone but government itself would have to adhere to these goals. Government spending is a prime example.

This fiscal year the government, through tax changes announced in the budget, will increase its revenues by 31 per cent. But government spending, during the same time, will rise an additional 22 per cent. The government spends money at the rate of $187 million per day, $8 million per hour and $130,000 per minute. And on what? On assistance to people losing their homes because of excessively high rates for mortgage renewals? On aid to Canadians struggling under the oppressive burden of escalating prices for food and shelter? Is the money being spent on programs to reduce the cost of gasoline and home heating fuel, or to help small-business men and business women and farmers avoid bankruptcy? Is that $187 million per day being spent to provide much needed relief to senior citizens and those on low or fixed incomes, or on generating employment for the over one million Canadians out of work? Not that you would notice, Mr. Speaker.

Throughout the budget, the government was telling Canadians that they will have to keep treading water. The government was prepared to offer assistance, and scant help at that, only to those who are going down for the third time.

You will recall, Mr. Speaker, that people living in the little village of New Dundee renamed it Dire Straits. Since then a great many residents of the country have changed their mailing address to Dire Straits in order to qualify for assistance. But even that has not helped.

Small wonder that Canadians universally condemned the budget and the government. There is a distinct lack of credibility in both when what is being offered is tantamount to launching a two-seat lifeboat from a submerged submarine. The outcry and the outrage over the budget ultimately forced the Minister of Finance to rescind some measures and send some others to committee for review. No one knows when they will come back to the House for debate in Committee of the Whole. Legislation comes before the House all the time but I feel that nothing is more important than bringing in a new budget. I see no sign of it on the timetable of the President of the Privy Council (Mr. Pinard), however.

I feel as I think a great many others do—and if they had the nerve a good many on the government benches would agree—that the entire budget should be scrapped and a new one brought in which would realistically reflect and address the needs of the nation.

I notice newspaper accounts, whether they be fact or not, to the effect that the Minister of Finance intimated that a new budget will be brought down in the fall. If it is necessary in the fall, Mr. Speaker, it is probably needed much more right now.

I would like to reflect for a moment, Mr. Speaker, on the three themes in the budget. The first of these was restraint. This government, having all but destroyed the economy of the nation, now asks Canadians to adjust to living amidst the rubble. We are being told we must cut back on both our style of living and our expectations. There are thousands and thousands of Canadians whose manner of living has anything but style, and whose expectations faded long ago. There is a growing number of Canadians who are thankful they somehow manage to survive, and who are angry that mere survival has become an accomplishment for which to be thankful. The government is urging restraint on a population already reeling under the pressures of inflation.

I think it would make a great deal more sense, and be more acceptable if the government would practice what it preaches. As I mentioned previously, government spending is going to increase by 22 per cent. Although the finance minister promised to reduce the federal deficit, the difference between what the government collects and what it spends will remain as high as $13 billion. That is probably on the low side.

No one should mistake the promise of a reduced deficit as an indication that the government has repented and is about to abandon its wasteful ways. The Minister of Finance announced government restraint in November. Now the government is asking for authority to borrow $6.6 billion. A very large part of the government's already rising revenues will be the direct result of the oil pricing agreement it made with the province of Alberta.

The government, having applied special levies and taxes during the protracted negotiations, allowed the increased consumer cost to remain and pocketed the profits from the deal. Despite the fact that it would have had these additional funds to work with, the government chose not to apply them to a true reduction in taxes. It chose, instead, to look upon increased revenues as a means of justifying increased spending. The only thing this government is restraining is its glee.

Mr. Speaker, the second of the minister's budget themes was so-called equity. The finance minister was especially proud of his claimed overhaul of the tax system as a method of achieving this goal. Equity, to the government, consisted of closing

supposed loopholes in the tax system. This, the government pointed out, would prevent the wealthy from taking unfair advantage. Yet, at the time these measures were being touted, the government changed the tax structure so that the tax percentage on those in the highest level was reduced to 50 per cent from 67 per cent. One of these marvellous "equity loophole closures", which is supposed to strike at the rich, will hit hard at low and middle-income earners.

I am speaking now of the removal of tax deductions on interest or borrowing to buy RRSPs and other saving investment plans. This measure has had the effect of discouraging many Canadians from saving for their retirement. Many people will now have to rely on pension plans they have with their employers. It will be an even greater burden for those who are self-employed.

• (1600)

Then there is the problem of tax measures relating to insurance policies. I hope the Minister of Finance is now prepared to reverse his decision for regarding the new regulations for taxing the cash value and proceeds of insurance policies. I am aware that he made a statement with respect to whole-life insurance policies which would be exempt, but there are other policies, and the amount of money they will be able to collect on this very unfair and stupid tax will be peanuts compared to what they could collect in other ways.

There are, I believe, some eight or nine million policyholders across Canada, the majority of whom are not wealthy. They are in the middle class and, yes, in the low-income bracket. They are providing protection for their families and of course they have been fortunate enough to live a considerable length of time so that the cash values are increasing from year to year. The majority of these people are not cashing their policies in; they are leaving the proceeds in there to purchase paid-up additional life insurance, or letting the dividends accumulate so there will be that much more for their retirement or their estate.

I think the minister should go the second mile and forget all about this iniquitous tax. His predecessor, the present Minister of Justice (Mr. Chrétien), listened, shall we say halfheartedly, to his braintrust when he was Minister of Finance. Then all hell broke loose across the country, Mr. Speaker, and I give the minister full marks in that he withdrew it. It is too bad that the present Minister of Finance would not take that same advice.

Another tax measure designed to create a nation of the universally poor is that which will tax the benefits people receive from their employers as part of their income. With an escalating consumer price index, record prices for food, shelter and fuel, many Canadians have negotiated benefits in lieu of salary increases as a means of coping. The elimination of these tax-free benefits is sure to add significantly to the numbers of the working poor and add pressure to future salary negotiations throughout the work force. This, the government says, is equity. Again, Mr. Speaker, this is stupidity. I see the Minister of State for Finance (Mr. Bussières) looking this way. I am not sure whether the minister was handed the budget at seven o'clock or so on November 13, I believe it was, and did not read the contents in detail until eight o'clock that night. He must have had a haemorrhage along with a great many of the members of his government and backbenchers, when he started to extol the many provisions of what in all probability everyone agrees is the worst budget in Canadian history. That is proven because many members of the government had the guts to get up and talk about it. They did not vote that way, and for a very good reason; they would have been voting themselves out of a job. But some of them did make their feelings known in a letter to the Prime Minister (Mr. Trudeau); some of them spoke very vociferously in their ridings against the budget. Granted, time and space allows people to say one thing in one place and another thing in another place, and I guess that applies to members of Parliament as well.

With that in mind, Mr. Speaker, and with these things in the budget concerning dental care and hospitalization and so on, is it any wonder that the people are worried sick? The budget quite simply means that the government, through increased taxation, will collect even more money to spend. I guess that is the name of the game. But not to spend on the Canadian people. No, we are supposed to be practising restraint. Our money will be spent on development, which means studies, reviews, assessments and consultations to decide where the rest of it will be spent in the future. The key phrase there is "in the future". What the government, as evidenced by the budget, has failed to realize is that if we do not take immediate action to assist Canadians with today's problems, all the money in the world will not buy sucess in the future.

Small business is in many ways the backbone of this nation, yet the budget all but dismissed the real needs of small businessmen and women. A record number of small businesses have either gone bankrupt or are on the verge; government-condoned high interest rates have seen to that. The small business development bond was of considerable value to small business and incorporated farmers who wanted to expand, and that instrument has now been extended and expanded to include the unincorporated. However—and here is the kicker—it will be available only to those in serious financial trouble, on the verge of bankruptcy, and those living in the municipality of dire straits.

The problem with this approach is that by the time you are in serious trouble, approval might not be forthcoming because there would be some difficulty in establishing your ability to repay. So there is a good chance many more businesses will close their doors and many more people will be out of work. This is hardly the way to promote economic renewal.

The Minister of Finance suggested that, with the budget as a guide, the government would get its house in order. Well, thousands of Canadians are just as concerned about their own houses and saving them. The minister and other members of the government do not seem to realize that Canadians who are losing their homes, farms and jobs are now beginning to lose their tempers as well. The attitude of the government to the plight of home owners was clearly revealed last year when a

convoy of angry Canadians arrived on Parliament Hill to demonstrate their frustrations. Cabinet was in session that day, but the only government member to meet with these people was the minister responsible for housing who promised to prod the government into action on their behalf. We all know that his prod was a mere pin prick if what was contained in the budget was the result of his efforts.

I am also well aware, Mr. Speaker, that the minister only met with a few selected representatives of that great crowd on Parliament Hill. I was here on that day and made it a point to go out and walk through the crowd, read the signs and talk to a great many of those people. One of the questions I asked was: "How did you vote in February, 1980?" Needless to say, the majority said they voted for the Trudeau government. I said: "Well, it serves you"—and I used another adjective—"right." They said, "Yes, but never again." Of course, we do not know when they will have an opportunity to vote again.

The Minister of Finance set aside $38 million under the jurisdiction of the minister responsible for the CMHC to provide mortgage assistance for a short time, but not for everyone. It was to be used to guarantee interest deferred on mortgage payments which exceeded 30 per cent of a family's gross income. Thousands of other home owners were left out in the cold. Those who were able to take advantage of the scheme were simply prolonging their period of indebtedness. For those unable to afford the luxury of owning a mortgaged home, the budget prescribes measures to assist in the rental area. Again, a drop in the bucket. The government magnanimously offered to provide interest-free loans up to $7,500 per unit for the construction of 15,000 units in major cities across Canada, when 200,000 are needed.

• (1610)

I will admit that the minister was able to go to the Minister of Finance and have the amount increased to 30,000 units. While this is a significant increase, it will still fall far short of the needs of Canadians for adequate housing. Therefore, thousands more will be left out in the cold.

Those who are fortunate enough to have a roof over their heads will also have to do some adjusting to the cold. Every Canadian family will be paying an additional $1,400 a year for energy costs over the next few years. The minister did say there was an insignificant saving on income tax to those in the lower and middle-income brackets. But when that is compared with what people will be paying for other items to keep alive, the government would have been further ahead to have left things the way they were. The minister said this was all in the name of economic renewal.

I have mentioned and enunciated a few reasons why the government's budget is in such contempt. Yet the government in this bill is demanding—because there is a majority government—the authority to spend another $6.6 billion on whatever it wants.

As my colleague, the hon. member for Perth (Mr. Jarvis) says, many millions of dollars are being spent by this government on advertising telling Canadians just how wonderful it is, as well as using Canadian taxpayers' money to promote the government.

Rather than continuing to spend taxpayers' money and seeking to borrow more and rather than continuing its promotion of ill-advised and inopportune programs, the government should recognize it has the means at its disposal to reverse the nation's misfortunes.

Some methods for economic recovery have been suggested by those who sit in the opposition. I think it is incumbent upon the government to consider carefully these proposals and to act with some measure of reasoned decency. I want to put a few comparisons on the record. I will admit that many people say that comparisons are odious. But let us look at unemployment. The number of unemployed people has risen to 1.1 million from 350,000. That is an increase of 718,000 since the Prime Minister and his government took over about 14 years ago. The unemployment rate has risen to 9 per cent from 4.5 per cent. That is double the rate it was about 14 years ago. In these unemployment figures, the government has not taken into consideration the probably half a million people who are no longer eligible for unemployment insurance and who have given up all hope of a job, many living and eking out an existence on their life savings. A good many more are probably having to resort to welfare. Let us take a look at inflation. This rate is up 7.6 per cent. It was 4.2 per cent in 1968, but now it is 11.6 per cent.

The consumer price index has increased 186 per cent. In 1968 our dollar was worth $1.12. Today it is worth 39 cents. This is a decrease in value of 65.2 per cent. In 1968 we had a trade deficit of $97 million. Today the deficit is over $6.5 billion. In 1968 the bank rate was 7.5 per cent. Today our interest rates are at 15.34 per cent. That is an increase of 7.84 per cent. Some months ago the interest rate was considerably higher than that. In 1968 the conventional mortgage rate was 9.25 per cent. Today is 18.5 per cent and higher in many cases.

I have some examples to cite. One constituent of mine from the town of Gravenhurst telephoned me almost in tears. He had a $38,000 mortgage coming due. At the new interest rate of 19 per cent his payments have increased to $646 a month. He was wondering what kind of relief the government would be able to provide for him. I asked him how much he earned. He works at a plant. The work week had been reduced for a time to three days a week. It is now back to four days a week. His income is in the neighbourhood of $1200 a month, and of that he will be paying over 50 percent to keep a roof over his head.

I have also had a distress call from a farmer in my area. I will admit that he thought things would remain the same when he decided a year or so ago to expand. At that time he bought an additional farm and built an additional barn. He did this on the basis of the old interest rates which did not worry him too much. But now he is faced with astronomical interest rates. He applied to the Farm Credit Corporation for a loan. I will give the Minister of Agriculture (Mr. Whelan) full marks for pleading the case of the farmers. But unfortunately the

minister has not had too much success in twisting the arms of the Minister of Finance and the President of the Treasury Board (Mr. Johnston) to get additional funds. Farmers are supposed to be able to qualify in certain circumstances for special farm credit rates. I believe these rates are 11.75 per cent. I believe the going rate for the Farm Credit Corporation is 16.75 per cent. But this farmer has not received approval for his loan. As a last resort he telephoned me this morning and told me that he had been in touch with the Federal Business Development Bank. The bank is looking at a loan for him in the amount of $230,000. I hope he gets it. But the interest rate for this loan is 21 per cent, which is the current rate at the Federal Business Development Bank.

Surely there are some ways we can assist people. The government is borrowing $6 billion. If there was some way whereby the government could subsidize interest rates for the farmers and businessmen, those of us in the opposition and in other parts of the House would probably say that the government has a good plan. I am sure members would say, "Certainly you deserve this additional money." But there is nothing like that in the offing. The government has stood firm that interest rates must remain high in order to bring down inflation and, whether we like it or not, it will remain that way come hell or high water.

Another thing comes to mind. This additional money the government is borrowing could be used to help those women in need who are between the ages of 60 and 65. I have mentioned this on several occasions. I know it is one of the burning ambitions of the hon. member for Winnipeg North Centre (Mr. Knowles). I suppose it is discrimination, but women between the ages of 60 and 65 in many cases are the ones who are most destitute. They are in an age bracket which prevents them from getting a job. Many would not be physically able to take on a job for which they may be qualified. These women are living in absolute poverty, many of them too proud to apply for welfare. I am sure that you, Mr. Speaker, and members from all sides of the House are aware that there are women in these particular circumstances. A good many of them are on welfare. I have pleaded with the government about this. I am sure that a great majority of members from all sides of the House feel this is one area where the government should spend a little more money. The government should use some of its borrowed money. It is not a case of spending the whole amount. If those women were made eligible at age 60—of course there are men who are in just as difficult circumstances, but to me women have a much harder job to survive—they would qualify for old age pension, the general assistance subsidy and of course provincial gains and could live in reasonable security and comfort from the age of 60 to 65. The only ones who qualify at present are the spouses of husbands or wives who are drawing old age pension. Also it should be emphasized to the government that a good many are receiving welfare. These funds are provided by the federal government and the provincial government on a cost-sharing basis. It would not be a case of the Federal government having to fund the entire amount.

• (1620)

The government should give immediate attention to this matter. I am sure it would have the endorsement of the Minister of National Health and Welfare (Miss Bégin). In fact, I see many distinguished members across the way nodding their heads in agreement. I say to the Minister of Finance and those on the treasury benches that when they obtain this $6.6 billion, they should ensure it is spent in a manner which will improve the economy and the lot of citizens who are almost destitute.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, it was my good fortune to listen earlier to the hon. member for Hamilton Mountain (Mr. Deans) in full flight. I must say to those of us who believe that the House is a house of debate that he is a very welcome addition. If he were still in his seat, I would remind him, however, that the New Democratic Party does not have a monopoly on concern for the unfortunate or the underprivileged.

Mr. Darling: Right on.

Mr. Mackasey: The hon. member for Parry Sound-Muskoka (Mr. Darling) made that point when he drew to our attention the unfortunate circumstances of many people between the ages of 60 and 65.

This is a bill to grant the government the authority to borrow a considerable sum of money. My first impression was to debate in the style I enjoy as a member of the House, but having listened to the hon. member for Hamilton Mountain and my close friend from Parry Sound-Muskoka, I could not help but think of the strains on society at this particular moment in Canadian history. The hon. member for Hamilton Mountain referred to the depression years. Some of us, not many of us, remember the hungry thirties. I know I do. As a youngster, more by accident than by good fortune, I lived in a family which was not particularly bothered by the recession or the depression. But almost half a century later I can still recall people knocking on doors and asking for charity. This is the word they used to say. They asked for food, for a nickel, a dime or a quarter to survive in the thirties. It was pathetic, it left a deep impression on me. I remember the hunger camps in Val Cartier, men from broken homes, people who had to find solace in each other's company and people who had to depend upon handouts to survive. Whenever I found myself becoming too comfortable in my office as minister of labour, I used to read or reread a book, which should be required reading for Members of Parliament, entitled, "Ten Lost Years, 1929-39". It was a very graphic description of the hungry thirties, particularly how the west and the maritimes were affected.

The other night I was asked by a university group for my views on the success of the Liberal Party of Canada as measured—and I do not want to be controversial—by its years in office. I think it is because we have been able to fashion an economic system which reflects our view and that of the Conservative Party of free enterprise, unlike the socialists. At the same time it also reflects the concern of the Liberal Party

for people which, in fairness is the priority and concern of social democrats. In essence we have in Canada an economic system which reflects the ability of a party—and it happened to be ours—that has been able to bridge the philosophy of both parties. Our so-called free enterprise system is really a model of compromise. It is a mix in part of a privately-run production system, free enterprise, and in part a publicly-run distribution system by government intervention, which people like to call it, to ensure that the less fortunate share in some of the benefits of the free enterprise system.

In case anyone listening wonders why I support free enterprise, let me point out that history shows it is the most successful economic system ever devised, probably since history was first recorded. Name me one in the world today which is more successful in generating capital than the free enterprise system. Certainly it is not socialism, communism or even social democracy. Free enterprise, that efficient breadwinner, has been able, to date, to provide the moneys needed for social distribution, which is one of the hallmarks of Canadian society as opposed to that of other countries. As a result, until recently—and certainly since the great war—we have had a relatively content people who, as a general rule, are secure to some degree from the fear of illness, thanks to medicare, and from extreme poverty, thanks to welfare and unemployment insurance. The free enterprise system and the social mix which our party represents have been able as a general rule, from the fruits of free enterprise, to generate sufficient capital to keep the free enterprise system growing and expanding and at the same time to provide a contented, well-educated, healthy Canadian population.

In all marriages—and I call ours a marriage of convenience between free enterprise and social reform—the greatest strain is usually money, especially when we reach one of those infrequent periods of time in our history when proponents of social reform, who know the free enterprise system, look concerned and worried as to whether or not the necessary pool of capital is sufficiently large to retain or maintain our normal standard of living in the country.

• (1630)

We hear from the opposition as spokesmen for free enterprise, not necessarily as endorsers of our social program, decrying the welfare state. On one hand they are calling for cuts and reduced spending, although they do not usually say where. But, when prodded, the strong proponents of free enterprise usually suggest cutbacks in medicare, transfer payments and unemployment insurance. They want to cutback on welfare and make people work by the sweat of their brow. They rationalize that people tend to be lazy, when we know the opposite.

On the other hand, there are those who view only the welfare aspect and constantly criticize free enterprise, and suggest that the enormous profits of the banks be additionally taxed. They propose to raise the taxes of private enterprise in order to pay for social programs while blatantly ignoring the fact that there must be a balance on both sides if we are to survive and if that marriage of convenience is to continue.

The government should be concerned that at this time there is growing hostility in Canada. If that hostility grows between the supporters of free enterprise and those who push for social reform, to the point where they will not accommodate each other, we will then run the risk of destroying a system which has provided Canadians with one of the greatest standards of living in the world.

In other words, conflict reinforces our natural destructive tendencies. Due to this constant reminder that the government must somehow cut back, we are witnessing a challenge to growth at the very time we need it most. We are seeing an anti-science backlash when only science can save us. We find a condemnation of profits when profits pay for everything. There is unfair criticism of the free enterprise system when only that system can provide the growth we need in the 1980s.

I would say to those who condemn social reform as a necessary evil that it is social reform in Canada which has prevented a major depression of the stature and depth which was experienced in the hungry thirties. The carrying out of social policies at all levels in Canada has created jobs in government, education and social services. This has kept millions of people off the welfare rolls at one time or another and has provided incomes and temporary employment. It has helped reduce the misery index and has kept the work ethic alive for thousands of people.

The Economic Council of Canada has said that our social policies in this country have gone a long way towards eliminating poverty. I am not for one moment suggesting that poverty does not exist at this time or that there are no problems with welfare. I am simply saying that what is basically a valid and excellent social system, which is tailored for Canadian needs, is being strained.

It is a myth that social reform checks economic growth. When people advocate government cutbacks in spending—that is real spending, not a few dollars on advertising—on areas such as research, unemployment insurance and pensions, and that we must postpone our social programs, they tend to forget that social reform in many parts of Canada has fuelled economic recovery. Money for pensions, family allowances and welfare provides the purchasing power that keeps many of our smaller communities alive. Free education and subsidized university education has built a reserve of professional knowledge and technical skill in Canada which forms the foundation for advancement on every front. Our expanded health care is insurance against loss of productivity.

Even Ron Anderson, who is hardly a left-winger, made this statement in one of his columns in *The Globe and Mail*:

> Regional redistribution of incomes through the unemployment insurance program, for example, is two to three times as important to the Maritimes as expenditures by the Department of Regional Economic Expansion. For the country as a whole, the UI program is one of the most powerful and sensitive of the automatic stabilizers built into the economy.

I repeat that the standard of living we have flows from the ability of free enterprise to generate the needed capital. It is

the fruit of the free enterprise system which pays for medical programs, schools, the educational system and welfare. It makes transfer payments possible. The free enterprise system has always met the challenge imposed on it by free society.

It is significant that countries like Sweden, the United States and Canada have the highest degree of freedom in production, not state-directed production. We also have the highest consumption and highest standard of socialized consumption. The point I am making is that at this very crucial moment in our history when we are worried about money, high interest rates, inflation and whether or not we can continue to maintain our standard of living, we must realize that in each of those countries I have mentioned the free enterprise system I have described and the social programs are interdependent. They underwrite, support and make each other viable. Members of Parliament, the business community and social reformers must not sabotage each other.

As I have mentioned, any marriage usually survives through compromise. Each system which I have described has limits and cannot be expected to do more than it is capable of doing.

Today's limits on free enterprise are being set by society itself in terms of ethics and accountability while limits on social reform are being set by what we can afford. This is an important point. The hon. member for Parry Sound-Muskoka (Mr. Darling) suggested that we cut spending while at the same time spending more for a particular group of Canadians—women aged 60 to 65. The paradoxis there and the limits to social reform are set to what we can afford. We cannot afford total justice or a totally clean environment at this moment, but we can afford to give everyone equality of opportunity, even if not equality of income.

The problems facing Canada during the challenge of the eighties are enormous. But they are stimulating and they make me envious of those young enough to participate in meeting those challenges in the future. We must replace outdated factories and worn out machinery. The capital needs in the 1980s will probably surpass $1,000 billion. It is only natural for people to suggest that cutbacks take place in the interval in welfare, medicare, transfer payments or other programs which form part of the Canadian mosaic.

• (1640)

I simply want to say that I respect the free enterprise system. Its productivity comes from leaders with drive, from builders, creators, innovators and initiators. However, it also comes from willing workers who want the reward of sweat and skill. It comes from motivation, perks and penalties that structure behaviour. Free enterprise has been maturing for more than 200 years, whereas our social programs, for the most part, began in this century.

I therefore say that it is time for us to take off our blinkers because words which describe ideology no longer mean what they did. Corporations move toward monopoly in the name of individualism while individuals move toward democracy in the name of collectivism. It is a time for social reformers in the New Democratic Party to drop their anti-business bias unless they want to see reform cut back. It is time for those of us who believe in free enterprise to stop seeing reform as a giant political pork barrel unless we want the new society to be a post-business society.

I am confident that the policies of the present Minister of Finance (Mr. MacEachen) are the right policies. It takes courage for a minister to remain basically dedicated to a policy which is not politically popular. It is obvious that it is a spin-off from the dramatic and adverse impact of high interest rates. However, the policy reflects the intertwining of our economy with that of the United States. Perhaps the lesson to be learned is that in future, over the next decade, we can develop a greater independence in our economic policies and in our approach to problems. However, as long as inflation remains the number one enemy in this country—and it does in the eyes of Canadians, if one reads today's Gallup polls—the Minister of Finance has little alternative but to ask all of us to practice voluntary restraint in order to avoid compulsory restraint. The future of this country is a great one and economic recovery will come sooner than most people expect.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, our beloved colleague from the Niagara Peninsula—

Mr. Mackasey: Lincoln.

Mr. Lambert: Lincoln?

Mr. Whelan: Abe Lincoln.

Mr. Lambert: Hardly. Neither he nor I can qualify in physical respects, shall we say, as Abe Lincoln. However, I had to smile a little during his peroration when he said we should follow the request of the Minister of Finance (Mr. MacEachen) by showing some restraint. In his last budget, the Minister of Finance provided for a 22 per cent increase in expenditures. Is that restraint? I invite our colleague, the hon. member for Lincoln (Mr. Mackasey), to read the speech given on February 16 by my colleague, the hon. member for Etobicoke Centre (Mr. Wilson)—

Mr. Mackasey: I read it.

Mr. Lambert: —there to put to rest the doubt which appeared on the face of the Minister of State for Finance (Mr. Bussières) concerning that increase. He said that the increase was perhaps only 16 per cent. It depends on whether one handles it on a national accounts or on a budgetary accounts basis. However, very definitely, the true increase is 22 per cent.

I consider Bill C-93 to be one of the most repulsive, dog's breakfast sort of bills we could ever see. This House ultimately refused to accept Bill C-94 even though the procedures were perhaps somewhat out of the ordinary. The point is, Bill C-94 no longer exists. It was divided into eight or nine bills, as it should have been in the first place. I object to this bill and I will vote against it, not because of its subject matter, but because of its form.

I find it passing strange that this House should be dealing with this bill in its present form after the House had subsequently decided that such should not be the case. Standing Order 60(11) states:

The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

That is to be cleanly interpreted. The bill is to be based upon the provisions of a motion. I look at the budgetary papers and the notices of Ways and Means motions filed by the minister with regard to this particular budget. There is a notice of Ways and Means motion to amend the Income Tax Act (No. 1) and a notice of Ways and Means motion to amend the Income Tax Application Rules (1971). Then there is a notice of Ways and Means motion to amend the Petroleum and Gas Revenue Tax Act; a notice of Ways and Means motion to amend the Income Tax Act (No. 2); a notice of Ways and Means motion to amend the Excise Tax Act (No. 1); a notice of Ways and Means motion to amend the Excise Tax Act (No. 2); and also a notice of Ways and Means motion with regard to the Customs Tariff. There is not a single word about borrowing authority.

This Bill C-93 is wrong. I know the Speaker has ruled differently and I must accept the ruling, but I do not have to agree with it. It is very wrong. We changed it with regard to Bill C-94 and there will never be another repetition. However, this bill takes us down a bifurcation in the road of procedure at the next stage. A Ways and Means motion based upon the budget takes us into Committee of the Whole, but there is no Ways and Means motion with regard to borrowing authority. Borrowing authority bills take us down into the standing committee. Therefore, any ragamuffin Ways and Means motion tacked on to a standard procedural motion at second reading should not keep it in the House. There is a schizophrenic direction given as a result of this combination. It is for that reason that the blessed thing is nonsense.

Let us see what Bill C-93 contains. First of all, Part I is entitled Borrowing Authority, 1982-83. Part II is entitled Excise Tax Act. There are some changes with regard to wine. There is a great relationship in the bill between the Excise Tax Act with respect to wine and the borrowing authority.

Under Part II, Clause 4(2), with regard to the Excise Tax Act, there are provisions concerning pipeline gas and the operation of the pipeline. Then there are provisions respecting the level of taxation on ethane and propane.

• (1650)

Then we go to Part III. This is an entirely new tax which had been provided for on a previous occasion. It was known as the Petroleum and Gas Revenue Tax Act. Frankly, this is a wellhead revenue tax. There is a division, first dealing with revenue tax and secondly a royalties tax.

Can someone, preferably the Minister of State for Finance, advise me what is the principle of this bill? It stretches from increasing the excise tax on wine and on pipeline gas through wellhead revenues, royalties to a borrowing authority. There is absolutely no relationship. Those on the government side cannot insist that a second reading motion shall be adoption in principle. They will come up against a blank wall because there is no principle to the bill. It is as unprincipled as the government that put it forward.

On this occasion, are we to discuss the borrowing authority, the measurement of and the changes in the tax on natural gas, or are we going to consider the heinous tax on wellhead revenues which has caused so much grief in the petroleum industry and to Canadians?

With its unprincipled desires and greed, this government seized all it could from the petroleum industry and laid it on the backs of Canadians. It has an unceasing, ever-growing greed and hunger for revenue. The other day when the government of the province of Alberta announced a $5.4 billion plan of remission of royalties and assistance to the domestic oil industry, the minister's colleague, the minister of energy, reportedly said that the federal government had every right to move into that field and acquire those funds.

In the last few years the Government of Canada has been guilty of fashioning not one udder but two udders and taking all teats from it so that it can take the whole of the revenues from the oil industry which rightfully belong to the industry and the provinces.

Government members will say the Government of Canada has a right to revenues from the petroleum industry. Government has no right to tax. It has the power to tax, but no right to a particular revenue. That is the difference. There is no ordained principle of government, certainly not with the type of government we have in Canada, to certain revenues. The government can raise revenues to discharge its responsibilities; that is so. It has limited powers which it shares with other levels of government. Some people assert that as soon as an individual earns a dollar, the government has the right to a certain percentage of that dollar and to claim it immediately. I have seen that in writings by some income tax officials. I deny that that is a right. We have not yet reached that stage, unless we accept the principle that the citizens and corporations of Canada exist for the benefit of the state.

We have gone through the Constitution debate in the past year. There was one fundamental quarrel I had with the government, and that was that government could impose a Constitution on the people. By what right? A Constitution is a body of rules and laws given by the people to government for its governance. It flows from the people to government, not the other way around.

We now see those in power, the administrative bureaucracy, looking upon people and good corporate bodies as though they exist for the benefit and exercise of the authority of that administrative bureaucracy and its captive government. That is what it is. Many of these provisions are nothing but the thinking of the administrative bureaucracy. First they acquire and then hold on to as much of the revenue in this country as they can get without the authority of this House. It is a *pro forma*.

Estimates in this House are discussed and passed under guillotine. Ministers are not held accountable. In many

instances they are not able to discharge their responsibilities or know what the estimates are, or have not put forward the programs themselves. They came up through the administration. We are hagridden with administration in this country. We are not the only ones. I have just returned from Australia. The former leader of the opposition there, who is now the Speaker, clearly indicated to me something in conversation. I am not disclosing any secret. Thank goodness in this House it is provided by statute that the estimates do not go through the administration or Treasury Board. They go from the Speaker to the Minister of Finance and are to be accepted. That is the way it should be. This House must be independent of the administration.

• (1700)

I find it extraordinary that there are so many ministers who either are not conscious of that principle or who agree with the administration that this House must be just another tool in the hands of government. Even the form of Bill C-93 in regard to borrowing authority is indefensible in this House. The minister said that he needed $6.6 billion borrowing authority, failing to disclose that Bill C-59, passed earlier in this session, provided for a permanent unexpended portion of borrowing authority, up to $3 billion, which need not be renewed formally by any other bill. In other words, there is a $3 billion cushion, to which is to be added $6.6 billion in this coming year. So the government has authority to borrow $9.6 billion in 1982-83.

Why does it do it that way? On a previous occasion this House had some control over both government and administration, because the borrowing authority was running out and the House was not giving that authority unless certain conditions were met. So what went through in Bill C-59? Mr. Speaker, I will read the section into *Hansard* for the edification of hon. members. Subclause (2) of Clause 2 of Bill C-59 reads as follows:

> All borrowing authority conferred by subsection (1) that remains unused and in respect of which no action has been taken by the Governor in Council pursuant to Section 37 of the Financial Administration Act shall expire on March 31, 1982 to the extent that the unused authority exceeds three billion dollars.

It so happened that there was $3.7 billion left over, so there was only $700 million that expired on March 31; and there was sitting, before the passage of this bill, a cushion of $3 billion. That has not been affected by the passage of any section of Bill C-93. So Clause 2 of Bill C-59 is still in force. Unless it is changed in the future, it will always provide that up to $3 billion of any borrowing authority, if unexpended, shall remain authorized and therefore the administration has been cushioned.

In the same way, it developed procedures in the mid-1960s to get around the control that the House used to have on the administration through the granting of interim supply. Once that was breached, the authority of this House was lost. This House now has no more control on government expenditures than any individual member has control of the wind outside this building. That is something that many people wonder about. That is one of the things that has to be reformed. If calling for reform of Parliament means anything, in this type of government that we have or allegedly have, a responsible government, there has to be authority in this chamber to hold the cabinet accountable. At the present time, cabinet sets the pace; cabinet rides roughshod. The members of this House behave like so many marionettes. We have timetables, we have guillotines, we have all sorts of procedures, all introduced under the guise of efficiency.

This House must be efficient and this House is efficient, Mr. Speaker. The way bills go through, the procedure for the handling by the Chair of the rules, the operations of the officers of the Table, all of this is very efficient. But that does not mean that we have to sacrifice our authority to cabinet in the name of so-called efficiency. That is a snare and a delusion.

To reform this House, among those things that have to happen is a return of authority to the House, with control over expenditures. The minister proposed a borrowing authority of billions and billions of dollars, a 22 per cent increase in expenditures, in effect. I do not mean comparing the principal, the figures in the main estimates, as against the final estimates of the previous year. That is another favourite government trick, comparing apples and oranges.

Let us line up the final estimates for 1982-83 against the final estimates for 1981-82. And even these are not yet in; they will be available to us only for guillotine consideration and passage in June. The money is spent; there are no two ways about it. And that expenditure will exceed the proposed expenditures by thousands of millions of dollars. It is an old trick. Piously the minister comes in this year and says that he has not got the same requirements, that he needs only $6.6 billion. It is really $9.65 billion that the minister will have available in borrowing authority this year, a reduction from the previous year when the money was not all spent. So there has been very little reduction in the borrowing authority, Mr. Speaker.

• (1710)

We have come up against some real problems with regard to borrowing. Last year in September and October the interest rate for Canada Savings Bonds was fixed at 19.5 per cent. Of course, a supplementary premium had to be paid on all outstanding Canada Savings Bonds in order for them to effectively reach 19.5 per cent; otherwise there would have been a massive conversion from old issues to new issues, notwithstanding the cumulative coupon that was affixed to a number of previous issues.

I should like to see the schedule of the Minister of Finance for new bond issues or for conversions in this fiscal year. If there are any 15-year bonds that mature in this fiscal year and which are to be renewed, what sort of interest coupon will they bear, so that there is not an immediate and almost dramatic drop in their face value, in order to reflect the true market value? Those are the measures of confidence that the market and the ordinary citizen have in government.

Last night and again today I heard the hon. member for Hamilton Mountain (Mr. Deans) speak at great length about

the level of interest rates. There is nothing about interest rates in this bill, Mr. Speaker; not a direct or indirect reference. The government is powerless to set interest rates lower than the market decrees. The hon. member for Hamilton Moutain did not speak about the consequential foreign exchange controls that would have to be imposed if the government tried to set interest rates.

Last week I listened to a very instructive interview with the minister of finance of Australia where, incidentally, interest rates are as high as they are here. Of course, Australia is an ocean away from the United States whereas we are the next door neighbour and are directly affected by market conditions there and by the actions of its government with regard to interest rates. We should also consider the position in Germany, France, Great Britain—

Mr. Whelan: And Japan.

Mr. Lambert: The Japanese rates are somewhat different, as the Minister of Agriculture (Mr. Whelan) will know, because their economy is different. Even the German economy is beginning to show the effects now. As a matter of fact, all of the European Economic Community countries are in the same position as we are, with high interest rates, inflation and growing unemployment. Some have higher unemployment than we have. I do not take any comfort in that as it would mean that we should assume that some of the unemployment in Canada today is not self-inflicted.

Through the national energy policy the government has put hundreds of thousands of people on the street. It takes the position of the ostrich with regard to the effect of its policies on the energy programs of the producing provinces. Many members of the government have no knowledge of what has happened to towns in Saskatchewan and Alberta or to small farms with half a dozen water trucks, mud trucks, three or four front-end loaders, or backhoes. They do not realize the effect of this program on people in the construction industry, in research, exploration and development of the petroleum industry. There have been many bankruptcies and auction sales of equipment because people are trying to protect the investment they have.

It is a crying shame, Mr. Speaker, yet the minister responsible for small business does not seem to be concerned about it, nor does the Minister of Fisheries and Oceans (Mr. LeBlanc). The Minister of Finance, however, will see one of the best tax paying segments of the economy go down the drain and, as a result, no tax will be forthcoming from it this year. The Minister of Industry, Trade and Commerce (Mr. Gray), whose primary interest is in Windsor, should take note of the reduction in the number of cars and trucks ordered by the oil industry in 1981-82. Thousands of orders were lost and therefore the vehicles were not produced. We can see the effect on Ford, GM, Chrysler and the other companies that manufacture bulldozers, front-end loaders, pumps and other equipment in Ontario and Quebec.

The Minister of Energy, Mines and Resources (Mr. Lalonde) laid his heavy hand on the industry with his misplaced policies. Government supporters supinely accepted their government's policies concerning interest rates.

There is another area in which the borrowing authority is affected. We have lost some megaprojects and we are losing more. We are told we are not going to build Alsands. They did not build Cold Lake because the world price of oil had softened and was going down. The costs are so high. Of course, interest rates, which are the responsibility of government, are so high.

• (1720)

Mr. Kelly: You were not saying that in 1979.

Mr. Siddon: They were a lot lower in 1979.

Mr. Lambert: Things were a lot different in 1979, and the hon. member, who is just a new boy here—

Mr. Kelly: Sure they were.

Mr. Lambert: Well, I invite him to go and spend four or five months out in western Canada—or even four or five weeks—and learn a little bit about it.

Mr. Siddon: He would not last that long.

Mr. Lambert: I want to tell the hon. member that from 1973 onwards the former minister of energy, Donald Macdonald, laid his hands on the oil industry to skim off for the government what he called windfall profits resulting from an increasing world price for oil. Then there was the fight with Alberta to the point of disallowing royalties as an expense; a shameful performance.

It was interesting to listen to the ministers discussing these points in committee. Now that the price is dropping the government keeps insisting that it is up to the oil companies and Alberta to adjust their returns downwards.

Mr. Kelly: On new oil.

Mr. Lambert: On new oil and on old oil. I think, Mr. Speaker, both governments have laid on too heavy a hand. The industry is best able to cope with changing oil prices, and if you gave them a chance to adjust we would not see this nonsense with Alsands and Exxon. They would know how to adjust.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. However, he may continue with the unanimous consent of the House.

Mr. LeBlanc: If he lowers his voice!

Mr. Lambert: Mr. Speaker, if the Minister of Fisheries and Oceans finds it a little loud, it is because I am talking to his somewhat deaf colleagues down at the other end. I do not need this machine. I want to make that clear to the minister.

In any event, I thank hon. members for their consent to continue but I will not inflict any more of my remarks on

them. However, I invite my colleagues on both sides of the House to vote against this bill, first of all because it is an omnibus bill and, secondly, because its contents are bad. On those two counts we should vote against the bill.

Mr. Jack Shields (Athabasca): Mr. Speaker, it is with mixed feelings that I rise to speak on Bill C-93. I hope the hon. member for Scarborough Centre (Mr. Kelly) will remain in the House and not pull his usual trick of leaving for coffee or whatever.

As you and all members know, Mr. Speaker, this is a bill to amend the statute law relating to certain taxes and to provide other authority for the raising of funds. This from a government which just recently issued bonds for 20 years at 15.5 per cent interest, thereby telling the world that for two decades we are going to have high interest rates and inflation above 12 per cent. That is basically what the government is telling the world—that Canada does not have its economic house in order.

I wonder, Mr. Speaker, if hon. members really have taken the time to read through the bill and understand what it contains. Clause 1 of Part I of this bill provides:

> The Minister of Finance, with the approval of the Governor in Council, may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by any Act of Parliament heretofore passed, borrow, under the *Financial Administration Act*, by the issue and sale of securities of Canada, such sum or sums of money, not exceeding in the whole, six billion six hundred million dollars, as may be required for public works and general purposes.

In other words, we are writing a blank cheque to the government for $6.6 billion at a time when our capital outflow is at an all-time high, and when Canadian investors do not have the confidence to invest in our economy. They are taking an estimated $4.5 billion to the United States. Foreign investors, who once saw a secure investment climate in this country, have now taken out an estimated $10 billion over the past year. Clause 3(1) of Part I provides:

> For greater certainty, any amount borrowed under this section or any other authority conferred by Parliament before the coming into force of this section may be borrowed in a currency other than that of Canada and may be repaid in the currency in which it was borrowed.

We are authorizing this government, Mr. Speaker, to borrow money anywhere in the world at a time when the Canadian dollar could drop significantly. Let me paint an example. Let us say this government, in its wisdom, decides to go to the U.S. to borrow money and they pay 15 per cent. They would be lucky to get 15 per cent because I do not think they are rated as a class "A" borrower any more. Our currency drops against the American dollar by 5 per cent, we repay the loan in American funds, and the loan costs us 20 per cent. That is the kind of blanket authority we are giving the government under this bill. We have seen it happen in the past and there is no reason whatsoever to think for a moment that it is not going to happen again.

I am going to take a moment, Mr. Speaker, to read a section here. I would like you to see what the implications are of adding another section; it is not just a straight borrowing bill, it has to do with the excise tax. Clause 47.2(2) reads:

> Where any qualifying goods have been purchased or imported by a person of a class prescribed pursuant to subsection (3) for the sole use of that person and not for resale and the tax imposed by Part V has been paid in respect of such goods, the Minister may, on application by that person in such form and manner as the Minister prescribes, made to the Minister within four years from the time the goods were purchased or imported, pay to that person an amount equal to that tax.

• (1730)

Can you imagine the number of applications that the minister will receive, Mr. Speaker? Of course, we know the minister will not receive them; we know they will go to the bureaucracy. We know that the government will have to hire 20, 30, 40 or 400 civil servants to look after that one small section. Do hon. members not see what we are doing in Canada day after day by increasing the size of government and the bureaucracy? We are strangling the Canadian economy and the Canadian people in the process.

The people in my riding and across Canada are sick and tired of this government and of any government that imposes restrictions on them, that strangles them and puts its hands in their pockets. We must allow the spirit of Canada to continue, the spirit that brought my great-grandfather to Ontario and my grandfather to Alberta. We have to get back that spirit. That spirit was free of government interference. Minimum government allowed maximum growth in this country. It is not the other way around. We have a government committed totally to government control in every sector of the economy. It is a shame because it is killing the initiative that exists in this country.

Most of my remarks will be addressed to Part III of Bill C-93. These are amendments to the petroleum and gas revenue tax which implements the Ways and Means motion to amend the Petroleum and Gas Revenue Tax Act. For short, we refer to the tax as the PGRT. This tax has been the most monumental grab on industry cash flow that was ever perpetrated on the business sector in Canada. It is a monumental grab. The scenario was that of a government saying:"We have firms across Canada in the oil industry, the golden goose, which has laid a golden egg, that are making too much money, so we will grab it". What has happened is that the government has not grabbed the egg, but it has grabbed the goose's neck because the government is slowly choking that golden goose to death.

We hear of projects waiting to go onstream immediately. We have heard this for two years. I refer specifically to the Imperial Oil project at Cold Lake which would produce in Canada 140,000 barrels a day of sweet crude. This is sweet synthetic crude, the finest crude there is. We do not need oil. We have lots of oil. We are self-reliant in oil. "Self reliant" means, of course, that we buy our oil from the Middle East, from Brazil and from other places. We buy plenty from offshore, to the tune of 400,000 barrels a day. We do not pay for it in Canadian currency; we pay for it in American currency, and we wonder why the Canadian dollar is weak. We wonder why inflation is high when we have an outflow of capital paying for those 400,000 barrels of oil a day. Canada has technology, engineering, people and natural resources. But what are we doing? We are going to the same companies,

which were asked to develop these oil deposits and through this petroleum and gas revenue tax, the government is grabbing the golden goose by the neck and choking it.

Let me give an example. I do not think all members understand when a company says: "You have killed our cash flow; therefore, we cannot develop our project." Let me put it this way. If I were to offer a house for sale at $500,000, if I were to say: "Walk into that house tomorrow and I will give you a month's free rent and I do not want a downpayment, I will sign it over to you.", what would you think, Mr. Speaker? Does that not sound good, Mr. Speaker? It does not sound so good when I tell you that it will cost you $10,000 a month to pay the principal and interest. So what you do then is look at your cash flow to see if your salary will cover it. You find that it will not.

That situation is no different from expecting a company like Imperial Oil to invest $13 billion in a project. Imperial Oil is not taking $13 billion from its cash flow; Imperial Oil is saying that it has to borrow that amount on the market. But immediately the money is used, the repayments must start. That borrowed money is not lent interest free until the plant is finished and then is repaid. The interest accumulates. The interest and the repayment have to be covered from the cash flow of the company. But the company will not have a cash flow from the production of the plant for at least five years because it takes that long to build.

Companies like this say very clearly: "Sure, we would like to build these plants." Imperial Oil would like to build the plant in Cold Lake. These companies want to build plants for the security of the country. The boards of directors are Canadians. The engineers working on the plants are Canadians and the managers are Canadians. The ownership would be through shares on the marketplace. Many of the shares would be owned by Canadians and by pension funds. It is absolutely mind boggling to me that we have a company ready to invest $13 billion in Canada, to work up a technology and extract oil from the tar sands at a rate of 140,000 barrels a day, and another plant in Fort McMurray called Alsands ready to invest another $13 billion to extract through a mining process another 140,000 barrels a day. That totals close to ed2227;-1 300,000 barrels of oil a day coming onstream in four years which would replace the oil we are importing from Venezuela and Mexico. But what are we doing? We are shipping our money and jobs out of the country. It is a staggering situation.

Alsands has stated repeatedly that it wants a return on its investment, just as though it were putting the money into government bonds with a guaranteed 19 per cent return or a return through long-term investment of 15.5 per cent, which is what this government pays when it floats a bond issue on the marketplace. The Alsands group are saying they need a return on their investment but they do not have the cash flow to proceed with the plant because, during the four years the plant is under construction, principal and interest must be paid on the loan. That debt must be serviced. No institution, no government anywhere, will lend money and say: "Forget about the interest; we will not start calculating the interest until the plant is built". Everyone knows that does not happen.

Are the companies telling the truth? Of course they are telling the truth. All you have to do, Mr. Speaker, is look at the annual statements of earnings of the major companies across Canada. Everyone can see what happened to them last year. Some of the earnings of these companies have gone down by 75 per cent. They do not have the cash flow to service the debt; therefore, these companies cannot proceed with their projects. Government members are choking the goose; it is gasping.

• (1740)

Now the Minister of Energy, Mines and Resources (Mr. Lalonde) is meeting with oil companies in a last-ditch effort to save the Alsands project in Fort McMurray. We can forget about the Cold Lake plant; it is down the tube. It will not be started for at least three more years. The government put up $40 million to hold Imperial Oil in line for a few months so that it could do some negotiating, to be repaid to the government only if the plant went ahead in a year. The year will be up in June. I have it marked on my calendar; we will see.

The petroleum gas revenue tax has been devastating to the oil industry, the only viable and strong industry in Canada. The Economic Council of Canada indicated very clearly and emphatically that it was the only industry which would lead Canada to economic recovery. But the Minister of Energy, Mines and Resources came into the House with his National Energy Program and took aim at it. He is reaching out his hand and choking industry. He is killing the goose that laid the golden egg. As a result we are feeling it right across Canada, even in the manufacturing sector in Ontario because oil companies are not buying heavy equipment, trucks, steel, tires or rope; I could go on and on.

Let me look at the number of wells drilled in Canada. In 1981 the number of oil wells drilled in the western basin fell to 6,500, from 9,000 in 1980. We have questioned the Minister of Energy, Mines and Resources and the Minister of Finance (Mr. MacEachen) as to why this happened. We have asked why the government has driven out oil wells, oil drillers and oil rigs to the United States. He admits that this has occurred, but says that there has been a downplay in the market and that we are not using as much oil any more. Why has drilling in the United States, where consumption has also gone down, increased by 20 per cent in 1981 over 1980? It is because the United States has a policy in place which encourages the industry to come in. It has taken a stand for the security of the United States. It will find the oil and become self-sufficient. It will not rely on anyone, including Canada.

We are living in dangerous times. We are on the knife's edge right now. We are saying that we will become self-reliant, but we will buy some of that cheap crap from Mexico which is being pawned off on Montreal refineries. We will even pay Montreal refiners a subsidy if they purchase Mexican crude. Montreal refiners are taking the subsidy and making windfall

profits. This is displacing oil which is now shut in in the Lloydminster area and in some of the fields in Alberta.

Taxpayers across Canada are paying 4 cents to 5 cents per gallon at the pump, which goes into a fund to subsidize offshore oil. We have a two-tier system in Canada which was tried and abandoned in the United States because it did harm to the United States economy. We always learn from the United States ten years later. We are shutting down wells in western Canada.

Recently I returned from my riding where I learned that there has been a 1,300 per cent increase in unemployment in the oil industry. Roughnecks who worked on oil rigs, in the derrick, on the floor and in the pit are now lining up at welfare offices because they have run out of unemployment insurance benefits. I invite hon. members opposite to come with me to Grande Prairie to visit the welfare offices and watch these once proud and fine men line up and say they need welfare because they do not have jobs. This is because of the national energy policy of the government. They should come with me to visit Bonnyville and Grand Centre to look at the number of young people who are lining up at the welfare offices. These young people saved up their money in order to start small businesses. They thought that Canada was a place of opportunity and that they would build plants because Canada needed oil. We still need oil. Hon. members opposite should come with me to talk with some of these people. I wish they could answer my telephone calls and hear what they have to say. They do not understand. We have the natural resources, the trained people and the technology. All we lack is the will of government to make the country self-sufficient.

I wish hon. members opposite could come with me to talk with a farmer in Athabasca who told me last week that he took his pride herd to slaughter. He will not even maintain his herd; he took it to slaughter. Unfortunately the Minister of Agriculture (Mr. Whelan) has left the House. I was hoping that he would have heard that comment.

I wish hon. members opposite could have spoken with another chap in Newbrook who telephoned me and said: "What the hell is the use; I will not even bother planting a crop this year". He broke the land with his own hands and farmed in the community for the last 40 years, and now he asks "What the hell is the use?"

This is the type of despair the government is causing with its taxes, the National Energy Program and its budget. It has created a feeling of total despair across the country. People are asking what will happen. I will tell them what will happen. It will continue and get worse, until the government admits to Canadians that it made mistakes with the National Energy Program and with the budget. It should do the honourable thing—it should reverse many of the ill-conceived ideas pushed by socialistic bureaucrats in government departments.

Where is the backbone of hon. members opposite? Where is the backbone of the hon. member for Scarborough Centre (Mr. Kelly)? He should rise and tell his caucus colleagues that he will not stand for it any longer. He knows as well as I that policies of government in the National Energy Program and in the budget are killing the economy of the country.

• (1750)

The hon. member for Charlesbourg (Mr. Bussières) is busy talking but perhaps he will read my speech. When will he stand up and tell the members of his caucus, the Prime Minister (Mr. Trudeau) and the Minister of Finance that enough is enough and that they are killing the initiative of Canadians? While the government is killing the economy of this country, it is destroying our initiative. Unemployed people all across Canada are sick with fear because they do not know what their future will be.

Can you imagine the government introducing a 20-year bond issue at 15½ per cent while the Minister of Finance at the same time repeats in the House every day that the government will fight inflation with its high interest rate policy. Although the high interest rate policy is there because of high inflation, the minister says they will beat it. Yet the government issues a 20-year bond issue at 15½ per cent! Members of the Liberal government must think Canadians are stupid if the government issues a 20-year bond at 15½ per cent while saying at the same time that inflation will come down. That irresponsible action will guarantee to the rest of the world that Canada is expecting double digit inflation for at least two decades; otherwise the government would not have issued those bonds.

I invite Liberal members to visit people in senior citizen homes. I wonder if they ever talk to senior citizens in their ridings. The hon. member for Sault Ste. Marie (Mr. Irwin) should talk to them and find out what has happened to their purchasing power. Just watch the tears running down an old lady's cheek because she cannot afford to buy her son and daugher-in-law a wedding present.

Mr. Irwin: It is all indexed.

Mr. Shields: We know that the hon. member's salary is indexed. He does not have to worry. I invite him to visit the fishermen in my area. He might be surprised that I am talking about fishermen but we have a freshwater fishing industry in northeastern Alberta. Ask those fishermen what is happening to them. The government has introduced a proposal whereby it will now withhold their taxes. These fishermen are also small businessmen. They buy trucks and nets and fish through the ice in the winter. Like other small businessmen, they sell their produce in the marketplace. Incidentally, the government also controls the market.

Prior to this budget, those fishermen were treated like any other small businessmen. They did their taxes at the end of the year; they deducted all their expenses and submitted their tax. However, what has happened now is that the finance minister, in his wisdom, has said that the fishermen cannot do that any more. The government will now withhold taxes at the wholesale level where the fisherman sells his fish. This irresponsible, terrible and sick government is now attacking small fishermen in northeastern Alberta and using their money for the full year

while giving them a refund at the end of the year without interest. That is an example of how desperate this government is for funds in order to continue its growth pattern. Only God knows what their grandiose scheme is.

I would like those hon. members to talk to some of the young people who have graduated from universities, technical colleges and community colleges. I only wish that all those members in the government backbenches could come with me to Fort McMurray, Grand Centre, Athabasca and High Prairie to talk to some of those people the government encouraged by saying that the future is theirs. The government told these people to go to university to receive an education because the world is their oyster. Well, those young people did do that. I had 14 graduate engineers come to me in my area asking what they would do because they could not find employment. Most of them had job offers last year but due to the cutbacks by the oil companies they are unemployed today.

Mr. Irwin: Oil companies obviously need more money.

Mr. Shields: I hope that hon. member is in his proper seat. They do not sit in their proper seats, Mr. Speaker, so they cannot be identified. If the hon. member had been in the House when I began my remarks, he might understand what cash flow is and why it is needed to service debt. However, I understand that is beyond their capability.

Mr. Irwin: Explain profit from investment.

Mr. Shields: I would like to explain it to the hon. member if he is prepared to listen. I could offer him a house for $500,000. It is available at no downpayment and he can move in today. I suggest that he would look at the situation and determine if he would have the cash flow to cover it. He would find that if he had to pay $10,000 or $20,000 a month to maintain the mortgage on that house, he would not have the cash flow.

I will explain to hon. members opposite once again that the Alsands consortium at Fort McMurray is attempting to put together a $13 billion effort. They will not receive any cash flow from that operation until the $13 billion is spent. In other words, they need cash flow from other sources to maintain the debt. That is not unrealistic.

Mr. Irwin: Explain profit from investment.

Mr. Shields: Those Liberal members do not understand simple economics, and we expect them to have the backbone to stand up to their colleagues in the frontbenches and say that enough is enough! The government is killing the economy and this is evidenced by the number of unemployed across Canada. I suggest to the hon. member that he visit the unemployment lines and go to this riding to talk to small businessmen to find out what is happening. He may then have the nerve and backbone to stand up to the Prime Minister, the Minister of Finance and the Minister of Energy, Mines and Resources to say "Enough is enough; resign and leave this place to let some other members take your place and run the country."

[*Translation*]

Mr. Deputy Speaker: Order, please. It being six o'clock, this House stands adjourned until tomorrow at two o'clock, in accordance with the provisions of Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, April 29, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

SUGGESTED REFERRAL OF SUBJECT OF PROSTITUTION TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Miss Pat Carney (Vancouver Centre): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion which I am sure has the support of the Parliamentary Secretary to the Minister of Justice (Mr. Peterson). In light of the growing problems associated with prostitution in Vancouver's West End and other cities across Canada, and in light of the pressing need to identify solutions to these problems, and bearing in mind that specific details about how to study and report on this issue will be worked out at the committee level, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House instruct the Standing Committee on Justice and Legal Affairs that, during its consideration of Bill C-53, it take into consideration all legal methods of dealing with street soliciting for the purpose of prostitution, including Sections 195.1 and 171 of the Criminal Code of Canada, as well as the various provincial and municipal laws presently enforced in this regard, and include the hearing and consideration of the views of the interested persons and organizations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

FOOTWEAR—CALL FOR REINSTATEMENT OF LEATHER SHOES IN IMPORT QUOTA—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) has indicated to this House on several occasions that, following serious thought, he will make an announcement on whether or not leather footwear will be re-integrated within the global quota. In light of the intolerable uncertainty being suffered by thousands of workers in the Canadian footwear industry whose economic survival hangs on the minister's decision to safeguard Canadian jobs, at a time when the policies of the Minister of Finance (Mr. MacEachen) are costing thousands of jobs, I move, seconded by the hon. member for Scarborough East (Mr. Gilchrist):

That the minister make known immediately his decision to reinstate leather footwear and show concern for the people whose jobs are in serious jeopardy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Despite the fact that the state of our economy is at its lowest ebb in decades, the Prime Minister (Mr. Trudeau), during question period in the House yesterday, refused to respond to all questions of an economic nature. Therefore I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Prime Minister make a statement on motions to present his economic recovery solutions to the people of Canada, or failing that, he admit his disinterest or his incompetency and take the ultimate step toward economic recovery by submitting his resignation post haste.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA POST

POSTAGE RATES FOR NON-CHARITABLE ORGANIZATIONS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House instruct the government to take responsibility for and to establish postage free rates for non-profit charitable organizations in Canada as a direct acknowledgement of the services they provide and in recognition of the significant contribution that volunteers make to the community, to the country and to the quality of life.

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR REDUCTION IN PETROLEUM AND NATURAL GAS TAXATION—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The government's policy of massive taxation of the oil and gas industry to nationalize, Canadianize, and rapidly transfer exploration and development from provincial lands to Canada Lands is regressive to the entire industry and the total Canadian economy. Therefore I move:

That the government immediately (1) cut significantly the petroleum and gas revenue tax; (2) provide exactly the same incentives for exploration and development on provincial lands as is provided for Canada Lands under the petroleum incentive program; (3) drop immediately the retroactive 25 per cent ownership requirement on all Canada Lands:

I feel certain that, on reflection, the Minister of Energy, Mines and Resources (Mr. Lalonde) will be pleased to second this motion.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CRIMINAL CODE

SUGGESTED REFERRAL OF SUBJECT OF PROSTITUTION TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity which hopefully will receive the unanimous consent of the House. In view of the serious problem of street soliciting in the West End of Vancouver in particular, I move, seconded by the hon. member for Regina East (Mr. de Jong):

That it be an instruction to the Standing Committee on Justice and Legal Affairs that, during its consideration of Bill C-53, it take into consideration all legal methods of dealing with street soliciting for the purpose of prostitution, and including Sections 195.1 and 171 of the Criminal Code of Canada as well as the various provincial and municipal laws presently in force in this regard, and include the hearing and consideration of the views of the interested persons and organizations, provided that all witnesses on this issue be heard by the justice committee, or a sub-committee thereof, between May 10 and May 31, 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

THE DISABLED AND THE HANDICAPPED

RECOMMENDATION THAT GOVERNMENT PUBLICATIONS BE PRINTED IN BRAILLE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, in the report of the Special Committee on the Disabled and the Handicapped entitled "Obstacles", which was presented to the government during the International Year of the Disabled, 1981, one of the recommendations was that all government departmental publications, studies and reading material now available to the general public should also be made available to the blind and other disabled persons of this country in braille, large print, or on cassette tape. Even though the government claims it has accepted the above recommendation in principle, there has been nothing done thus far to meet the needs of the disabled as far as government publications are concerned. I therefore move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House direct the government to take action immediately in this regard and prove that these special committees are not just a waste of time, money and effort, by commencing publication of essential government information in braille, large print and on cassette tapes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

ROLE OF ADMINISTRATION—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, Frank Lamont, a highly respected Winnipegger, who also is or was a lifelong western Liberal—this latter is a contradiction on its face, I appreciate—has joined every other Canadian not blinded by political ideology in critizing the National Energy Program. He said in part the other day, "It is impossible to understand how Draconian tax levels, suppressed prices and subsidized consumption of foreign oil are consistent with the strategic importance of Canada's oil industry, conservation or self-sufficiency." I therefore move, seconded by the hon. member for Ontario (Mr. Fennell):

That this House, recognizing that our current economic descent began with the NEP, recommend that each cabinet minister in this regime be given an economic saliva test.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FORESTRY

CLOSURE OF MacMILLAN BLOEDEL LUMBER MILL AT CHEMAINUS, B.C.—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, MacMillan Bloedel in British Columbia has just announced the indefinite closure of its lumber mill at Chemainus as of May 14, 1982, with the loss of over 600 jobs. The word "indefinite" means only that the company can avoid severance payment to long-term employees. MacMillan Bloedel has made several fortunes from the resources of that area and the work of its employees. Instead of maintaining a modern plant at Chemainus, it has allowed it to deteriorate into a gunnysack operation while ploughing its profits into new operations in other parts of the world. I therefore move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That this House condemn the irresponsible pillage of resources and disregard for its employees and their community shown by MacMillan Bloedel and that we condemn Liberal, Conservative and Social Credit governments which have adopted policies which encourage this cut and cut out philosophy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSIONS

PLIGHT OF SINGLE PENSIONERS—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I, too, rise under the provisions of Standing Order 43. The Minister of National Health and Welfare (Miss Bégin) recently gave a speech on pension reform in which she repeated again that it was nothing short of outrageous that, in 1982, being old, single and female is synonymous with being poor. Since she has stated in the past that it would cost $730 million to bring single pensioners above the poverty line, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House regard the statements of the Minister of National Health and Welfare as being totally outrageous in view of the fact that the government intends to allocate the $819 million it no longer will spend on medicare and post-secondary education toward reducing the federal deficit instead of using this money to alleviate the condition of Canada's senior citizens.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

QUERY RESPECTING DECISION ON ALSANDS PROJECT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. According to press stories, the remaining members, or the last three members of the Alsands consortium were to make a decision today at a board meeting held in Calgary this morning. Can the minister tell the House whether that decision has been announced or whether this project is to join the long list of casualties in the National Energy Program?

• (1415)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have not been informed of any decision by any members of the consortium.

FUTURE OF MAJOR PROJECTS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, on page 94 of the National Energy Program there are listed eight major oil development programs which, over the next decade, are supposed to generate some 500,000 barrels of oil and tens and tens of thousands of jobs. With the exception of the first project, which started before the National Energy Program, everyone of those projects has either been cancelled, postponed, or is in serious jeopardy. Can the minister tell the House what he is going to do to make up for this terrible loss of crude oil production for Canada, and even worse loss of the tens and tens of thousands of jobs that would have been generated if these projects had gone ahead, and they would have gone ahead without the National Energy Program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I remind the hon. member that in the United States there is no such thing as the National Energy Program, but they have cancelled and postponed a large number of megaprojects, particularly the Synfuels program, which is very similar to our tar sands projects. The hon. member knows that those decisions have been influenced very considerably by the situation of high interest rates in the western world, the relative glut in the supply of oil, and concern about the evolution of prices. The United States projects I have indicated have been delayed. I hope that the various projects that were considered, Cold Lake, for example, will be brought to realization once the environment with regard to the evolution of prices for oil is clarified.

Mr. Andre: What the minister neglected to mention, or has forgotten, is that these projects, particularly Alsands, would have been half completed now if they had been allowed to start in February, 1980, when they were ready to start construction of that plant.

Oral Questions

PREDICTED LOSS OF JOBS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the Economic Council of Canada in its 1980 review predicted that failure to go ahead with the large energy projects would mean, and I quote: "A cumulative total of 753,000 jobs would be lost over that period", referring to the 1980-1990 period. Given that the worst fears of the Economic Council of Canada appear to be true, what action does the minister plan to make up for these 753,000 jobs lost to Canada in the next decade as a result of his energy program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have two comments and maybe three to make to my hon. friend. First, this government has always been supportive of the tar sands projects. In February, 1980, September, 1980, January, 1981, February, 1981 and all the months in between we have been supportive of those projects. I invite him to reflect upon some other decisions made not by this government but which had an impact on the decision to proceed. Second, I remind him that those projects are far from being shelved. Some may be delayed. Some are proceeding. Some will proceed quicker, such as development of the Beaufort and development off the east coast. They appear to be proceeding quicker than had been anticipated because of discoveries. Third, I remind my hon. friend that the Economic Council of Canada has very often been proven wrong, even in the last year, with its forecasts.

ALSANDS PROJECT—TAX AND ROYALTY STRUCTURES

Mr. Jack Shields (Athabasca): Madam Speaker, I have a supplementary question for the Minister of Energy, Mines and Resources. The minister knows full well that the delay in the Alsands project and the Imperial project was because there were not royalty structures in place and the tax structure set by the federal government was not in place. The minister also knows that the dry-up in the cash flow of the companies has stopped them from proceeding. In his offer to the industry, has the minister cut back on the PGRT to increase the cash flows to the company, and has he altered the tax and royalty structures offered to the companies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government of Alberta and the Government of Canada during the last few months have worked hand in hand to develop a proposal that would be fair to the companies and to the taxpayers and consumers of the country. These have been the objectives, and these objectives have been shared between the government of Alberta and ourselves. We have worked, as I said, extremely closely together. We have put forward joint proposals that, for the time being, are confidential. Once the companies have made their decision we will be very pleased to reveal the content of our proposals.

• (1420)

PIPELINES

ALASKA GAS PIPELINE—GOVERNMENT SUPPORT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is also for the Minister of Energy, Mines and Resources. Despite vague assurances given to us by him in the past that there is nothing to worry about, and the seven years delay already experienced with the Alaska gas line project, the Secretary of State for External Affairs in his letter of April 23 to his counterpart, Mr. Alexander Haig in the United States, stated that we have now come to a "critical impasse". I wonder if the government and the minister can explain what is meant by a "critical impasse." And, also, could he explain the nature of the veiled threats contained in that letter? Is the Government of Canada threatening to withdraw Canadian support for this project?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the support for this project is part of the legislation that has been endorsed by Parliament and passed by Parliament under this government several years ago. So the support for the project is clear, is there, and it has been continuous. As far as the impasse to which my hon. friend refers is concerned, it is not an impasse that has anything to do with the two governments. There appears to be some difficulty at the present time in the United States among the promoters of that project. The Secretary of State for External Affairs wanted to draw this situation to the attention of the Secretary of State in the United States, to see if the United States administration would not use its good offices to try to resolve any of the outstanding issues there might be between the producers and the distributors in the Alaska gas pipeline project.

Mr. Nielsen: Where is the ironclad guarantee?

REQUEST FOR GUARANTEE ON STARTING OF PROJECT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in view of the fact that thousands and thousands of jobs have been lost already, jobs in the steel, the construction and other industries, can the minister now give this House his ironclad guarantee—

Mr. Nielsen: Once again.

Mr. Nickerson: —that the project will start within the next six months? Does he still believe that the project can be completed solely by private financing? Can he advise us what were the results of the meeting in New York last night between the Hon. Mitchell Sharp and the pipeline proponents?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am not in a position to report on the result of the visit by Mr. Sharp in New York yesterday. I have not been informed of the results of that visit. I might

tell the hon. member—he is aware, no doubt—that the Government of Canada had already authorized the pre-build of the line, which resulted in several hundred million dollars of work, of orders, and several thousand person years, in terms of the completion of that particular section of the line. It is hoped that the rest will be completed.

Mr. Nielsen: Now it is called "hope" and there are no more ironclad guarantees.

UNITED STATES COMMITMENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I also wish to put a question to the Minister of Energy, Mines and Resources. The minister will recall that, in his own words in the House of Commons in 1979, he said quite clearly that an ironclad commitment regarding the building of the whole Alaska gas pipeline would have to be obtained before the pre-build was commenced. Quite obviously, that position was changed considerably.

I want to ask the minister a further question now, in light of the most recent statements coming from Washington, that the United States administration is having considerable difficulty in trying to convince the private sector that they ought to go ahead, and in light of the fact that Mr. Haig has indicated quite clearly that there will be, at the very least, a delay, and that there is a distinct possibility that the project will not proceed. Will the minister tell the House whether he still believes he has an ironclad commitment from the U.S. to build the Alaska gas pipeline, and on which day will Canadians begin to see the benefits he said in the House of Commons would flow to Canadian manufacturers and workers from the building of the Alaska gas pipeline?

• (1425)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I note that in his statement my hon. friend pointed out that the governments of various countries have some difficulty getting the private sector to do certain things. That seems to be the case with respect to the U.S. administration at the present time.

I remind my hon. friend that the U.S. Congress and the U.S. administration, under the previous President and under the present President, have indicated that the Alaska gas pipeline is a question of the highest priority for the U.S. government. We have no reason to believe this is not still the case. There may indeed be difficulties at the present time between the private partners, but we have no reason to believe there is any less commitment on the part of the U.S. administration to the realization of the project. This is why we have urged that government to make representations and to use its good offices to try to resolve the difficulties which exist at the present time between the private partners in the United States.

Mr. Deans: Madam Speaker, surely the minister recognizes that the commitment by the U.S. administration means absolutely nothing. There is not one single dollar committed by the U.S. administration to the building of the Alaska gas pipeline.

Mr. Huntington: Tell us about the Mackenzie Valley and land claims settlements.

REQUEST THAT PRIME MINISTER MEET UNITED STATES PRESIDENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my supplementary question is directed to the Prime Minister. U.S. Secretary of State Haig has made it quite clear that this entire matter now rests with the private sector, and there is no guarantee that the private sector will go ahead. Will the Prime Minister arrange to meet and speak with the President of the United States to impress upon him that there was a commitment made by the U.S. that it would build the Alaska gas pipeline if we would proceed with the pre-build? We have lived up to our end of the bargain. When will they live up to theirs?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker—

Mr. Paproski: Stelco and the people of Hamilton are not going to appreciate what the NDP did.

Mr. Trudeau: Madam Speaker, do the rules allow for members of the opposition to ask each other questions? If so, I will cede to the hon. member for Edmonton North.

Mr. Blackburn: That is just a cop-out.

Mr. Deans: Don't you want to answer? I wish you would.

DEMPSTER LATERAL LINK—REQUEST THAT PRIME MINISTER DISCUSS PROJECT WITH UNITED STATES PRESIDENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, let me ask another question of the Prime Minister. Bearing in mind the question I have just asked, does the Prime Minister recognize that without the building of the pipeline we will not be able to provide the Dempster lateral pipeline link and that that will make it extremely difficult and very costly for us to gain access to our northern resources? Part of the deal was that we would be able to gain access to our resources in return for building the pre-build and in return for the Americans living up to their commitment. Will the Prime Minister sit down with the President of the United States, iron out the problem, and require from the President of the United States that he take whatever action is necessary to have his administration fulfil its end of the bargain?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is accurate about the Dempster link. It was part of the negotiation that we would leave ourselves open to be able to link Beaufort Sea gas into the pipeline south.

Mr. Nielsen: It was part of the agreement.

Mr. Trudeau: In so far as that is concerned, the hon. member is correct. I do not believe he is correct when he suggests that in some way the United States government undertook to build the line. He is correct in indicating that it was a priority for the Americans back in President Carter's time. We were begged—indeed, implored—to pass special legislation quickly because the Americans wanted that pipeline to be built, but I do not recall that in any of those circumstances the United States administration undertook to finance or to build the pipeline itself. It was something that was in the hands of the private sector both in Canada and in the United States.

• (1430)

I have discussed this matter with the President of the United States and I hope to seek occasions to do that again.

An hon. Member: They won't let you into the country.

Mr. Trudeau: I plan to meet the President in another country, Madam Speaker, but I am not sure if the hon. member who interjected would be allowed into that country.

I think the Minister of Energy, Mines and Resources has dealt with the matter. We have an undertaking from successive United States administrations that the pipeline was a priority. We still take it to be their priority.

I understand there are supplementary questions, Madam Speaker.

POSITION OF EXXON CORPORATION

Hon. Erik Nielsen (Yukon): Madam Speaker, my supplementary question is directed to the Minister of Energy, Mines and Resources. The minister will recall that the Reagan administration removed the prohibition against multinationals assuming an equity position in this project, leaving it open now for them to do so. Will the minister inform us whether there is any validity or substance to the suggestion that Exxon will now replace the American component, Northwest Alaska Pipeline Company, in holding the equity position that is available to Northwest Alaska Pipeline Company now?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is right in suggesting that there had been some difficulties among the producers with regard to the distributors. That was the subject of discussion in the last couple of weeks. However, I do not have specific information as to what specific plans there are in regard to Exxon and its share in the project. I have not been informed of any specific proposal in that particular regard.

EFFECT OF INTERNATIONAL AGREEMENT ON DEMPSTER LATERAL LINK

Hon. Erik Nielsen (Yukon): Madam Speaker, I wonder if the minister would undertake to inform himself on that subject and either reply in the House or inform me accordingly.

In view of his ironclad hopes that the whole line will be proceeded with, will the minister please advise us whether, in his view, the Dempster lateral will be proceeded with as the international agreement which forms part of the legislation, calls for?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I will be pleased to inquire and transmit to my hon. friend the information that can be made available to me at the present time. I would remind him, however, that some of that information may be considered confidential between the partners and I might not have access to it. I will be very happy to communicate to him anything I can get.

As far as the Dempster extension is concerned, if I remember the agreement with the United States, it provided for the possibility of tying the Dempster line to the Alaska gas pipeline. There was not an obligation to build that line and it was a right that Canada had, and would continue to have if the project proceeds as we hope.

* * *

PUBLIC WORKS

CONTRACT FOR DESIGN OF CANADIAN EMBASSY IN WASHINGTON D.C.

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Prime Minister. His office announced on February 25 that Mr. Arthur Erickson and his firm had been awarded the contract to design the new Canadian embassy in a very prestigious area of Washington. This was after a special selection committee of seven civil servants and architects had invited submissions. In response, 318 people made requests and 71 put in detailed submissions. Four firms were recommended for that $30 million job, none of which was the Erickson firm.

Why did the government select the Erickson firm—Mr. Erickson is reputed to be a friend of the Prime Minister—when the selection committee had recommended four other firms and had ranked them in order of selection after the architectural firms involved had spent hundreds of thousands of dollars in making their submissions? Why was the request of the committee and its recommendations ignored and the Prime Minister's friend appointed? Should they not just have said, "Only Trudeau friends need apply?"

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I took the view that there were 11 finalists and that they were persons or firms which obviously had been assessed as competent to be considered by the selection process for building the embassy. I thought it was correct for the federal cabinet to choose from among that 11 the one that we wanted to ask to make a proposal for that embassy.

I have taken the view, and I admit it is somewhat a change of policy, that the final decision should be made by the elected representatives of the people and that, within a small number

of firms submitted by the selection process, it seemed to be normal that the government would make the decision rather than some government officials or some outside representatives.

Some hon. Members: Hear, hear!

REASONS FOR SELECTION PROCESS

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister has made a strong argument for doing away with the public tender system entirely so that the few favourites of the government can have all the jobs that are going across Canada.

Some hon. Members: Hear, hear!

Mr. Crosbie: Why did the government have four civil servants, two architects and one retired diplomat circulate the architectural profession in Canada, then have 11 semi-finalists selected who had to spend tens of thousands of dollars each in order to go to Washington and make submissions, and then have the panel recommend four firms? Those four did not include the Prime Minister's favourite. Why did they then ignore all that and go through the process so that the genuises in the cabinet were going to decide on their own who was best suited to do the planning?

The last time I heard something like this was when the Roman Emperor Caligula made his horse a god. Is that the principle that the Prime Minister of Canada is proceeding on—

Madam Speaker: Order. Order, please.

Mr. Crosbie: —that he knows better than anyone else who should be the architect?

Madam Speaker: Order, order.

Mr. Nielsen: Come on, Caligula.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member is a little bit mistaken in his Roman history. I could tell him that if I had the power of Caligula I would not even have to turn him into a monkey. I think he is one.

Some hon. Members: Oh, oh!

Mr. Crosbie: Convince the architects of that. Only Trudeau pets need apply. The great sun god, the sun king will decide.

Madam Speaker: Order. Order, please.

Mr. Trudeau: The hon. member has his facts all wrong. In the earlier part of his question he said that there were several hundred applicants and that 11 were chosen from that—

Mr. Crosbie: Semi-finalists.

Mr. Trudeau: —from that several hundred number.

Mr. Crosbie: Four were recommended.

Mr. Trudeau: All those 11 were involved in the spending process that the hon. member refers to, with trips to Washington and so on.

Mr. Baker (Nepean-Carleton): So it is even more unfair than we thought it was.

Mr. Trudeau: It was certain that only one would be chosen.

Mr. Crosbie: Four were recommended.

Mr. Trudeau: Therefore it is certain that ten of them were taking the chance that their spending would not result in a contract to them.

The question is, once that elimination had been made we came down to a small group of 11—

Mr. Crosbie: Four.

Mr. Baker (Nepean-Carleton): Get your facts right, Prime Minister.

Madam Speaker: Order. Order!

Mr. Trudeau: The hon. member has used the figure of 11 himself. Does he object to me using that figure now?

Mr. Crosbie: I want you to be truthful. Four were recommended, not 11.

Madam Speaker: Order. Order!

Mr. Crosbie: Four were recommended and you could not—

Madam Speaker: Order. Order!

Mr. Crosbie: Just try to be truthful.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

LAY-OFFS IMPLEMENTED BY CROWS NEST FOREST PRODUCTS LIMITED, OF FERNIE, B.C.

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my question is directed to the minister who is responsible for FIRA. On November 23, 1978, the Foreign Investment Review Agency announced that Shell Canada Resources was given permission to take over Crows Nest Forest Products Limited of Fernie. At that time, FIRA gave assurances that Shell would maintain Crows Nest Forest Products Limited at not less than its 1978 level. Recently the foreign owner has violated that statement and laid off an entire shift of 200 workers. What steps is the government prepared to take to ensure that Shell lives up to the commitments given both by the company and the government to protect levels of employment?

• (1420)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will have this situation looked into, and if the undertakings are not being lived up to I will ask that the enforcement provisions of the law are vigorously employed.

HIRING PRIORITY SOUGHT FOR LAID OFF WORKERS

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, it seems to me that right across Canada FIRA is a pretty toothless tiger when it comes to protecting Canadian workers. When Shell took over Crows Nest Industries the first thing it did was split it into two companies, a forest company and a resource company. Now they have even refused to hire the men they are laying off from the forest company for their resource company, which is hiring. Will the government at least take steps to ensure that the men laid off by the forest company are given first priority for hiring with the resource company?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we will first want to see whether the situation described by my hon. friend is covered in the undertakings given as a condition of the allowance. If that is the case, then I will certainly do what I can to ensure that the act is being properly respected.

* * *

[*Translation*]

AIRPORTS

MIRABEL—INQUIRY WHETHER EXPROPRIATED FARMS WILL BE RESOLD TO FORMER OWNERS

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is directed to the Minister of Public Works, who is responsible for the Canada Lands Company (Mirabel) Limited.

Yesterday, the minister met with a group of expropriated farmers from Mirabel, a meeting that was mentioned on the news and in today's newspapers. Could the minister inform the House about yesterday's meeting, and could he confirm that his recommendation to cabinet will be to sell back some of the expropriated land at Mirabel?

[*English*]

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the question inasmuch as the newspaper reports I saw of the meeting I had with representatives of citizens of the area were inaccurate.

To begin with, as I indicated in response to a question in the last few days, the government has taken the position that the matter of rents is entirely separate from the long-range planning issues involved in the Mirabel land corporation. Indeed, we did not accept the proffer of rent yesterday and suggested that was a matter for the courts if they could not settle the matter between lawyers. As far as the long-range plan is concerned, as hon. members know the Mirabel land corporation has advised me, and I have advised my cabinet colleagues. I think it is fair to say that because the objective of the study to begin with is to investigate the possibility of returning some of the land under certain conditions, yes, generally speaking, under certain conditions, that will be one of my recommendations.

* * *

REGIONAL DEVELOPMENT

APPLICATION FOR GRANT MADE BY FIRM IN SUDBURY, ONT.

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Is the minister aware that approval is being sought for a DREE grant to a consortium for the establishment of a mining equipment manufacturing firm in Sudbury known as Meco, and that such firm will be in direct competition with an established firm in North Bay called Jarvis Clark, which, because of the terrible state of the economy, has announced its intention to lay off 167 of its approximately 400 employees?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not think it has been the custom to confirm DREE program applications because of commercial confidentiality, unless and until there is an approval. However, I assure my hon. friend that I will certainly bear in mind very carefully what he has to say on this subject.

CONSEQUENCE OF GRANT BEING MADE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is to the same minister. I assume that the Minister of Supply and Services has been in touch with the minister on this matter, and I would be interested in knowing the minister's position and whether he is willing to look into it. I understand the proposed grant is $2.2 million, and I hope he will have it denied because the awarding of these funds will mean the death of a very successful firm in North Bay.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Minister of Supply and Services is in close touch with me on all matters pertaining to the industrial development of his riding. He does a very good job in that regard.

Mr. Clark: Maybe you could call Arthur Erickson.

Mr. Gray: We will certainly keep in mind the views of my hon. friend, the views of the Minister of Supply and Services, and others on matters of this sort. Perhaps the hon. member's concerns should be expressed to the province of Ontario which

has already announced its willingness to support financially the very project he opposes.

* * *

THE CONSTITUTION

ARRANGEMENTS FOR CONFERENCE ON ABORIGINAL RIGHTS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Right Hon. Prime Minister who will know that under the Constitution he must call a conference within one year to decide the question of aboriginal rights. Has he decided which groups will be invited, when they will be invited, and what role he sees the federal government playing in this constitutional conference?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the first step would be to consult with the provinces and see what their views are on the date for such a meeting, and what groups they would advise be invited to it. We could then have a discussion and try and reach final agreement on the date, agenda, and the participants.

POSSIBILITY OF HOLDING PRELIMINARY CONFERENCES

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, since the conference is to be called to decide on the definition of aboriginal rights, can the Prime Minister tell me whether he will be in touch with his responsible minister to ask whether preliminary conferences can be called so that there are no surprises, or does he feel one conference is sufficient to decide the question of aboriginal rights?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I certainly will be acting in consultation with the minister in this matter. However, the hon. member obviously knows that the minister and the Secretary of State have been funding many native groups in order that they can pursue their legitimate claims and definition of their rights. This is not a new suggestion; we have been doing it for years and it has cost many millions of dollars.

* * *

CANADA POST

QUERY RESPECTING POSSIBLE INCREASES IN POSTAL RATES

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is to the Minister of Consumer and Corporate Affairs. Has Canada Post, made representations to the government for an increase in first-class postal rates?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): No, Madam Speaker.

[*English*]

TIMING OF FUTURE RATE INCREASE

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, will the minister assure the people of Canada that there will not be another postal increase until service is demonstrably improved, or for a year and a half, whichever comes first?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, it is a decision that is primarily the responsibility of the board of directors of the corporation, but as we all know, any decision must ultimately be submitted for approval to cabinet. I feel the question is purely speculative and that it is not really an issue at this time. I am confident that the main objective of the new Canada Post Corporation is not to increase postage rates but to improve postal services in Canada.

* * *

[*English*]

HEALTH

PRACTICE OF VACCINATING AGAINST SMALLPOX

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is for the Minister of National Health and Welfare. Despite the spectacular results achieved by the World Health Organization in completely eliminating smallpox, that dreaded virus disease, from the face of the earth, can the minister tell me why some government institutions still persist in vaccinating people against smallpox? This practice is redundant, uncomfortable, and can induce complications.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, from what I know of the background of that question, and considering the personal case which was referred to, concerning one of our colleagues in this House, I do not think there is any reason to be worried about the vaccinations being carried on in some federal government departments.

* * *

● (1450)

SHIPBUILDING

SUBSIDY RATE FOR CONSTRUCTION OF DOMESTIC-USE VESSELS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Regional Economic Expansion. It concerns unfair foreign competition for Canadian shipbuilders. The Canadian Shipbuilding & Ship Repairing Association reported:

> During the past 20 months Canadian shipping and petroleum companies have ordered over $1 billion worth of ships and floating equipment from abroad for Canadian use.

This is compared with only $400 million from Canadian shipyards. The minister well knows the reason for this—much higher subsidies and interest free financing which foreign shipping companies enjoy. For example, British shipbuilders receive subsidies valued at close to 40 per cent, whereas Canadian government subsidies were cut down to 9 per cent, and 19 per cent financing rates were added. Since the minister provides much higher subsidies through the Export Development Corporation for Canadian companies to build ships for export, will he change this irrational policy and implement an equivalent subsidy rate for vessels built in Canada for domestic use? It is only common sense.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, this issue is one which is being actively worked on by the government. We hope to have some policy decisions in this area before too long. Certainly it is one which has to be taken very seriously. I am glad my hon. friend confirmed that $400 million of purchasing has been placed with Canadian shipyards because of offshore exploration activities.

ABSENCE OF CUSTOMS DUTY ON FOREIGN-BUILT VESSELS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my supplementary question is directed to the Minister of Finance. It concerns the unfair customs policies which favour foreign-built ships over Canadian industries. Since no customs duties are now charged on foreign-built vessels purchased by Canadian companies which operate between our 12-mile limit and our 200-mile limit offshore, in fairness to the Canadian shipbuilding industry will the minister, through the Privy Council, implement customs rate changes for those deep sea foreign-built ships that operate within the 200-mile limit? Will he also increase the existing 10 per cent tariff which favours foreign-built oil exploration vessels over Canadian-built vessels?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the suggestion of the hon. member will be given careful consideration by cabinet.

* * *

[*English*]

EMPLOYMENT

WORK-SHARING AGREEMENT WITH MANITOBA PROVINCIAL CROWN CORPORATION

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Minister of Employment and Immigration on behalf of the residents of the riding of Churchill, seeing their member does not ask questions about employment in that area. In view of the work-sharing agrement which was signed between the Government of Canada and a provincial government Crown corporation—I understand that work-sharing project has now lapsed and that there have been lay-offs despite the assurances of the Manitoba government that no one would lose his job or his business—could the minister give us an update on whether or not those jobs will be saved, whether the work-sharing projects are in fact still in place, or have they ended as the reports state?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, a provincial minister in the Manitoba government announced that lay-offs would take place even though the work-sharing agreement was in effect. Therefore, it suspends the work-sharing agreement.

I should point out that I wrote to the premier of the province on Monday indicating that we were quite open to any proposals for job-creation schemes for forestry workers in northern Manitoba. I made that offer to provincial ministers as early as February, indicating that under Section 38 we could provide alternative employment in that area. I am hoping the Manitoba government will now respond with some degree of clarity to that particular offer, so that we can help the workers of ManFor to gain alternative employment in an area where there is a tremendous demand for forest management because of the fires which occurred a year and a half ago. I hope to enlist the support of the hon. member and other Members of Parliament from Manitoba to see if we can persuade the Manitoba government to enter into a job-creation program.

WORK SHARING IN NORTHERN AREAS

Mr. Jake Epp (Provencher): Madam Speaker, my supplementary question is directed to the same minister. I regret that those jobs now appear to be in jeopardy. The minister has appeared before cabinet asking for not only an extension but also for an increase in terms of work sharing. Could he report whether or not that has been approved and whether there are additional work-sharing arrangements being made in Canada's north?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, at the present time we have signed over 900 work-sharing agreements covering close to 50,000 workers. Many of them are in northern parts of Canada, particularly in resource industries such as lumber and other areas. I could not give the precise numbers if the hon. member is speaking about the Territories, but I could get that information for him.

As far as future considerations are concerned, we met with the users of work sharing a few weeks ago. We are now analyzing the results of that. I spent last week consulting with business and labour groups to determine what were their responses. I am now preparing proposals for cabinet. It has not yet had a chance to review them, but I hope that the proposals will be considered by cabinet before the end of May when we will make an announcement. Obviously the very demand for work sharing by business and labour demonstrates that it is providing a very important support during the downturn in the

economy and that they are highly supportive of us continuing our measure to provide them with assistance.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR PLACEMENT OF ORDERS WITH COMPANIES IN NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. He knows that many people in Nova Scotia have been waiting for a very long time for some concrete action by the minister to allocate some badly needed orders for railway rolling stock to Hawker Siddeley and some additional orders for rail to the Sydney Steel Corporation. The Minister indicated in the past that he considers his role to be an advocate among his cabinet colleagues to ensure that disadvantaged regions of the country and their key industries receive work. So far we have seen the antithesis of economic development under the minister. While I can see that the entire country is now an economic basket case, surely some consideration should be given to those areas which used to be noticeably economically disadvantaged before the entire country caught up with them?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have been working on this with my colleague, the Minister of Transport. I hope the Minister of Transport, on behalf of the government, will have some announcements in this regard before too long.

At the same time I should point out to my hon. friend that just today the Minister of Energy, Mines and Resources, on behalf of the government, announced a co-operative $5.5 million project to use Cape Breton coal, in combination with water as fuel for electricity generation plant boilers, the coal coming from the Cape Breton Development Corporation, a company for which I report to Parliament. There will be a new demonstration plant for this new technology. It is just one example of my efforts not only with respect to industrial development but also with respect to advanced technology in the interests of the Cape Breton and Nova Scotia economy.

SYDNEY STEEL CORPORATION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, any news such as this is certainly welcome. I congratulate the minister for it, but he must realize that it is a pitifully small contribution when the Sydney Steel Corporation needs, since he mentioned Cape Breton, additional work which the Minister of Transport could allocate to that very important industry. We cannot have any stability, or improvement for the work force or justify the money spent, if there is not some work for the corporation to do. It is within his power as a cabinet minister to secure that kind of work, and I hope he will get to it.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we do not need to allocate or force CN to buy from SYSCO. CN has been buying rail from SYSCO for many years. As a matter of fact, 83 per cent of CN's purchase of rail has been from SYSCO over a period of ten years. However, as the hon. member certainly knows, in the last year or so technical difficulties have arisen. For this reason CN had to look elsewhere in Canada—for example to Algoma—for the purchase of some of its rail.

In this coming year CN will be able to purchase 88,000 tonnes of rail from SYSCO, but SYSCO believes in the present circumstances that this is not enough. SYSCO asked CN to buy by anticipation and to stockpile rail. This is being looked at now. The cost of it would be $1.4 million, and we are looking around to see who could take care of that extra expenditure. The company would normally take care of it. CN, of course, prefers not to do so. A number of us are now looking to see if we can find a recommendation for this particular circumstance. But saying that CN is not doing its best to purchase rails from SYSCO is obviously not true.

• (1500)

Mr. MacKay: I am disappointed to think that the minister believes that CN cannot purchase additional rails from SYSCO. I would also want to straighten something out on the record. If he is saying that the quality of rails produced by SYSCO—in the Deputy Prime Minister's bailiwick—is not sufficient, it is interesting to note that a recent train derailment in the west, as I understand it, was not caused by a SYSCO rail but rather by an Algoma rail. Perhaps he had better reconsider the allocation of those particular orders.

Madam Speaker: I must point out to the hon. member that that was not a question. He should not seek the floor to comment on answers.

* * *

PETITION

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and thirty-first report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Spadina (Mr. Heap) on Wednesday, April 28, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Nielsen: Madam Speaker, may I ask the government House leader to confirm the business of the House for tomorrow and to inform us what he plans for next week?

Parliament Hill

Mr. Pinard: Madam Speaker, the business of the House for tomorrow will be Bills S-19, C-58, in that order, and Bill C-91 if we have time.

[*Translation*]

Next week, unless otherwise specified, Monday and Thursday will be opposition days, and Tuesday and Thursday the House will resume consideration of Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds.

[*English*]

Mr. Nielsen: Madam Speaker, it came over the translation that we would be discussing Bill C-93 on Tuesday and Friday, but Wednesday did not come over the translation. Would the government House leader repeat what the business is for Wednesday?

Mr. Pinard: Madam Speaker, what I said in French was that on Tuesday and Wednesday next week we will be resuming debate on Bill C-93. Monday and Thursday, unless otherwise notified, should be allotted days.

* * *

POINT OF ORDER

MR. CROSBIE—CORRECTION OF REFERENCE TO CALIGULA

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise on a point of order. During question period I made a mistake of fact. I said that the Emperor Caligula made his horse a god. As a matter of fact, he made his horse a senator and the Prime Minister (Mr. Trudeau) has made one end of the horse a senator on many occasions.

Madam Speaker: Hon. members do not facilitate the task of the Chair when they rise on a matter on the pretence of a point of order and simply continue to debate.

* * *

PARLIAMENT HILL

RECRUITMENT OF TOUR GUIDES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I wish to get some clarification on some information that your Honour provided the House in question period last Friday. The reason I am raising it today is that I have just received some background information which is contradictory to the information your Honour provided the House last Friday.

I questioned the Prime Minister (Mr. Trudeau) with regard to the special recruitment policies of the government for hiring francophones in the civil service. I also pointed out that no more unilingual English students were being hired as tour guides on the Hill, even though 95 per cent of the visitors speak English. Madam Speaker pointed out that my statement was quite incorrect.

Madam Speaker: Order, please. In any event, the hon. member should have brought that question to me. We can discuss it in my chambers. This being a matter of administration of the House of Commons, as the hon. member knows, it should be discussed with me or with the members' services committee. Certainly the Speaker is in no position to elaborate or make comments on the matter or answer questions in the House.

Mr. McKenzie: Madam Speaker, the reason I bring it up in the House is that you became involved in the answering of my question. What I would like you to clarify is that in the parliamentary guide for hiring students as tour guides, it clearly states under language requirements "fluency in both official languages". I seek clarification on how many unilingual English students you will be hiring and why there is not a percentage figure in the parliamentary guide as to how many unilingual English students we can hire because two-thirds of Canadian students cannot speak French and this is a highly discriminatory directive. I would like clarification.

Madam Speaker: I can provide those figures to the hon. member. However, if I erred by getting involved in the question at that time, I shall not err a second time. We have those figures and I will gladly give them to the hon. member and even make them public, if that is at all helpful to the hon. member.

ROUTINE PROCEEDINGS

[*Translation*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. René Gingras (Abitibi) moved that the Second Report of the Standing Committee on Indian Affairs and Northern Development, presented to the House on Thursday, April 8, 1982, be concurred in.

Motion agreed to.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,126 and 4,221.

[*Text*]

ORDERS IN COUNCIL

Question No. 4,126—**Mr. Cossitt:**

Since the date the answer to question No. 53 of the first session of the thirty-second Parliament was prepared, how many additional orders in council were issued by the government and how many were in any way classified?

Hon. Yvon Pinard (President of the Privy Council): The number of orders in council is 6,897. None were classified.

UNEMPLOYMENT INSURANCE BENEFITS

Question No. 4,221—**Mr. Gilchrist:**

For each year 1976 to 1981 (a) what was the cost of unemployment insurance benefits (b) how many persons received the benefits?

Hon. Lloyd Axworthy (Minister of Employment and Immigration):

	(a) Cost of Unemployment Insurance Benefits ($ Million)	(b) Number of Persons Receiving Benefits (000's)
1976	3,361.6	2,429
1977	3,928.2	2,515
1978	4,538.2	2,526
1979	4,009.1	2,322
1980	4,393.8	2,249
1981	4,828.3	2,354

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

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JUSTICE AND LEGAL AFFAIRS

PROPOSED REFERENCE TO STANDING COMMITTEE RESPECTING STREET SOLICITING FOR THE PURPOSE OF PROSTITUTION

Hon. Eric Nielsen (Yukon): Madam Speaker, I wonder if you would seek the unanimous consent of the House, which it might be disposed to give, in order that the hon. member for Vancouver Centre (Miss Carney), or the government, might once again put the motion which would refer the question of prostitution to the Standing Committee on Justice and Legal Affairs.

Madam Speaker: I am in the hands of the House but no one rose on motions to solicit—or ask for that!

• (1510)

Mr. Nielsen: I am now asking the Chair to solicit the unanimous consent—

An hon. Member: Careful!

Mr. Nielsen: —of the House to enable that to be done by the hon. member for Vancouver Centre, if the parliamentary secretary does not wish to do so himself.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, in a situation where the business of the House or referral to committee is concerned, it is customary to negotiate with the party House leaders, and when there is good reason to believe there is unanimous consent, we rise in the House and ask the Chair to ask the House whether there is unanimous consent for a specific motion. This approach was tried at least twice this week, and it did not work. In the circumstances, I would prefer to have further indications as to agreement by the New Democratic Party before we use any more of the time of the House to obtain concurrence in a motion of referral to committee. As things are now, I do not believe the hon. member will get the unanimous consent he suggests there is, because further consultations will have to be held, and if we think there is good reason to believe that unanimous consent can be obtained, we shall act accordingly and present the motion again.

[*English*]

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the government House leader knows the motion which would gain the unanimous consent of the House. We would be delighted to give unanimous consent to a motion which stated that it be an instruction to the Standing Committee on Justice and Legal Affairs that it take into consideration all legal methods of dealing with street soliciting for the purpose of prostitution and including Sections 195.1 and 171 of the Criminal Code of Canada as well as the various provincial and municipal laws presently in force in this regard and include the hearing and consideration of the views of the interested persons and organizations. We would be happy to give unanimous consent to that motion if the government House leader would care to move it.

Mr. Pinard: Madam Speaker, this is a matter which I am willing to discuss in the normal way and under normal circumstances. I do not see much difference. I see that the NDP has attached conditions. That is subject to negotiation. We had a very simple motion referring the subject to the committee while it debates a certain bill, but the NDP denied consent. Now it wants to attach conditions. We are willing to discuss that, but in the meantime there is no way that we will agree to a motion that the NDP moves on the subject. We will move the motion we moved earlier, and if the members of the NDP do not agree to that reference, it is too bad.

Mr. Deans: Speaking on the point of order, Madam Speaker, I want to make it clear, lest I was perhaps misunderstood,

that we are not attempting to attach any condition. We are attempting to remove a condition.

Mr. Nielsen: Oh, finally changed your mind, eh?

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—REPORT ON SECURITY AND DISARMAMENT

Hon. Edward Broadbent (Oshawa) moved:

That this House supports the minority report on security and disarmament signed by six members of the Standing Committee on External Affairs and National Defence in April, 1982, calling for, *inter alia*, a world-wide nuclear freeze, no Cruise missile testing in Canada and a world-wide pledge against first use of nuclear weapons.

He said: Madam Speaker, we have never confronted anything in the past remotely approaching the scale of human disaster toward which the world now seems to be heading. The carnage of the two great wars would be as nothing by comparison if we do not reverse the disastrous competition in the creation of the instruments of nuclear death. The two great power blocs, engaged in a world-wide struggle with one another, locking themselves in, push us closer and closer to triggering off a Hobbesian world of uncontrolled violence. This time, however, the consequences are almost beyond historical imagination. We must now contemplate the possible destruction of mankind.

[*Translation*]

While so many are being threatened with increasing poverty, over $500 billion annually is being spent on arms; while there is a shortage of doctors, teachers and engineers, the arms industry is employing more than 50 million men and women, either directly or indirectly. Our system of values is being attacked on all sides. There is no religion or philosophy, whether western or eastern that condones taking this option.

[*English*]

Mr. Nielsen: I have a point of order, Mr. Speaker.

Mr. Deputy Speaker: Is the hon. member for Yukon rising on a point of order?

Mr. Nielsen: It is not in keeping with our practice to permit cameras behind the curtain, and to set the Chair up and the hon. member for—

An hon. Member: Prud'homme.

Mr. Nielsen: —Saint-Denis (Mr. Prud'homme), which is the practice which was just going on now. I do not know what the purpose was, whether they are for mailings or whatever, but that should not happen.

Mr. Deputy Speaker: With all due respect to the hon. member, the matter will be considered at the appropriate time. The hon. member for Oshawa has the floor.

Mr. Nielsen: Well, on a point of order, Mr. Speaker, I will keep getting up until I am heard.

Mr. Deputy Speaker: The hon. member has made his point.

Mr. Munro (Esquimalt-Saanich): They are still there.

Mr. McDermid: Order them out of the House.

Mr. Deputy Speaker: To the best information of the present incumbent of the chair, there is an understanding between the House leaders with regard to the presence of the cameramen. If there is some disagreement with regard to that understanding, conversations directed through the appropriate channels will take place and the appropriate measures will be taken.

Mr. Nielsen: On a point of order, Mr. Speaker, the understanding between the Speaker and the House leaders was to permit still cameras. Now, hear me out, please. The understanding was to permit still cameras behind the curtains during question period, but no longer than that. The photographers are still there.

Mr. Deputy Speaker: The hon. member has made his point.

Mr. Nielsen: I wonder if I might be heard.

Mr. Deputy Speaker: With all due respect to the hon. member, he has made his point. The cameras are not there. The hon. member for Oshawa has the floor.

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

Mr. Deputy Speaker: The hon. member for Oshawa has the floor.

Mr. Nielsen: I have a point of order.

Mr. Deputy Speaker: The hon. member for Yukon has been recognized and has made his point of order. The practice of which he has complained has ceased and the Chair has indicated there will be further discussions and the appropriate remedy taken if there has been an infraction of the understanding of the rules of practice of the House. Does the hon. member have anything to add to that?

Mr. Nielsen: If you would hear me out, I would let you know, Mr. Speaker. What I am asking for is a direction from the Chair that the practice, as understood between the Speaker and the House leaders, of allowing photographers behind the curtains during question periods only, not only be adhered to but be enforced as well. That is what I am requesting the Chair to direct.

Mr. Deputy Speaker: The Chair has heard the point of the hon. member. The hon. member has made his point. The hon. member for Oshawa has the floor.

Mr. Prud'homme: I am sorry, Mr. Speaker, but I have a point of order. Your Honour must hear my point of order.

With my usual due kindness to the hon. member for Yukon, I do not know why he has dragged me into the debate. I was only speaking very privately with you, Mr. Speaker, asking for the list of Speakers for today.

Mr. Nielsen: And, by coincidence, the cameraman was there.

Mr. Prud'homme: I was just speaking to Your Honour privately, very silently, if possible, to find out who will be the next speaker, because I will be speaking today. I wanted to know when I will speak. It is a long practice—

Mr. Deputy Speaker: Order, please. The hon. member has made the point that he is not involved in any subterfuge whatsoever with the Chair, which the present incumbent is quite prepared to substantiate. The hon. member for Oshawa has the floor.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I regret to say that it certainly reflects the sense of priorities among some people to have an interruption of this kind on this topic.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Broadbent: Worst of all in this development is the spread and development of nuclear weapons in particular. Now more than ten nations are believed to have a nuclear weapons capability and another half dozen are very close to having it. There is in existence enough nuclear capacity for the United States and the Soviet Union to destroy each other's population several times over. It is therefore a moral obligation of the highest priority for politicians to think about the consequences of nuclear war and to act with realism and intelligence to avoid it.

• (1520)

We cannot look for a better guide than to the minority report prepared by members representing all parties of the House of Commons which studied the related questions of security and disarmament. I want to take this opportunity at this point in my comments to compliment all the members on that committee representing the Liberal and Conservative parties. I want to single out in particular, and I am sure it will be understandable, the very significant contribution made by three members of my party, the hon. members for New Westminster-Coquitlam (Miss Jewett), Saskatoon East (Mr. Ogle) and Selkirk-Interlake (Mr. Sargeant). All members are to be commended for their serious moral and practical concerns about this question.

The sparse and precise prose of the minority report presents a grim but accurate portrayal of the consequences of nuclear war. I quote:

> People not immediately burned to death, blown apart or asphyxiated in shelters would find themselves in a nightmare world, populated by the dying, dead, and insane. Food, crops, and land would be contaminated, water undrinkable. The survivors would envy the dead. In an all-out attack, who would survive, as radiation sweeps across the oceans and into the atmosphere, depleting the ozone layer, and releasing lethal ultraviolet rays? The collapse of the ecosystem would leave a global wasteland.

Many people have been deeply moved in recent weeks by a similar description found in the important analysis of nuclear armament and warfare provided by Jonathan Schell in his series of articles in *The New Yorker* magazine. I urge members of all parties in the House to read that series with great care.

The nuclear arms race has become a vicious circle. The accumulation of new arms by one side increases the feelings of insecurity in the other. This in turn leads to a further demand in the name of self-defence for more nuclear weaponry. In the past few years, the momentum of this circular motion has increased, I regret to say. It has reached what can only be described as alarming proportions. Rather than producing tranquility based on security, new arms spending is only increasing feelings of worldwide insecurity. This circle must be broken. Hence the timeliness and practical wisdom of the minority committee's report. What lies behind the report is a profound understanding of the world armament situation and the realization that Canada can and should show leadership in this field.

In this context, it is particularly worth noting that we in this country were the first nation on earth with the capacity to develop nuclear weapons to refuse to do so. That was a noble beginning. It is time we returned to the principles which gave it birth.

It is also worth noting that following World War II, as a middle power, Canada acquired a good reputation among the nations of the world as an activist nation, a nation willing more than once to move beyond the confines of the status quo. It is time that we returned to this tradition also. It is time for the Government of Canada to cease being a follower in the deadly armaments game. It is time to step out and speak up at long last for disarmament.

This can and must be done in practical terms. The nuclear minority report shows us how. What does it recommend? First, it recommends a nuclear freeze. It calls for a global freeze on the testing, production and deployment of nuclear weapons and their delivery vehicles. This is the same as the resolution proposed by Senators Hatfield and Kennedy in the United States and which up to yesterday had the support of almost 200 United States congressmen and senators, and the numbers are growing daily.

Such a mutually binding freeze, accompanied by international inspection and monitoring mechanisms, is realistic. First, it would head off a new round of first-strike and related counter-force weapons development. Second, it is not unilateral disarmament; it would be binding on both of the great power blocs.

In this context it is important to note that agreement would entail as an early consequence the cessation of the development of the Cruise missile, which is clearly a first-strike nuclear weapon. In terms of the existing balance of nuclear power, this weapon is simply not needed. Although the Soviet Union has a clear advantage in intermediate-range missiles, the United States and its allies have an advantage in long-range missiles. As the subcommittee notes, there is now overall parity between the two sides, a parity which many existing military experts in the United States in particular are in agreement with.

To attempt to obtain nuclear superiority on the part of the United States is faulty, first because the Soviets have said that such American action will simply cause them to expand on their nuclear programs. Hence the cycle will once again move into motion. Second, as Admiral Noel Gayler, former chief of the United States forces in the Pacific, pointed out in last Sunday's New York *Times*, in the real world such so-called superiority has no meaning. I quote this former director:

> We and Russia are like two riverboat gamblers sitting across a green table, each with a gun pointed at the other's belly and each gun on hair trigger. The size of the guns doesn't make much difference; if either weapon is used, both gamblers are dead. In the same way, the size of the nuclear forces makes little difference.

It is more than redundant, therefore, to proceed with the Cruise missile. It will set in motion even more spending on armaments on both sides. It will simply increase the already excessive balance of terror in the world.

The proposal for a nuclear freeze is practical. It gives no advantage to either side. The Canadian government should use its influence in the world community at the United Nations special session to get a freeze and effective international mechanisms for enforcement accepted. It is clear from recent talks that the United States will have to be prepared to change its views on the Cruise missile. On the other hand, the Soviet Union will have to change its views on the important question of inspection. The message for Canada is clear as to what our role should be. We must be working to convince both of the superpowers to show this kind of flexibility.

• (1530)

The second recommendation in the committee's report is that there should be no Cruise testing. Mr. Speaker, it must be very clear that this follows the first point. As the subcommittee points out, we should not be party to tests aimed at improving the technological capacity for nuclear war. It is only be denying the use of space in Alberta or Saskatchewan or anywhere else in our country that we will be clearly seen to be taking a step against the arms race. To participate in such testing would be to make a mockery of any claim to favour a halt in the nuclear arms race. The Cruise test question is, then, a specific test for Canada. We must now take a stand against the irrational and inhumane nuclear weapons race and we must begin by not permitting the testing of the Cruise missile here on our soil.

Some hon. Members: Hear, hear!

Mr. Broadbent: The third recommendation, Mr. Speaker, is one which in my view does not have the same rigorous and verifiable force in the real world as the first two. It is, nonetheless, very important. It simply is that Canada pledge itself never to be the first to use nuclear weapons. To me it is a profoundly important moral commitment which should be the first step to urge other nations with a nuclear capacity to join in. Surely, I say to the Secretary of State for External Affairs (Mr. MacGuigan), on this point as well as on the others, the Government of Canada should not hesitate to make such a commitment and to follow through with such appropriate subsequent action.

The fourth and final recommendation in the minority report is that we spend in Canada one tenth of 1 per cent, which is $7 million, of our defence budget on disarmament efforts. That amount could go to strengthen disarmament education, provide information and develop research activities in this field. Surely this proposal is precisely in line with the thinking of the vast majority of Canadians. Canadians, no matter where they reside, no matter what political party they support, are interested in peace. Canadians wherever they reside, whatever political party they support, would be more than willing to see this kind of allocation of government funds devoted to the development of peace and the means of achieving that, rather than put all of our emphasis on spending in the armaments field. The more than 30,000 people who assembled in Vancouver, in a demonstration that was clearly spontaneous, I am sure in this regard were speaking for Canadians from coast to coast.

Some hon. Members: Hear, hear!

Mr. Broadbent: The unspeakable horrors of a nuclear war cannot be exaggerated. Only madmen contend that they can be. I describe as madmen those who are in the armed services, whether of the Soviet Union or of the United States or of their respective allies, who talk glibly about being able to survive a nuclear strike, being able to have a so-called limited nuclear war.

However, Mr. Speaker, if I take it as fundamental that men and women of good will and reasonable intelligence in all parties would agree that any form of nuclear war will constitute a nuclear holocaust, in the real world of politics it is not enough to point out these consequences, no matter how horrific. It is the fundamental responsibility of the politician to present a workable solution and then to work for its implementation.

It is rare in political life that the ideal and the possible perfectly coincide. In my view, we now have precisely that situation. The goal is to begin mankind's march back from the nuclear precipice. The practical means are the proposals, supported by many people in many lands, that I have just described. All that we now need is the political will to carry them forward. Let us get on with this important human job.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Mr. Speaker, would the hon. member for Oshawa (Mr. Broadbent) allow me a question?

An hon. Member: No.

Mr. Broadbent: Yes.

Mrs. Appolloni: Mr. Speaker, I was a member of this committee that studied the disarmament question and I can say in all truthfulness—

An hon. Member: What is your question?

Mrs. Appolloni: If the hon. member would keep his colleagues in check, at least a minimum of courtesy and free speech will be allowed us.

Mr. Broadbent: Yes.

Mrs. Appolloni: Thank you. The committee did work, I am very happy to say this, in a situation of non-partisanship and sincerity. It is along those lines that I ask this question very sincerely, Mr. Speaker. The hon. member has just spoken. I fully respect his views, even though I do not share them. In his opening remarks, he paid particular reference to the members of the minority, who signed the minority report. That, too, is permissible; partisan bouquets may be given from one side or the other.

What I am referring to now is the specific reference the hon. member made to the moral stance of those who signed the minority report. This is my question, Mr. Speaker. I hope that the member for Oshawa is not implying that those who did not sign the minority report, or rather those who concurred in the majority report, are less than moral. My contention is that there are many of us who feel that the protection of our own and other Canadians' sons and daughters is also a very sincere moral imperative.

Mr. Broadbent: Mr. Speaker, I appreciate the question very much. It gives me a chance to clarify that point. I agree entirely with what the hon. member has just said, that the majority as well as the minority are to be seen to be in fully equivalent moral terms. I would never suggest the contrary, nor did I suggest it. But it was a possible implication. I agree that one might have inferred something I did not intend, because I did not elaborate on the point. I welcome the opportunity now.

This issue in this country, as well as in the United States and in other countries, is something that does not divide people in terms of moral commitment. Most importantly, it divides us in judgment about the ways of achieving those goals.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Mr. Speaker, in the last year we have seen a growing worldwide concern over the arms race. More and more people are alarmed at the prospect of an increasing escalation of armaments which they believe may well result in a nuclear holocaust. I agree with the hon. member for Oshawa (Mr. Broadbent) that the reality of a nuclear holocaust would be such that the description which he gave is certainly not excessive. Here in Canada there is also rising impatience with the failure of governments throughout the world to negotiate some of the most effective elements of effective disarmament.

Mr. Speaker, the government shares these concerns of the people of Canada, concerns which people all over the world have expressed. There is, alas, no magic formula to bring about the result we all wish. I believe that as a government we have been and continue to be able to put forward a responsible, coherent and effective policy to help achieve the ideal of disarmament and arms control to which we are all dedicated.

Canada's position is not identical with that of the superpowers. Both the United States and the Soviet Union are nuclear weapons powers. We are not. Both are engaged in the development of new nuclear weapons systems. We are not. Both have large expansions in defence expenditure underway. We have not. Both are involved in large-scale trade in armaments. We are not. Canada's position is that of a western middle power.

• (1540)

To say that we do not share the perspective of the two superpowers is not to say that we are either a neutralist or a non-aligned nation. We are a western middle power which supports western values and advocates the western alliance. In fact, we participated in the founding of that North Atlantic alliance.

I would like to quote, as applicable to our situation as well, the words last week of that great German socialist, Chancellor Schmidt, at the annual meeting of his party. He said:

> German policy may not and can never be made from a position equidistant between Washington and Moscow. We stand on this side, on the side of free and equal peoples.

It seems to many of us that it is because the Canadian socialists do not share this position morally, politically or militarily that they can come to a different conclusion.

Mr. Broadbent: Back to the trivial and petty again, Mark.

Mr. MacGuigan: I would be very pleased to entertain questions when I have finished. The New Democratic Party obviously does not like to hear the truth. Members of the New Democratic Party do not like to hear what they could easily conclude if it were not for the fact that they do not favour belonging to the North Atlantic Alliance. Obviously for them a solution can be found on the basis of only one kind of approach.

Mr. Broadbent: What about Senators Hatfield and Kennedy?

Mr. MacGuigan: We are talking about the NDP; we are not talking about American senators.

Mr. Broadbent: Just deal with the issue.

Mr. MacGuigan: The American senators to whom the leader of the New Democratic Party is referring are supporters of the North Atlantic Alliance. His party is not. I sympathize with him because I believe he is a closet supporter of NATO but cannot come out of the closet because of his party. I sympathize with him.

Miss Jewett: That is pretty sick, Mark.

Mr. MacGuigan: Arms control and disarmament policy has been and is a priority of the government. It was the subject of intensive hearings in the Standing Committee on External Affairs and National Defence earlier this year. Before preparing its report the committee examined the spectrum of views on security and disarmanent. Whereas we are being invited today to support the views of six members of that committee who issued a minority press release, we should in fact be commending the committee for its efforts.

The committee's report, tabled on April 8, contains a number of positive recommendations. The government has been giving serious consideration to the recommendations in the formulation of Canadian positions for the second United Nations Special Session on Disarmanent.

This important international meeting begins in just over one month. Our preparations have been in progress for over a year. They have included a review of the strategy of suffocation proposed by the Prime Minister (Mr. Trudeau) at the first special session in 1978, the validity of which was reaffirmed in the foreign policy debate last June. Preparations have also included extensive consultations with other countries undertaken by the Ambassador for Disarmament. Today I had the pleasure of welcoming and talking with Dr. Eugene Rostow, director of the Arms Control and Disarmament Agency of the United States, who is in Ottawa for consultations with our government as to the position his government and western governments in general should adopt in the forthcoming months. I might also add that at the request of the former premier of Sweden, who is heading an international study of disarmament, our former ambassador, Mr. Ford, was made available to the study group which, I believe, is in the process of completing its report.

In my statement to the standing committee on February 25 I set out the Canadian objective at UNSSOD II, which is to chart the way ahead and give a further impetus to arms control and disarmament negotiations. It is in fact the period beyond UNSSOD II that is at the centre of our concern and that of our NATO allies. I was pleased that the standing committee also looked ahead in underlining the need to resolve the key decisive issues and to establish conditions which will permit a relaxation of tension, rapid movement toward a new rapprochement and the mutual and balanced reduction of global armaments.

States must press ahead in negotiating verifiable arms control and disarmament agreements not only on existing weapons systems—nuclear, chemical and conventional—but also on weapons systems around the corner. States must not allow arms control and disarmament negotiations to lag too far behind technological developments. The need for further qualitative limitation becomes greater with each passing year. The joint statement of principles negotiated as part of SALT II called for the further qualitative limitation as well as reduction in the number of strategic nuclear weapons. Canada's geographical position means that there is no more important negotiation for Canada than the U.S.A.-U.S.S.R. talks on strategic arms, which we hope will be resumed at a very early date.

In looking to the future we must also be concerned about the development of weapons systems for use in outer space. Existing international agreements are no longer sufficient. Canada has spoken out on this subject at the United Nations and co-sponsored a resolution at the last general assembly which requested the Committee on Disarmament, the multilateral negotiating body in Geneva, to consider the question of negotiating effective and verifiable agreements aimed at preventing an arms race in outer space. Canada looks to that body to pursue this issue when it resumes in the summer. We will be one of the active participants.

The Committee on Disarmament has in the past few weeks established a working group on a comprehensive test ban to deal with issues relating to verification and compliance with a view to making further progress toward a comprehensive test ban. CTB has been and continues to be a Canadian priority precisely because a CTB is a key element in limiting future generations of nuclear weapons. With our expertise Canada can and will play an active role in this new working group.

In negotiating forums like the Committee on Disarmament and the mutual and balanced force reduction talks in Vienna, as well as in deliberative bodies such as UNSSOD II, Canada will take effective positions which will further encourage negotiations.

To recapitulate, our fundamental position is as follows: it is a position of balanced deterrence by radical reduction. This is not something which can be defined exactly. It is a description. It is a principle, and ideal and a goal, but the goal of balanced deterrence is to be achieved not by accretion but by radical reduction of armaments of all kinds. It seems to me that this points to a goal which is not only the right one but also one which is capable of achievement.

By way of specifying that more general principle, I might say that we advocate, first, the radical reduction of present systems and especially the most destabilizing elements in the present systems and, second, we advocate that there should be no substitution of future destabilizing elements for the ones we succeed in eliminating by way of reduction.

• (1550)

In developing and articulating effective positions, the government will do so on the basis of a balanced security policy which takes into account the need for both nuclear and conventional forces. As I stated in the standing committee, the maintenance of forces sufficient to deter aggression and defend the North Atlantic treaty area is entirely consistent with our commitment to a vigorous arms control and disarmament policy. The two complement and support each other, forming a coherent whole. They serve the same goal of enhancing security and preserving peace. At UNSSOD II we intend to highlight the need for progress in both nuclear and conventional disarmament.

The point is that disarmament cannot be considered as a goal distinct from security. Disarmament can be attained only

to the extent that the security concerns of states are met, and beyond that, that states abjure the attempt to resolve grievances, even valid ones, by force of arms.

During much of the seventies we had a state that was most often described as one of detente. That state was one which was taken advantage of by the Soviet Union to develop further their nuclear capacity and in particular their intermediate-range nuclear capacity. That was the situation which confronted the NATO governments in December, 1979 when they decided on a two-track policy, on the one hand moving towards further disarmament and, on the other hand, providing us with adequate security.

In the context of the decision on security, which involved the modernization of nuclear arms, they agreed at that time that they would start deploying in Europe in late 1983, 464 ground launched Cruise missiles and 108 Pershing II missiles. When fully deployed the intermediate-range forces would represent a total of 572 warheads against the 900 SS-20 warheads—which is 300 missiles each with three warheads—plus 300 single warhead SS-4s and SS-5s for a total of 1,200 Soviet warheads. That is roughly the present state of the Soviet readiness, some 1,200 Soviet warheads. At the moment in NATO we have no intermediate-range nuclear weapons.

That is a measure of the gap which still exists. Even when these 572 warheads are deployed they will be many fewer than the number of Soviet missiles. Because we will have some defensive capacity, however, we believe that at least in the short run that will prove to be an adequate factor of safety.

That decision was arrived at on behalf of Canada by the predecessor government to this one. We were pleased to adopt it as our own when we took office. Because of the doubletrack concept it involved at the same time the movement toward disarmament negotiations which, in fact, become possible only if there is this kind of western capacity which can be bargained off against the existing Soviet capacity.

Following the decision of 1979, President Carter requested some 18 months ago that we allow one of the proposed missile systems, the Cruise missile system, to be tested in Canada. It is the Carter request, which was subsequently adopted by the Reagan administration, which has been accepted by the Canadian cabinet.

I have explained in the House that we propose to do two things. First of all, we propose a framework agreement that will possibly provide for the testing of large numbers of weapons systems in Canada in the future and which provides for the joint control of those operations and every other aspect of the testing, including any compensation which may become necessary for minor damage. In the case of each weapons system there will be a sub-agreement under which the testing of that particular weapon or weapons system will be legitimized.

We are proceeding with the negotiation of the framework agreement with the United States, as I have announced. At this time we are not proceeding with the negotiation of the sub-agreement dealing with the Cruise missile but there has been some misunderstanding about this. The decision to go ahead with that has been taken. What is being held up is the implementation of the decision which has already been taken. We are holding this up in deference to the request made by a number of Members of Parliament. In fact, I may say that in any event, if there were a general agreement either on testing or on disarmament and arms control which made such tests either illegal or unnecessary, we would obviously not be proceeding with them. The fact that we will not be proceeding to negotiate the sub-agreement on the Cruise missile in the interval does provide an additional guarantee that we will await the results of the UNSSOD II meeting.

I might also explain that the reason Canada is the logical site for such testing is that I believe it is the only really effective site within the NATO alliance with not only the northern conditions but, more particularly, with the amount of space that is required. The width of the corridor which the United States could provide for such tests would be only five miles, whereas we are able to provide a 30-mile wide corridor.

Mr. Benjamin: Why don't they use Alaska? Why don't they use their own land?

Mr. MacGuigan: Some hon. members are asking why they do not use Alaska. I guess they know that Alaska does not go as far south as Canada, so the full range of the weapon could not be tested. That is the easy answer to that question, which I think was intended rather flippantly.

It should also be understood, contrary to what has so often been asserted in recent days in this country, that the Cruise is not a first-strike weapon and cannot be a first-strike weapon because of its slow speed. First-strike weapons are those which go quickly. First-strike weapons in Europe, such as the Pershing missiles, would reach their target in something like five or six minutes, whereas the Cruise is a slow-moving missile and can fly only at the speed of an airplane, some four or five hundred miles an hour. Although it is extremely accurate, it is also extremely vulnerable to defensive measures. It is true that it can probably fly under most present radar networks, but it is also easily detectable by AWAC planes. Its value is not for its first-strike capacity, which it does not possess as it is too slow, but for its accuracy. In that sense it is a responsive weapon.

On the subject of the Cruise missile, I have to say that when I listened to the leader of the New Democratic Party I was reminded of the famous remark of Clement Attlee, one-time leader of the British Labour Party. He said that some socialists seem to labour under the illusion that an ineffective defence is morally superior to an effective one.

• (1600)

The focal point of the Cruise decision is that it is only by possessing this kind of capacity, which matches the Soviet Union's existing capacity, that the Europeans can feel adequately protected.

The NATO decision of 1979 was made at the request of the Europeans, in particular the socialist government of West Germany, and is supported by the socialist government in

France. The head of the Socialist International, Willie Brandt, said recently that it has a peculiar value even beyond that of security, and that is, and I quote Mr. Brandt:

> A move away from the NATO decision could supply the Soviet Union with an excuse for not negotiating seriously.

It is especially important, Mr. Speaker, that this point be clearly understood. The Soviet Union could have had negotiations on intermediate-range missiles with the West at any time since the NATO decision in 1979. They had no interest in negotiating until last fall at the time when it began to appear to the Soviet Union that the western countries were actually serious about deploying the Cruise and the Pershing. It was only at that time that they even condescended to open negotiations, which began late last year and are now proceeding.

An hon. Member: What about SALT II?

Mr. MacGuigan: The hon. member asks about SALT II. Of course, the Soviets had an incentive to proceed to negotiate SALT II because both sides possessed the same kind of intercontinental ballistic missile. However, the Soviet Union in fact has no incentive to negotiate here because there is nothing on our side that we can give up.

An hon. Member: Trident submarines.

Mr. MacGuigan: I am interested in how the perception of the Canadian socialist is so different from that of the head of the Socialist International, whom they regard as a great authority on most issues of the day. I am interested to know that the NDP rejects the authority of distinguished socialists like Willie Brandt, Chancellor Schmidt and President Mitterrand; they prefer to rely on several Americans who, unlike them, support NATO. Perhaps if they could go along with the fundamental principle of those American senators, then they might be able to present positions which are more readily acceptable to the people of Canada.

Miss Jewett: Why don't you talk about the minority report? You are avoiding it.

An hon. Member: Your logic is wonderful.

Mr. MacGuigan: My logic is irrefutable; that is why they are getting so excited, Mr. Speaker. Noise is the refuge of those with an inability to deal with logic.

An hon. Member: Is that why you are making so much noise?

Mr. MacGuigan: Mr. Speaker, the strategy of suffocation not only remains as a general strategy, but also is consistent with Cruise missile testing, although it has been alleged by the hon. member for New Westminster-Coquitlam (Miss Jewett) on various occasions that there is some fancied incompatibility between the strategy of suffocation and the testing of Cruise missiles in Canada. Mr. Speaker, if we succeeded in having the strategy of suffocation implemented following an international agreement, then we would not need the Cruise missile testing because, of course, there would then be an incompatibility; the right to do it, even the need for it, would be taken away by the international agreement. But what we have done is to make a standing offer, which we continue to hold out to the world and in particular to the superpowers, where we urge them to take the necessary steps to suffocate the development of new missile systems.

As we said at the time, it is not a strategy of unilateral disarmament. If it were, we would have quite a different kind of policy and government; we would be a government of the kind that the NDP might be. But that is not our policy. Our policy is that we do our best to provide ideals to the world, to work towards those ideals. If those ideals are spurned by other countries, we have to make the best of the real situation which exists. Chancellor Schmidt has this to say at the recent conference of his party in Munich:

> I want to say this to those who want to offer unilateral disarmament in the place of mutually binding disarmament agreements. Historical experience shows that one-sided powerlessness never stopped aggression by a force possessing power. This is the experience of neighbours of the Soviet Union, and the case of Afghanistan is still fresh in our minds.

An hon. Member: I agree with the whole thing.

Mr. MacGuigan: I am glad to hear that the hon. member agrees with something his socialist brethren say. Mr. Speaker, it is because the Soviet Union took advantage of détente to invade Afghanistan, create problems in Poland, and build up its intermediate-missile force in the Soviet Union—as the hon. member for Esquimalt-Saanich (Mr. Munro) points out, there are many more examples I could use—it is because the Soviet Union has engaged in this provocative behaviour that this present crisis has arisen. The Soviet Union has not taken seriously what we thought in this country was the spirit of détente. They have used it as a breathing space to further increase their armaments, and to engage in aggressive activities in the world. It is this danger we are responding to.

The difference, I suggest, between these socialists here and the ones in Europe like Brandt, Schmidt and Mitterrand is that those socialists know what it is to live in the woods with the bear. They have to face reality, they have to adopt responsible policies and not just rhetoric. It is because of that, Mr. Speaker, that they came to present us as fellow members of NATO with conclusions which we were glad to accept in 1979, which we are prepared to accept now, and I want to assure the House and the country we will continue to accept. The worst step we could possibly take in the search for peace is to attempt to undermine the confidence of those in Western Europe who stand with us against the dangers from the East.

In conclusion, Mr. Speaker, I would simply say that the important point is not only that we have adequate defence; we must have that, of course. But even more important is that we move towards disarmament with a realistic policy which will provide an incentive to the other side to negotiate. Without that incentive there is no possibility whatsoever of moving towards peace. The goal of the limited strength and radical reductions which we advocate is movement towards world peace.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I would like to express my appreciation for the lack of hyperbole indulged in by the two previous speakers. It is quite a relief compared to some of what we have heard in committee from members of the NDP. I would also like to compliment the Secretary of State for External Affairs (Mr. MacGuigan) on being here for this debate. It is a very important motion that is before the House today and I think it is fitting and proper that he participate.I appreciate the care that was taken in preparing his remarks.

We are here today, Mr. Speaker, with a motion on the Order Paper which refers to a self-styled minority report. It is with some regret that I note the adoption by the NDP of an American legislative process as if it were part of ours. There is no such thing as a minority report in our processes, for a very good reason. Canadians generally prefer committees of the House of Commons to operate on the basis of consensus. Indeed, throughout our deliberations on this matter, the committee promised time after time to enable a report to be rendered which would reflect the recommendations of the majority, while leaving room for the expression of opinions of those who did not agree with the consensus. This spirit of co-operation and compromise was to prove unfruitful, I regret to say. I suppose it was an even more bitter pill for the chairman of the committee, the hon. member for Saint-Denis (Mr. Prud'homme), to swallow. Six of the 30 members of the committee, having had full expression of their views and opinions, at the end decided to issue a press release which claimed to be some kind of a minority report, whatever that is.

• (1610)

I feel a useful purpose has been served by the Standing Committee on External Affairs and National Defence. It has been beneficial for Parliament and for the country to be involved in what is one of the most important matters being discussed in the world today.

In the time available to me today I should like to review the work done by the Standing Committee on External Affairs and National Defence on this referral, to note some of the evidence provided by witnesses, and to report some of the recommendations made by the committee. I want to cover some of the history of the last 37 years since the first nuclear weapons were detonated; and, finally, I should like to look at some of the recommendations of the so-called minority report.

The House gave a reference to the Standing Committee on External Affairs and National Defence on December 18, 1981, which read:

ORDERED—That the Standing Committee on External Affairs and National Defence be empowered to examine security and disarmament issues with specific attention to Canada's participation in the second Special Session of the United Nations General Assembly devoted to Disarmament scheduled for June/July 1982, and report to the House not later than Friday, April 2nd, 1982;—

This led to a meeting of the Standing Committee and its steering committee, at which time we discussed how much time we had, how much evidence we should hear and who should appear. As a result two letters were sent to the chairman of the committee. One was from the hon. member for New Westminster-Coquitlam (Miss Jewett) who offered the names of 24 suggested witnesses, of which 10 were accepted. It was a very interesting list, and I am glad for the imagination the hon. member used inviting some of these people. I will mention Mr. Arbatov a bit later; he was one of the people included in the hon. member's list. I regret that his fellow worker in Moscow, General Mikal Milstein, was unable to attend. It added considerably to the excitement at committee.

I suggested 12 members, generally from universities and some retired military people who have taken up work with various Canadian institutes of strategic studies, etc. Of that 12, seven were accepted or managed to attend the meetings. I appreciate very much the work which was done by the committee staff in finding several others who were able to participate.

Due to the short time available, we were somewhat hamstrung. Many organizations on their own asked permission to appear, but due to the shortage of time not all could be accepted. The committee set an unenviable record for sitting frequently and for long hours. We started on February 3 and submitted the final report on April 8, having heard evidence by then from 56 witnesses and briefs and letters from 106 other organizations and individuals.

The evidence represented extremely divergent views. No one opposed arms control itself—the differences were in the methods favoured to bring it about. The key points seemed to be those dealing with verification of arms reduction and on-site inspections. Our first witness was Ambassador Menzies, Canada's ambassador for disarmament, who pointed out some of the difficulties facing the world. Before the committee he said:

A major cause of instability today is the strain in East-West relations, which has resulted in an erosion of that climate of confidence defined as "détente" in the Final Act of the Conference on Security and Co-operation in Europe, signed by 35 heads of state or of government in Helsinki in 1975, of which Canada was a member. The Soviet arms build-up, the invasion of Afghanistan, the failure of the United States to ratify the SALT II Treaty, and the excesses of martial law in Poland have all been contributory factors.

He was referring to contributory factors to the instability in the world today. He continued:

A significant source of instability lies in the irregularity of the cycle of armaments modernization in the major military powers.

A later witness, Dr. G. R. Lindsey, the chief of operational research and analysis in the Department of National Defence, gave us a very professional view of the stabilizing and destabilizing effects of nuclear weapons. He said:

In judging an armaments plan or an arms-control proposal, careful attention should be paid to the influence it will have on both crisis and arms-control stability. It is not by any means an automatic conclusion that more of some weapons would be destabilizing. In general, weapons-enhancing capabilities for a counterforce first strike are destabilizing, while those invulnerable to a first strike are stabilizing.

In general, one could say that adding to an inferior force or reducing a superior force tends to be stabilizing, but the types and functions of the weapons need to be examined. My message to this committee is that the best test of a proposal for arms control is to see whether it is stabilizing or destabilizing.

Dr. Lindsey also gave us an estimate on nuclear costs. We have heard quite a bit of talk about the tremendous cost of the

nuclear arms race. He pointed out rather clearly—and it was supported by other witnesses—that it was not the nuclear part of armament which was expensive. He said:

It is also important for those of us who spend a lot of our attention trying to reduce the cost of defence systems to remember that the total expenditure on strategic systems represents somewhere between 10 and 20 per cent of the defence budgets of the nuclear weapons states and no per cent at all for all the others.

This is something we should bear in mind when we hear some of the claims made about what could be done in the way of helping to solve all the other problems in the world with the money which we would save if we reduced the nuclear stockpile.

Ambassador Ford was another distinguished witness. He has had more experience in Moscow than any other witness, with the exception of Mr. Arbatov, I suppose. He gave us his opinion of the Russian psyche; he knew the Russians very well after spending something like 20 or 30 years in Moscow. He said:

Economics, therefore, provide a good reason for the Soviets to try to seek a slowdown in the armament contest. The other good reason is that they are genuinely worried that the Americans, given their present mood of determination to close the nuclear gap, can, and will, produce a very formidable military machine. They are, for example, seriously worried by the technical excellence of the Pershing II and Cruise missiles.

Hence, I am sure that the Soviets are prepared to negotiate seriously on intermediate-range missiles—sometimes called TNF—at Geneva, and to recommence the negotiations on strategic nuclear forces, SALT II or START. It should be noted, however, that the Geneva talks could have begun two and a half years ago if the Soviets had been prepared to do so. They have only agreed to begin negotiations after it became apparent to them that the new American administration was determined to build up its forces without an agreement—

The Soviet threat consists, in short, of its undoubted ability to destroy the west if it so wanted. Since this would also mean its own destruction, it is not likely to happen, but the possibility exists. Circumstances could certainly arise under which both sides would stumble into conflict, but the real threat lies in the political power the Soviet military strength represents, one they are not shy about using.

• (1620)

Mr. Arbatov was a very interesting witness. He assumed a totally uncharacteristic role of being an ordinary person and a layman. The role suffered somewhat when he displayed a great deal of technical knowledge about the weaponry on both sides. Some deviousness by this self-styled ordinary layman was evident in one exchange, which I would like to read. The first few words from this committee hearing are mine. I said:

For many years they had the trip-wire theory for use of nuclear weapons in western Europe; that is, if somebody put his foot across the line of the other side, a nuclear war would start. This was a NATO policy and well known, I believe. They have gone toward a flexible response which would not mean that they were going to fire everything at once, but would select among nuclear weapons if they could.

I was saying this to Mr. Arbatov. I said:

But I was rather alarmed when we were given to understand that it is Russia's avowed intention to respond with strategic ICBMs against the continental United States if any nuclear weapon, no matter how small, is used by the United States' servicemen against Russians in Europe, which is a kind of trip-wire in reverse. I wonder if that is really Russian policy.

Mr. Arbatov replied:

Actually, such wording was never said by anybody in the Soviet Union and it is, I would say, a very inaccurate and frivolous deduction from some of the points made in connection with the concept of limited nuclear war.

To which I replied:

Actually, it is a misquote of a quotation of yours, sir, in Bonn on, 15 March, 1981 where you said when discussing tactical nuclear weapons: "Should these missiles—I repeat, American missiles—strike Soviet territory, the retaliatory blow will be directed not only against those countries in which they were fired but also against the United States exactly as if they had been launched in Montana." Now, that is a quote that is attributed to you.

To which Mr. Arbatov said:

Yes, yes, I said it.

As I said, it was very interesting to have a witness who had this deviousness of playing a simple country squire which he liked to pass himself off as.

Later I would like to say a few words about what might happen with conventional war as an alternative, but I think it might be appropriate to quote some of Dr. W. Harriet Critchley's evidence. Dr. Critchley is a well known political scientist, lecturer and university professor who, surprisingly, takes a particular interest in northern warfare. Her reputation is well established. She said:

One of the things I would like to see more emphasis on in the forthcoming special session on disarmament has to do with the control of conventional weapons. At the first special session, the neutral and non-aligned states, contended that nuclear weapons were the greatest danger to world peace and, therefore, we had to have disarmament or arms control of nuclear weapons first, before we discussed conventional weapons.

Yet, as I mentioned a little bit earlier, in the 37 years we have had nuclear weapons, we have not used them. In that same 37 years, according to the IISS, we have had about 133 wars and killed 25 million people. The wars involved 80 different countries, at one time or another, and they were all conventional weapons wars. The neutral and non-aligned do not want to discuss conventional weapons arms control, not to mention disarmament. What also bothers me in that regard is that they have a marked reluctance to sign the nuclear Non-Proliferation Treaty.

I agree entirely with Dr. Critchley when she says that she would like us to be sure not to forget conventional warfare and the devastation it wreaks throughout the world.

This brings me to the area of nuclear weapons, the area that attracts the most attention from disarmament and arms control advocates.

There have only been two instances of nuclear warfare since the development of the atomic bomb 37 years ago. Both of these uses were in the Second World War and they occurred within three days of each other. They were directed against one country, Japan. The bombing of Hiroshima and Nagasaki resulted in 287, 669 dead and injured and the destruction wrought by these nuclear weapons is commonly cited by nuclear disarmament groups.

However, I think something has been lost over the years. In 1945, the Allies made the decision to drop a nuclear bomb on Japan in order to bring an end to the war that had dragged on for over four years at the cost of hundreds of thousands of lives. It is interesting to note the actual world wide casualty figures for the Second World War: battle deaths, 14,904,000; battle wounded, 25,218,000; civilian casualties, 38,573,000.

An invasion of the Japanese homeland would have resulted in the loss of hundreds of thousands more lives and did not even carry with it the certainty of success. In order to prevent further death and destruction, the Allies dropped the atomic bomb. Whether or not this resulted in more deaths than would have occurred in a conventional conflict is an open question. It is something that we will never know. However, we would do well to remember that the dropping of the atomic bomb achieved the then desired result. The war ended and peace between East and West has reigned for 37 years.

The use of the atomic bomb demonstrated to the world the awesome power contained in these weapons and underlined the need for control. In the 1950s, the United States advocated international control over atomic weapons, but this was rejected by the Soviet Union. In the 1960s and 1970s, the United States and the U.S.S.R. were involved in bilateral talks to establish limits on their strategic arms. Unfortunately, while these talks were to a degree successful in placing limits on specific systems, they left it open to each superpower to build up to the limits where it was behind, and they also left many loopholes whereby the treaties could be circumvented. The Soviet Union has taken advantage of the defects in these agreements. Consequently, the Soviets have now attained parity with the United States in the area of intercontinental strategic missiles and have attained superiority in the area of intermediate-range nuclear missiles.

After the Soviet Union achieved parity in strategic nuclear weapons, the advantage in intermediate-range missiles and the development of a more accurate, mobile and longer-range missile—the SS-20—added a new dimension to the NATO-Warsaw Pact relationship. Accordingly, in December, 1979 the NATO allies decided to deploy 572 single warhead Pershing II and ground launch Cruise missiles in western Europe beginning in 1983. The Russians continued to deploy SS-20s and these now number 300. The Pershing II missile has a range of 1,100 miles; the Pershing I-A, which it will replace, has a range of 400 miles. The Cruise missile has a range of 1,500 miles. The new SS-20 missile has a range of 3,100 miles, and even if moved east of the Ural mountains, could still reach every part of western Europe. Such a launching location would be safe from all NATO theatre weapons.

The 1979 decision to deploy IRBMs in western Europe was coupled with a call for arms-control talks between the two superpowers. These talks are now in progress. In November, 1981, President Reagan offered to cancel deployment plans of the 572 Pershing II and Cruise missiles if President Brezhnev agreed to dismantle a total of 600 SS-20, SS-5 and SS-4 missiles. The Russians will not do this. Instead, they made a counter-offer to cut by two thirds the U.S. and Soviet arsenals of medium-range missiles in Europe by 1990. The proposal included the British and French nuclear forces. The key word in this proposal is "Europe". If an agreement were to be reached on this basis, the Soviets could still deploy SS-20s in Russia east of the Urals and, as I have mentioned, these would still pose a nuclear threat to Europe.

In light of this current international situation, which was clearly defined at our committee meetings, it seems incredible to me that six members of the standing committee should deem it advisable to publish a report such as is now being discussed. I would like to comment on that report.

• (1630)

The first recommendation in the minority report is for a global freeze on the testing, production and deployment of nuclear weapons and their delivery vehicles. The naivete apparent in this recommendation is astonishing. There is absolutely no way in which to verify a ban on missile production without on-site inspection, which the Soviets have said they will not allow. In addition, a nuclear freeze at this time would cement the Soviet advantage in medium-range nuclear missiles aimed at Europe and would leave the Europeans completely vulnerable to a Soviet attack.

The second recommendation is that there be no Cruise missile testing in Canada. I have many reasons as to why we cannot and should not support such a recommendation. However, I will limit myself in this short and gratis time to saying that we agreed to the modernization of nuclear weapons in 1979. The present government has concurred in the decision which was taken. We would fail in our commitment in the worst possible fashion if we were now to decide that we would not allow this vehicle to be tested in our skies.

I would like to consider the fourth recommendation next because the third recommendation warrants a longer response. The fourth recommendation is that Canada should pledge about one tenth of 1 per cent of its defence budget to disarmament efforts. Let us look at how these people wanted the money to be spent. Some of the money was to be spent in dissemination of disarmament information. Some of the propaganda put out by disarmament groups is very well meaning, but this effort could stand some additional funds in order to publish information which is a little more accurate than any I have seen to date. I have also seen what happens when well meaning schoolteachers attempt to explain nuclear warfare to their students without balancing their description with any hint of historical perspective, and I regret that very much. I also agree with Mr. Gregory Wirick, the executive director of the United Nations Association in Canada, when he told the committee, concerning the recommendation for a referendum, that in some ways it would do more harm and more damage than good.

The third recommendation is that Canada should press all nations to pledge never to be the first to use nuclear weapons. I was rather surprised when the leader of the New Democratic Party seemed to amend this recommendation slightly during his speech by suggesting that it should refer to Canada only. However, in my copy of what is called a minority report under the heading of the House of Commons—

Mr. Prud'homme: It is not the same.

Mr. McKinnon: —it states that Canada should press all nations to pledge never to be the first to use nuclear weapons. Therefore, I cannot see that that should apply.

I think that at the present time the Warsaw Pact conventional forces outnumber those of NATO in the general order of three to one. That means that in the event of war, NATO could either surrender or risk total devastation of its territories and the loss of millions of lives. To avoid either of these unsavoury ends, the western allies would have to devote a great deal more of their resources to conventional defence. When one looks at the scale of the difference, it would frankly mean tripling the military defence budgets of those nations which form NATO to enable them to pay for and sustain, in conventional sizes, the equipment of the Russian forces opposing them.

I understand that the NDP wants us to get out of NATO and NORAD and sometimes points out that Sweden gets along well without being in NATO or NORAD, as does Switzerland. I would simply like to comment that whereas Canada contributes 1.7 per cent of our gross national product to defence, the contribution from Switzerland amounts to 20.2 per cent of government spending. I believe that Sweden's defence budget works out to 3.2 per cent in terms of its GNP.

Therefore, I see no way out other than through the continued surveillance of what is going on in the world in order to try and convince the opponents of NATO that there is a serious debate going on about how we are to reach this happy land in which there would be a verifiable reduction in arms. However, it must be verifiable. The real problem today is that the Russians are unwilling to have on-site inspection or any system of verification which is satisfactory to the western world.

I thank Your Honour very much for the extension of my allotted time.

Mrs. Ursula Appolloni (York South-Weston): Mr. Speaker, I am glad to be able to participate in this debate because it is indeed a momentous one, particularly in view of the current situation. We are not sure whether or not another war will break out tomorrow morning in the Falkland Islands and whether or not it will escalate. It is the atmosphere in which we are discussing disarmament today.

We are also discussing it at a time when Poland is still overrun. It is still under martial law. We think Mr. Walesa is still alive, but he is certainly not free. We are also discussing it at a time when Afghanistan is overrun and totally unfree. This is the situation today.

However, I am indeed grateful to the hon. member for Oshawa (Mr. Broadbent) who opened this debate. I repeat what other hon. members have said in saying that I am grateful to him for making a speech which was not too emotional. I am particularly grateful to him for having been very careful, following my question, to point out that this is not an exercise of pointing a finger at one person or another, saying that this one wears a black hat and the other one wears a white hat. It is not a question of who is moral and who is immoral.

I believe I speak for all hon. members of this House in saying that what we are discussing today involves a very serious difference of opinion and a difference in judgment. However, in all good conscience, I do not think that anyone in this House who holds different views from mine can be accused of insincerity. I think that is important to point out.

Unfortunately, this whole debate on disarmament has been obfuscated by dreadful tactics which I personally deplore. For example, let me read a cutting from the London *Free Press* dated March 30, 1982, in reference to a recent visit by our Secretary of State for External Affairs (Mr. MacGuigan) to Vancouver. We are told that the minister was lucky to have escaped relatively unscathed from a mob of militant nuclear protesters in Vancouver. The point I am trying to make is that it is counterproductive in this debate, to say the least, for one side or the other to be militant, all in the name of "brotherly love", or to resort to the kind of tactics that we should not if we are being sincere in our quest for disarmament. Unfortunately, this has already happened. We are not only told that in the news clipping, but we are also told that the minister was roughed up and spat upon. The whole situation was disgraceful. Worse still is the fact that the incident stemmed from a large meeting organized by the United Nations Association of Vancouver and the B.C. Coalition for Disarmament. Does disarmament mean that we stop arms build-up against the Soviets and knock up our own minister? To my way of thinking, that is not disarmament.

However, what I wanted to discuss is the real need for disarmament. I do not think we can even do that unless we also discuss the need for security. As I said earlier today in this House, I was a member of the committee and it was a very interesting experience. I am glad that we did agree to discuss security before tackling the subject of disarmament. It was amazing and almost ironical that Canadians should be speaking of either security or disarmament. The irony was that because of our historic and geographic situation it had never been necessary to worry about security. We have never been invaded since 1814 and even then we won the war, for goodness sake. We have not been threatened as other countries have been threatened and overrun every decade in their history. I very sincerely say that we, thank God, have not been threatened.

Mr. Manly: I have a point of order, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Cowichan-Malahat-The Islands is rising on a point of order.

Mr. Manly: Would the hon. member permit a question at this time?

Mr. Deputy Speaker: Will the hon. member for York South-Weston accept a question?

Mrs. Appolloni: Mr. Speaker, I was good enough to wait until his leader had finished before I interrupted him. I would

hope that the hon. member could reciprocate my courtesy by waiting until I had completed my remarks.

• (1640)

We were talking about security and the apparent irony of Canadians discussing security in the context of countries that have been overrun every decade of their history. We were also talking about geography. Thanks to geography we have been free. Here again I thank the good Lord—and I mean that seriously—that we have been free from many of the conflicts that have shattered the world, particularly in this century. We do not—and I might add in parenthesis that I regret this—have a big standing force. As a former parliamentary secretary to the minister of national defence, I deplore the very small size of our regular force. It is inadequate. Their equipment is inadequate. I said that openly before. In this context, for Canadians to talk about security and disarmament seemed ironic, but it was very important that we did so.

During those hearings it became increasingly apparent to us that our security is perhaps ephemeral. It is no longer something we can take for granted. Where geography may have helped us in the past, perhaps geography in this context will be our worst enemy in the future because we are near the big force. I am not sure we can be lucky enough, even if we wished, to avoid what happens to the United States. That is, whether we wish to or not. If I have time, I will talk about our agreements with NATO and NORAD. We no longer have the luxury of feeling immune from what is happening in the world today. The biggest service that we as parliamentarians can do for our constituents is to tell them that we are not as safe as we thought we were. The world is not as safe as most of us wish it were. What are we going to do about it? The argument has been made by several people that the arms race will lead to higher tensions.

As I said, we had experts on both sides debating this point. This is why there was a majority report that I signed. The majority of us listening to those experts thought back to the days in 1939 when the Prime Minister of Britain came back from Munich and told us there was no problem, that we could afford to disarm. I remember in those days Winston Churchill was called a warmonger because he had the nerve and the audacity to shake the British out of their complacency and tell them that he did not believe there was going to be peace. He was a "warmonger". He was despised by many. Too late we listened to him. I am not saying that is the situation today, but it could be.

The situation today is perilous inasmuch as those who describe the reality of the situation are now too being called warmongers. That is totally counterproductive. I do not want to repeat what has already been said in this debate. One of the futilities of the House of Commons is that we tend to repeat what was said by our colleagues. I do not want to do that. I want to take another perspective because we are going to be asked what Canadians want in the future with regard to arms control and a nuclear freeze.

I want to give my perspective not only as a Member of Parliament representing 91,000 constituents, but as a Member of Parliament who happens to have two sons of military age and two daughters, if they wish to join. Am I going to urge that we disarm, that we put a freeze on nuclear weapons, that we stop the Cruise missile testing in Alberta so that I can save not only my kids but all Canadian kids from that? If I were to do that, I am convinced that I would be foolish, to say the least, and perhaps reprehensible. I would not be living up to my obligations. What we need to do is to be extremely realistic. If, God forbid, Canadian men and women have to go to war again, I want to make darn sure that they are properly equipped.

What does properly equipped mean in the Canadian context? I said a few moments ago that to my regret we have a very small standing force. I am not at all convinced that they are adequately equipped. I do not point any fingers; it is a sign of the times. It is a sign of economic restraint and many other things, but it is a fact.

We cannot defend ourselves. We cannot do so if the adversary is the Soviet Union. Therefore, whether we like it or not, we will depend very heavily on our allies. What do we give them in return? The first thing we have to do is give them our will. That is important. We must give them our political will if we cannot afford too much of an economic will. We have to give them the political will to help them. If necessary, give them the few miles they want in Alberta to test their missiles, which by the way, and let us be very clear, are dummy missiles. There are no nuclear warheads on them. What we are thinking of doing, and only thinking, is to allow our best ally to check the mechanism of a weapon which could very well be the salvation not just of the United States, but of Canada.

Mr. Blaikie: The only dummy around here is yourself.

Mrs. Appolloni: Is it immoral to try and defend Canada as best we can? As I said at the beginning, the hon. member for Oshawa was good enough to put away these red herrings in the interest of a good, productive debate.

Mr. Blaikie: I wish you were.

Mrs. Appolloni: The one thing about this committee, despite the fact we had three different parties represented on it, was that there was no rudeness, no catcalling, no garbage coming from any side, as I hear this afternoon in the House. Too bad we do not have that atmosphere in the House of Commons.

Coming back to disarmament, the answer to disarmament is brotherly love. If we had brotherly love, for goodness sake, we would not need any kinds of weapons at all. Unfortunately, that does not exist. It does not exist in this House of Commons. Can you imagine if this existed in the arena of nations and they were at each other's throats, if not at other parts of their anatomy? This is the reality of the situation. We may not like it, but we have to live with it.

We were talking about security. That, too, was a very interesting debate. The hon. member for Victoria (Mr.

McKinnon) mentioned Mr. Arbatov. Mr. Arbatov is a Soviet citizen. He is an interesting person, in fact extremely interesting. He was more interesting to people like me who have not had too much experience with the Soviets. We have read about them and seen them on television, but we have not met them face to face. On that occasion in committee, we were able to talk to Mr. Arbatov, who, by the way, is cited as being one of the top people of the Soviet Union. He is somebody to whom we should listen. It was fascinating to hear his testimony. If anyone is following this debate, he should ask for the minutes of that particular meeting at which Mr. Arbatov was present.

• (1650)

Mr. Arbatov, for instance, had no answers to my colleagues who specifically asked him: "If the Soviet Union is so interested in peace and disarmament and brotherly love, what are you doing in Afghanistan?" Mr. Arbatov told us: "Oh well, the Soviet authorities had to fight the bandits." The bandits—in Afghanistan! Since when does Mother Russia have to send in tanks and a lot of people just to fight a few bandits, ill-paid, ill-clad, ill-equipped? Is that the Soviet idea of security?

We talked about Poland. Some of my colleagues were very intimately concerned with Poland, they themselves being of Polish ancestry. What did Mr. Arbatov have to say about that? Why are the Russians in Poland? Is this security? If so, whose security? Russia's security? Do they really need to invade an innocent country just to keep some bandits in check? Do they really need to invade Poland? I do not think the Polish army was a big threat to Soviet security. I do not think the Polish people are, who, if we understand them and agree with the reports we have, are not very well paid at the moment. So what do they want in Poland?

That is what is happening today. People who cannot defend themselves, like the Poles and Afghans, are being put under the bloody boot of Russia. What are we going to do? We will freeze our nuclear armaments? It is almost funny to think of this in Canada. We do not have nuclear weapons. But now, even if we do not have them, there are those among us who will say that we should not even let the Americans, our best allies and perhaps ultimately our only defence against the big boot of Russia, even attempt to test the mechanism of one of their weapons. I wonder how irresponsible we can afford to be—unless, of course, we do believe in the good will of the Soviet Union.

Having listened carefully to Mr. Arbatov's testimony, having read many, many papers on the whole situation, having served for two years—perhaps the finest two years of my life—with the Department of National Defence, I am not convinced, Mr. Speaker, that peace is uppermost in the minds of the Soviet Union. No one can convince me to that effect.

The hon. member for Victoria mentioned Sweden. Sweden does not belong to NATO, nor to NORAD. Sweden spends much more of its GNP on defence than we do, very much more. Do hon. members know what happened in Sweden not so long ago? A Soviet submarine got into one of the bays in Sweden. It was not just an ordinary submarine, it was a nuclear one. I did not hear any protest. I did not see any protest marches in Toronto or in Vancouver or in Winnipeg or anywhere else in Canada. I did not see any marches of protest against the invasion, which it was, by a Soviet nuclear submarine into Swedish waters. No, no, we were very quiet. I did not see any demonstrators going to Litton Systems in Toronto because a Soviet submarine had been in Swedish waters. No, no, we did not do that.

I think we have to be extremely consistent, Mr. Speaker, in our approach to what is happening. No one, especially those of us who are interested in defence in this Standing Committee on External Affairs and National Defence, wants war. Many of us know what war is. We do not have to read textbooks, we do not have to watch war movies, whether from the American point of view, the British point of view, the Japanese or the German point of view. We do not need that sort of propaganda because we ourselves know what war is and we do not want to repeat it for ourselves or much less for coming generations.

However, it is because we know what war means—

Mr. Blaikie: You don't know what nuclear war means.

Mrs. Appolloni: —that we are more concerned than ever to make sure war does not happen again.

Mr. Blaikie: Do you know what nuclear war is?

Mrs. Appolloni: If war can be stopped, it is by deterrent. If the hon. member across the floor can give me a proper deterrent which will not be just idle words, I will accept that deterrent.

Mr. Blaikie: Have you ever been in a nuclear war?

Mrs. Appolloni: Other than nuclear. In the absence of a deterrent, I will take the nuclear any time. We have to stop war. That is what we are talking about.

Some hon. Members: Hear, hear!

Mr. Wenman: That is the point. She has not been through a nuclear war.

Mr. Donald W. Munro (Esquimalt-Saanich): This is a very important debate, Mr. Speaker, and I am glad we are having this opportunity to examine a matter which has been altogether neglected here for too long. I regret it is being brought forward under the misapprehension that we are discussing a minority report. There is no such thing, Mr. Speaker, as you well know, in Canadian parliamentary practice as a minority report.

I regret and deplore that a document such as this, bearing the Coat of Arms of Canada and the heading "House of Commons of Canada", should be circulated throughout Canada in this form, or in this other form, also carrying the Coat of Arms of Canada, suggesting that the House of Commons has approved this particular package of words.

I do not know whose paper was used for this particular operation, or who authorized the use of the words "House of

Commons" on this cover of the so-called report. This other one is in a better form and should have been a press release. As a press release, that can be done. It was a very happy thought that the Secretary of State for External Affairs (Mr. MacGuigan) had in describing it as a press release.

With respect to the actual status of minority reports, it is worth recalling Beauchesne's Parliamentary Rules and Forms, fifth edition. I would like to put this on the record, Mr. Speaker, because it is important that the status of this report be recognized across this land for what it is: it is a press release.

Section 641 of the fifth edition of Beauchesne's Parliamentary Rules and Forms, page 202, reads:

(1) If a member disagrees with certain paragraphs in the report—

And we were preparing a report, Mr. Speaker, in the Standing Committee on External Affairs and National Defence.

—or with the entire report, he can record his disapproval by dividing the committee against those paragraphs to which he objects, or against the entire report, as the circumstances of the case require; and he can put on record his observations and conclusions, as opposed to those of the majority, by proposing an alternative draft report.

The second paragraph of this particular section reads as follows:

(2) While the opinions of dissenting members may be included in a committee report, no separate minority report may be tabled in the House.

None has. There is no such thing as a minority report. Yet we hear the leader of the New Democratic Party (Mr. Broadbent) describing it as "the minority report", which it is not.

Mr. Blaikie: It is, whether you like it or not. You just held it in your hand.

Mr. Munro (Esquimalt-Saanich): Or as the "minority committee's report", which it is not either, Mr. Speaker. Beauchesne describes very clearly that when a report is being prepared, those who object to paragraphs or to the whole report may have their views expressed in that report before it is tabled.

• (1700)

A very wide spectrum of views was expressed in that committee. As has been mentioned, there was a wide spectrum of views ranging from those of Arbatov on the left through to views from the right. In order to accommodate that spectrum we compromised throughout, until the last two or three days. Then those who dissented and did not feel they had received enough concessions no longer showed up. They went off to prepare their press release and had the audacity to present it to the Canadian public as a minority report.

Mr. Sargeant: That is a lie.

Mr. Munro (Esquimalt-Saanich): They used House of Commons stationery, and I think that is absolutely inexcusable. I will therefore continue to call it the "press release by the dissenting rump".

There is one other aspect of the report which I find regrettable. Three weeks ago the chairman of the committee tabled—in both official languages, as is the practice—the full report in this House. I have a copy of it. It is on legal-size typewritten paper. There is not yet a bound report. Today, three weeks later, there is no bound report for distribution to those concerned. However, meanwhile this press release has been distributed far and wide. Even with the Post Office conditions we have in this country, there has been time for it to come back from the extremities of the land to Ottawa with the request that we subscribe to it. There is no regular report ready for distribution, and I find that rather regrettable.

The reports of the special committee on the disabled, the special committee on reserves and the special committee on alternate energy sources and a number of other committee reports were bound. I think it was done in the case of the special committee on federal programs financing. That was done quickly. Why we should have had to wait three weeks for the final edition of this full report I do not know. In fact, during question period I tried to ask the hon. member for Saint-Denis (Mr. Prud'homme) if he could explain why we have had to wait three weeks for that full report. Perhaps when he makes his contribution to this debate he will be able to tell us why there has been no final version of that report so that we might send it to those who contributed to the hearings and are interested in the outcome of our report.

I also find it curious that six members out of the 30 should consider themselves anything more than just 20 per cent of the committee. They have elevated themselves to a prestigious position and circulated misleading advertising.

I want to refer briefly to this press release since it is actually before us. I think one might even say the motion before us could be ruled out of order because the words used are improper. The words should be: "That this House supports the press release on security and disarmament signed by six members of the standing committee." Nonetheless, it has been widely circulated and there are some interesting observations in it, one of which I would like to examine a little more closely. It has to do with a nuclear freeze.

There is a notion today that rough parity exists between the superpowers. That is referred to somewhere in this press release, and I think it is worth while to ask ourselves just how the conclusion that there is a rough parity was reached. At page four of this particular version, the press release says:

Because the Soviet Union has a significant advantage in intermediate-range missiles currently aimed at western Europe, NATO feels it necessary to deploy new single-warhead missiles in European sites.

Then the next paragraph states:

There is, in short, rough parity today between the superpowers.

I do not know where these hon. members were when Dr. Lindsey was speaking to us. "Rough parity" is a strange way to describe the missile situation in Europe at this particular time. Not many people were privileged to receive copies of the report of the hearings of this committee, and I therefore feel it very important that one, or perhaps two, paragraphs from one particular day's testimony be put on the record of *Hansard* so

that this might be available to anyone who is interested. I refer to the testimony presented by Dr. George Lindsey, who was mentioned earlier as being the chief of the operational research and analysis establishment of the Department of National Defence. My colleague, the hon. member for Victoria (Mr. McKinnon), mentioned earlier the matters of stability, crisis and so forth, but I want to show that the view expressed by the dissidents that there is rough parity between the superpowers is not in accordance with the facts.

On February 17, 1982, on the fifty-eighth day of testimony, as recorded at page 10 of the Minutes of Proceedings and Evidence of the Standing Committee on External Affairs and National Defence for that day, Dr. Lindsey had this to say:

If we lump long and medium-range systems together and include British, French and United States systems under NATO, then according to this book—

He was referring to "The Military Balance 1980-81," which is a reputable study prepared in Britain.

—the Warsaw Pact leads NATO by 4,400 to 1,300 land-based vehicles, and 2,000 to 650 nuclear warheads available.

Is that rough parity?

Now if you add in sea-based systems, you have to decide whether or not to include the 400 American Poseidon submarine-launched warheads. These are normally declared available to the Supreme Allied Commander in Europe, but they have already been counted in the central strategic balance. Let us put them in too—

Just for good measure, in order to be sure we know what we are talking about.

—and then the total score is 4,400 to 1,550 for nuclear carriers in favour of the Warsaw Pact;—

That is a pretty big advantage. It is not rough parity, nor is it even rough justice.

Mr. Fretz: Three to one.

Mr. Munro (Esquimalt-Saanich): Three to one.

Mr. Sargeant: That is not true.

Mr. Munro (Esquimalt-Saanich): Someone said that is not true.

Mr. Sargeant: It is not.

Mr. Munro (Esquimalt-Saanich): If the hon. member can produce more reliable figures, not from Arbatov, but from someone else on whom I can rely, I would be glad to have them when I am finished.

Mr. Sargeant: The only guy you rely on is "Ronnie Raygun".

• (1710)

Mr. Munro (Esquimalt-Saanich):

—and in available warheads, Warsaw Pact leads by 2,000 to 1,150. That is a pretty big advantage. But one might wish to break it down into some of the subsystems. In doing that, in land-based vehicles, Warsaw Pact leads 1,250 to 200; aircraft, Warsaw Pact leads 3,100 to 1,100. If you break it down into long-range land-based carriers, Warsaw Pact leads 600 to 18 in missiles, and 1,000 to 250 in aircraft; medium-range, Warsaw Pact leads 650 to 200 in missiles, and 2,100 to 850 in aircraft.

There is no rough parity that I can see there, and how hon. members opposite can see rough parity in these figures, I do not know. The only rough parity I have been able to discover is in the book entitled "The Balance of Military Power" which has a foreword by Dr. Luns, Secretary General of NATO. Mr. Arbatov might not want to rely on this document, but I am prepared to rely on it. The only rough parity occurs in the armed forces, and for the Warsaw Pact they stand at 4,758,000 and for NATO at 4,875,000. So NATO has a slight edge.

I find it strange that from the conclusion that there is rough parity, so-called, it is possible to jump immediately to the question of the freeze. Before I do that, however, I should like to refer to some figures published by the Stockholm International Peace Research Institute. These show the growth of forces from 1970 to 1980 to be just as important historically as the present situation and certain important conclusions may be drawn from this.

In 1970 the U.S.A. had 1,054 ICBMs and in 1980 it had 1,052; in 1970 the U.S.S.R. had 1,487 and in 1980 1,398. In 1970 the U.S.A. had 656 submarine launched ballistic missiles and in 1980 it had 576; in 1970 the U.S.S.R. had 248 and in 1980 it had 950. Is that representative of a move toward rough parity, Mr. Speaker? In long-range bombers the U.S.A. had 512 in 1970 and 348 in 1980; the U.S.S.R. remained steady at 156. The number of total warheads in the U.S.A. went from 4,000 in 1970 to 9,200 in 1980; in the U.S.S.R. from 1,800 in 1970 to 6,000 in 1980.

That disparity in 1970 was not exploited by our allies to the south who are our colleagues in NATO in the way that the head of the Warsaw Pact is trying to exploit the disparity that exists today in order to get a freeze which this group, in its press release, is trying to obtain so that there will be no negotiations. Why should the Soviet Union want to negotiate when these figures show that they are ahead? There is no reason why we should decide on a freeze at this time, Mr. Speaker.

On that subject I should like to refer to what Helmut Schmidt said recently when addressing a Social Democratic Party meeting in Munich.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Munro (Esquimalt-Saanich): Just one quotation, Mr. Speaker.

An hon. Member: No.

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, last evening when I first learned the contents of the motion for today, I reread the minority report on security and disarmament of April, 1982. In large part, my original impression of the report was confirmed. It is a humane report. It sets out the extent of the

world's build-up in armaments. It expresses most people's desires, namely, a retreat from potential nuclear holocaust.

If it has a serious flaw, it would be that it lacks a *modus operandi* to accomplish world disarmament or world arms control while at the same time not jeopardizing security. But then, most disarmament reports seem to have this flaw.

Life would be so much more sane if we could have the Warsaw Pact members sign and adhere to the minority report, or, for that matter, the majority report. The minority report calls for a "global freeze on the testing, production and development of nuclear weapons and their delivery vehicles". The report goes on to say that a "freeze is relatively easy to verify".

It would be more accurate to state that without mutual consent it is relatively easy to verify testing, but not production and deployment. Most people would agree that we have enough nuclear bombs. Most people would agree that we do not need any testing of nuclear bombs per se.

From 1945 to 1980 there have been 1,271 nuclear explosions. In warheads, the United States now has the equivalent of 200,000 Hiroshima-type bombs; the U.S.S.R. has the equivalent 430,000; and France, which we do not really consider a nuclear power in the same category as the Soviet Union and the United States, now has 4,700.

The majority report points out that six countries now have the capability of detonating a nuclear device and that within ten years 44 countries will have that ability. That is frightening, Mr. Speaker. The number of bombs does not seem to be the contentious point between nations but the delivery system is.

We are concerned with proximity of weapons and the ability of those weapons to penetrate. This is the case whether we are discussing the SS-20 missile, the Pershing II, the Trident submarine or Soviet submarines.

In a few short years the Soviets have deployed 180 nuclear-armed SS-20 missiles against Europe and China. There is a total of 300 SS-20 missiles in place and approximately 900 warheads deployed.

Incidentally, I notice that since France withdrew from NATO the Soviet Union has not pointed fewer missiles in that direction. This might be something for the NDP to remember—withdrawal from NATO would not make this country any less a target. There are at least 10,000 nuclear weapons deployed for use against Europe and they all point the same way—away from the Soviet Union. As a result, NATO has become quite concerned.

The ratio of military balance between the Soviet Union and the U.S.A. is about 1.3 to 1. The hon. member for Esquimalt-Saanich (Mr. Munro) gave some figures but I think they show the military balance between the Warsaw Pact countries and NATO in Europe. It is important to look at world parity, however, and that is about 1.3 to 1 in favour of the Soviet Union. We can live with that.

• (1720)

Right in the middle of this, we have to look at intermediate-range nuclear missiles such as the Cruise missile. The ratio there is 600 to zero in favour of the Soviets, and that is our concern. What the allies want the Soviets to do is dismantle those missiles and go to the zero option. In return the allies will not place the Pershing II and Cruise missile in Europe; sort of disarmament in reverse. We support that zero option policy.

In December, 1979, NATO decided to deploy 464 Cruise missiles and 108 Pershing missiles in five West European countries, the U.K., Italy, Germany, Belgium and The Netherlands. NATO felt that since the Russians would not agree to remove their 600-odd missiles, this move was needed for western security. The zero option still exists and is open to the Soviet Union; we have not put those missiles in place yet. But even the sponsors of this resolution will agree that there was no serious debate about the removal of SS-20 missiles until we made a firm decision to deploy the Cruise and Pershing missiles by 1983.

That logically brings me to the next point on the testing of Cruise missiles: Are we to break our agreement with the U.S. on testing of the Cruise missile in Canada? It is a developed missile; it has had at least a dozen successful flights.

Miss Jewett: Have we made the agreement?

Mr. Irwin: The decision was made in 1979. It is a low-flying missile guided by terrain observation. The guidance system needs more testing, and we have an existing firing range at Cold Lake. I was in Calgary last weekend on the disarmament panel, and there was a presentation by Dr. Cynthia Canizzo. She pointed out that on this range we have devices which will monitor the Cruise missile as it is being tested, along with planes monitoring the missile in flight. The missile can be shut down at any time and, most importantly, there are no nuclear warheads in the missile. They will be dummy warheads. It is a relatively safe situation.

We voted over two years ago to deploy 464 armed missiles in Europe. But the minority report advocates now say: "Let's not even test the guidance system in Canada." At the same time we are quite prepared to let the arms system be installed in allied countries in Europe. This logic is so cynical as to be almost amusing. I heard one remark to the effect of "let it be done in Alaska". The minority report suggests that because we honour our obligations to our NATO partners, we are not honouring our obligation to humanity—and that it the exact wording in the report. I find that to be the most pontifical statement in the whole minority report. NATO is analogous to a family arrangement. If anyone aims a gun at your family, that person must know it cannot be aimed with impunity. If someone tries to break down your door, you do not wait until the door comes tumbling down before you prepare yourself. You prepare yourself as soon as you hear the noise, and the noise of the SS-20 installation preparation in Europe by the Russians, east and west of the Urals, is thunderous.

The minority report suggests that our testing the Cruise missile will "only stimulate the Soviets". That is the exact wording. In my humble opinion the Soviets need little stimulation to fuel their expansionist appetite. The thief who breaks down my door may be stimulated to work faster by the noise of my preparations on the other side, but I suggest he will be even more stimulated to discontinue his work. If the SS-20s are dismantled, the Cruise missiles will not be deployed; that is clear. If not, the Cruise missiles will be deployed; that is even clearer.

I wholeheartedly support the objective of bringing the arms race to a halt. Only an insane person would think otherwise. However, I think we should take the time to study these various proposals for a freeze or moratorium on production and deployment of nuclear weapons by the United States and the Soviet Union. It is particularly important to consider, Mr. Speaker, any freeze proposal with caution in the context I have just described to you in order to establish what one is being asked to freeze. While a freeze may be a simple and clean solution with a lot of appeal, some superficially attractive variants—in particular the idea of an immediate global freeze on the deployment of nuclear weapons—would be seriously harmful not only for western security, which is the overriding objective, but also to the case for verifiable arms control, which is the only realistic means to achieve this objective. The task which is in the forefront of the western agenda is the negotiation of a real and balanced reduction in nuclear weapons.

The Soviet president announced that he had decided to suspend further deployment of SS-20 missiles on the European territory of the Soviet Union. This apparent self-restraint is deceptive for two reasons. Deployment of SS-20 missiles continues east of the Urals within striking distance of most of Western Europe, and approximately 300 of these missiles with a total of 900 warheads have already been deployed. NATO's combined intelligence is that that is all Russia originally intended to deploy. So it is not much of a concession.

Moreover, the continuation of this partial moratorium after the fact is conditional on the abandonment by NATO of their nuclear modernization plans. A more acceptable freeze proposal, a version of which was tabled in the U.S. Senate and House, would seek, through negotiations, to establish a balance at the lowest possible level, and then freeze it. As I indicated, disarmament in reverse.

Chancellor Schmidt recently said "the unbelievable Soviet armada is aimed at us." He was right. Last week he said that he strongly opposed an immediate nuclear weapons freeze which would institutionalize the Soviet advantage in Europe, and he reaffirmed his support for NATO deployment of Pershing and Cruise missiles starting late in 1983. Canada has given its support to NATO as of December, 1979. We continue to give that support and we still look at the zero option. And we will still be in Europe if that option is not accepted.

We have also agreed with our NATO allies that a freeze on implementation of the deployment aspect of the December, 1979, decision will remove any hope for the future success of the Geneva negotiations, and that an immediate global freeze on nuclear weapons would detract from the goal of negotiated and verifiable reductions and limitations.

Having said that, Mr. Speaker, I do not want to let anyone in this House think that I support a global build-up of arms. The last ten years have been an arms disaster. We have had a Soviet arms build-up, we have had Afghanistan and Poland, and SALT II was not ratified. That was because of Soviet intervention in Afghanistan. We have had the Middle East, Iran, Iraq, and countries going nuclear. Why? Because it is cheaper to go nuclear than to buy conventional arms. At the same time, since 1945 we have had 130 wars in which 25 million people have been killed with conventional arms. Fifty of those wars have been in the last ten years.

We had this debate last week, Mr. Speaker; it continued in Calgary, and we are having it today. If nothing else, the minority report is stimulating debate. There is an arms madness in this world. We spend $500 billion per year on arms. That is just madness. We have 500,000 of our best scientists working for the military. That represents 40 per cent of all scientists in the world. The military is the greatest user of the world's natural resources. The annual military budget of the world equals the annual incomes of 1,800,000 people in the 36 poorest countries. When I said on Friday that for the cost of one Trident submarine we could school 16 million children for one year, the hon. member for Victoria (Mr. McKinnon) said that without Trident submarines there would be no schools. I would rather have the schools. I agree with him logically, but I would rather have the schools. In two days the world spends 20 times more for military programs than for economic assistance to the poorest countries—it spends $14,800 per soldier in the world on military expenditures but only $230 per child on education. We are wasting our resources, our scientists and our money.

• (1730)

Canada has a good record. Last week when the hon. member for Victoria said that we tend to overemphasize our influence, he made a good point. Because we are liked in the world, we tend to think that we have a certain influence. We are liked because we are not colonialists; we are liked because we do not have aspirations. I do not think we should underestimate our importance, but I think we can only operate in the world as long as we belong to societies and groups such as NATO or NORAD where we can exert some influence over this madness.

Miss Jewett: But you do not exert any.

Mr. Irwin: The NDP exerts none. I still do not know the policy of the New Democratic Party; on Monday it is for NATO and on Tuesday it is against NATO. The NDP in Calgary does not even know. I would be pleased to know whether the NDP wants Canada to be in or out of NATO, so that I will at least know what to debate.

Canada was the first NATO country to relinquish nuclear capability. We virtually invented peacemaking.

Some hon. Members: Oh, oh!

Mr. Irwin: Members of the NDP can harp. It is the truth, and the truth makes anyone harp. Canada has the most stringent safeguards on the export of armaments and the safest nuclear plants in the world. The NDP wants us to spend less on armaments. I think it was the hon. member for Victoria who mentioned that we spend 1.7 per cent of our gross national product on armament, which puts us in the second lowest place to Luxembourg in the NATO alliance. We have gone a long way toward peace.

I support the five or six recommendations of the majority report and I sympathize with the minority report. In many ways they fit together. They are looking for strategic arms reduction talks, decisions on anti-ballistic missile treaties, comprehensive multilateral test bans, nuclear weapons free zones, non-proliferation and, an end to chemical and biological weapons. We all want this. On the whole the minority report has been a genuine effort of concerned members of the committee to ease world tensions. It has stimulated debate on the points of view which vary in the majority report. I think we can live with them, I think they are important. But how can we vote for them when it is a vote of non-confidence?

Miss Jewett: What do you mean?

Mr. Irwin: If I vote for the minority report today, the Government of Canada falls. I do not think it would serve any useful purpose or contribute to controlling world armament if I voted for the minority report. To accept it for discussion is one thing; to bring down the government is another. Therefore, it is unlikely that the minority report will be supported by this side of the House.

Mr. Lalonde: Mr. Speaker, I rise on a point of order. Consultations have taken place with representatives of the opposition parties. We have agreed to seek unanimous consent of the House to revert to tabling of documents for the purpose of tabling the offer made by the government of Alberta and the Government of Canada to the Alsands consortium.

The Acting Speaker (Mr. Ethier): Is it agreed?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

ENERGY

TABLING OF JOINT PROPOSAL OF THE FEDERAL GOVERNMENT AND ALBERTA TO ALSANDS CONSORTIUM

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, copies of the joint proposal by the Government of Canada and the Government of Alberta to the partners in the Alsands consortium.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—REPORT ON SECURITY AND DISARMAMENT

The House resumed consideration of the motion of Mr. Broadbent:

That this House supports the minority report on security and disarmament signed by six members of the Standing Committee on External Affairs and National Defence in April, 1982, calling for, *inter alia*, a worldwide nuclear freeze, no Cruise missile testing in Canada and a world-wide pledge against first use of nuclear weapons.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, the motion before us today deals with an issue which through the years has grown in importance and, by consequence, has become visibly and vocally controversial. Because people throughout the world rightfully seek to live in peace, concern over the change in nature and weapons of death and destruction of war is more than justified.

As a member of the Standing Committee on External Affairs and National Defence, which conducted an exhaustive in-depth review of the issues of security and disarmament, I along with my colleagues had the opportunity to examine these concerns and the reasons behind them.

Prior to the presentation of our reports the committee spent long hours over many days listening to and reading comments from a great many individuals and groups from diverse areas of the Canadian and international community. One of the reports represents the views of a majority of committee members; the other, as has been pointed out very well, was a press release. I will address this split later. Each group, each individual and each report, while varying in approach to the problem at hand, revealed quite clearly an abhorrence of war and a deep-rooted horror that the consequences of another major war would be the destruction of mankind. The immediate and obvious focus of concern is the possibility of and the escalation toward a nuclear war.

Since the dawn of the nuclear age some 37 years ago, mankind has had to live with what has been described as the terrible burden of nuclear weapons and the havoc they may wreak. In a recent address, the United States Secretary of State Alexander Haig, commenting on the issue, said:

No one has ever advocated nuclear war. No responsible voice has ever sought to minimize its horrors.

If there is any comfort or slight encouragement to be derived from the current situation, it is that this view is being expressed by a representative of the administration of one of

the two super powers which have the capability to engage in such a war.

The contradiction in the minds of many people is that while the avoidance of war and the desire for peace are being espoused, the arms build-up throughout the world continues to escalate in numbers and in potency. In its simplest form, people are saying: "If you really want to live in peace, why do you carry a gun?"

The answer, in theory as well as in reality, is that those of us who want peace and security live in a world in which we are surrounded by those who carry guns and have demonstrated their desire to use them. Thus, the establishment of a competent and capable military force by a nation with an underlying wish for peace cannot be considered a contradiction. In its true sense the military force of a nation is its vehicle for security at a national level.

It may be appropriate to draw an analogy to security on more personal and better understandable levels. Police and fire departments are established to protect the individual and the community as a whole from unwanted intrusion, aggression and destruction. Businesses and homes are equipped with safety devices for the same reason. We wish to live undisturbed in peace but we equip ourselves against others who do not share our desire.

• (1740)

To live in a world where peace is a universally attained goal is certainly the ideal. Unfortunately, ideals are seldom achieved. Because of this and of the very obvious territorial and ideological ambitions of aggressor nations and individuals in the world today, to pretend that a threat to our security does not exist is pure folly.

It has been well documented that, with variations, history repeats itself, and history has clearly shown that those who, however well meaning, blindly avoid either comprehending or responding to reality are quickly and decisively destroyed by those who have the power to take advantage of the weak, weak-willed and weakly equipped.

Obviously, the solution is to remain attuned to the reality of world events and to demonstrate both the will and the capability necessary to deter the opportunistic aggressor.

A solution which is less obvious, indeed seemingly elusive, is that which would halt this senseless state of mistrust between the major superpowers, which has resulted in the alarming situation in which we find ourselves today. In their effort to establish equality of capability, each remains deeply suspicious of the other's intentions, with the result that the parity desired with respect to weapons is in continual dispute.

In simple terms, if one side has two guns and the other has three guns, the side with one gun less wants the extra gun in order to feel equal. However, the side with the extra gun objects on the grounds that the two guns possessed by its opponent can shoot a bullet farther and with more destructive force, thereby making them equal.

This simple example, when expanded to encompass the vast array and complexity of weapons and inventory of weapons by both superpowers, gives some idea of the nature of the major difficulties surrounding disarmament. While disarmament remains under discussion, the cost of continuing the arms race has reached astounding levels. An estimated $600 billion will be spent throughout the world for arms and equipment related to the armed forces. The state of the economies of the world nations today adds greatly to the pressures.

Nations which are fighting merely to survive have difficulty to justify moneys being spent on weapons and armies dedicated to a possible fight to survive as a nation.

We are well aware of the burden placed on the American economy due to its massive defence spending. What may be less obvious, however, is the problem such spending is creating for the Soviet Union, the other superpower.

During an appearance before the standing committee, Dr. Georgi Arbatov, a director from the embassy of the U.S.S.R. in Canada, and a very high profile member of the Soviet parliament, eloquently outlined the stress that the arms race is felt even in his own country. Although there was criticism when he was invited to appear before the committee as a witness, what he said was certainly interesting and quite stimulating. I had the privilege of questioning this eminent Russian, and it is interesting to note that some of his comments appear in the committee proceedings. It would be of interest to many members in the House and to many others to read the proceedings of that particular day.

Although I do not take every word he says as gospel and may question some of his statements, I recall pointing out to him what an important person he was in the U.S.S.R. Of course, he denied this and said that he was just an ordinary citizen of the U.S.S.R.

I inquired whether he would be present at the disarmament talks which are to take place in June and July in New York. He said that he would be there but that the Soviet ambassador to the United States and the foreign minister of the U.S.S.R. would be present to state their government's policy. However, I told Mr. Arbatov that I was quite sure he would be more influential than many others due to his vast knowledge of the subject. I said, "Even though you are not saying it, you will be at the right hand of those eminent citizens of the U.S.S.R. and will certainly be coaching them". I also mentioned to him that Canada was very fortunate in its long record of never having being invaded since 1814 when we won the Canada-United States war. Mr. Arbatov replied, "Yes, you are fortunate because you have two very good neighbors." I thought that statement rather ironic.

Another interesting comment made by Mr. Arbatov was that he agreed that the arms race was a tremendous drain on the Soviet economy. I pointed out to him the amount of money being spent by the United States—some $200 billion—as well as the fact that these figures are known worldwide, especially by the U.S.S.R., but when we try to pin point the exact figure from Russia, we only get an evasive answer. I believe he

indicated it was 25 per cent of their gross national product which, of course, we also do not know.

As I mentioned previously, we in the committee heard from many witnesses and while their concern was obviously genuine, I felt that in some instances they were seeking a dangerous path to peace, that of unqualified, unilateral disarmament.

Canadians have already witnessed this government's attitude toward disarmament. I am pleased to see that the Minister of National Defence (Mr. Lamontagne) is here because I suggest to him that our Canadian armed forces, which is our vehicle for national security, our contribution to the maintenance of world peace, has been disarmed to the brink of dissolution under this government. Under this government, our military has been decimated and neglected for over a decade.

As a member of two international military alliances, NORAD and NATO, Canada is supposed to be assisting our allies in the defence of the free world. It is common knowledge and a matter of shame to many Canadians—particularly those men and women who serve in uniform—that our contribution is merely token.

Although our people are of the highest professional calibre, and what service they do provide is of value, this nation's minuscule contribution to the alliances in manpower, equipment and spending percentages is far less than it should rightfully be. Of the 15 NATO nations, only the small country of Luxembourg pays less per capita for defence than does Canada. Furthermore, what we have for the little we spend is nothing to brag about. Although we may have the best people, the equipment and the funds they have to work with certainly are not the best.

Let us look at our navy. We may call it a navy but that would be stretching the imagination. Our navy presently consists of 20 ships which, to say the least, are not of 1982 vintage. Although we have a new program to build six new patrol frigates, they are still in the design phase. Even this program is in difficulty and is incurring rising costs, as usual. When I first came on the committee for national defence, I heard stories about the great frigate program. I believe the cost of building those six frigates some years back was $1,000,400,000, but the latest figure is now $4 billion, and the Lord knows what the figure will be by the time the first frigate is on the water and delivered to the hon. minister, whoever he may be at the time. By then it will be even higher.

• (1750)

Miss Jewett: Yes, he or she.

Mr. Darling: Sure, he or she. I am well aware that the day may come when we could have a woman minister of national defence, and she may be a woman of the calibre of the present prime minister of Great Britain.

Miss Jewett: Oh, perish the thought.

Mr. Darling: She would certainly carry her weight.

Some hon. Members: Ursula.

Mr. Darling: If the government had understood the necessity of our military and had provided sufficient funds for a sensible, smooth-flowing program of equipment replacement, we would be spending far less than we now do to try to catch up to where we were before.

This nation has one of the longest coastlines in the world. I believe it is 37,000 miles long. It stands to reason that a viable, up to date and strong navy is of great importance to us. Following the Second World War, Canada had the third largest navy in the world. People watching the serious situation in the Falkland Islands with concern were probably laughing and discussing the fact that Argentina only had one aircraft carrier. However, that is one more than we have.

Our air force and our army are in equal disarray. We are slowly re-equipping these two elements of our military as well. It has also become a case of too little too late, and now at too high a cost. Yet, despite the state of our military today, there are people who feel we should reduce its size even more. There are those who would like to see Canada sit back and let the United States assume full responsibility for our security. What they perhaps do not know is that our great neighbour to the south now spends a significant portion of his defence budget to what could be considered to be in our defence as well. I believe that our defence budget, which has increased this year, is in the $7 billion bracket, up considerably from a while ago. However, when compared with the budget of $200 billion of the United States, we find that its budget is ten times higher. If the United States spends $200 billion on arms, our equivalent would be $20 billion. Is that not right, Mr. Minister? The Minister of National Defence is shaking his head. I am not suggesting that we are in any financial position to spend that amount, but it is worth while to compare the budgets.

The U.S. assumes most of the cost of NORAD, which is our continental defence and is the major spending partner in our NATO alliance. Can we take pride as a nation? Indeed, do we have any right to call ourselves a nation if we turn to another to defend our very existence as a nation? If we do not have the national will and the gumption to assume more of our own defence requirements, can we shame ourselves even more by refusing to assist our defender with our joint requirements?

The United States seeks permission to conduct testing of a number of items of military equipment on and over Canadian soil. One of these is the Cruise missile. The motion before this House in support of this press release demands, among other things, that no Cruise missile testing be allowed in Canada. The U.S. has stated that it would like to test a missile from our facilities at the Canadian Forces Base at Cold Lake in northern Alberta because the terrain and climate is similar to that on the Russian front where it might be used. As soon as the request was revealed in the media, a hue and cry went up exhorting the government not to grant permission. Critics berated the government for its potential involvement in a nuclear weapons system, many of them not realizing that testing would in no way involve the use of the nuclear warheads themselves.

In light of the fact that we have passed much of our defence on to the shoulders of the Americans, I very strongly feel that we should at least have the decency to assist them with our defence where possible. I want to commend the Minister of National Defence and the Secretary of State for External Affairs (Mr. MacGuigan) for their favourable position on this issue. I say to them that I hope the agreement for testing will be approved.

The other two points in the motion which call for a worldwide nuclear freeze and a worldwide pledge against the first use of nuclear weapons are commendable concepts. However, as I outlined previously, they have questionable application. If any one of us had a magic wand and could wave it with certain assured results, we would instantly cause to disappear all weapons, nuclear and otherwise. At this point I must underscore the fact that I do not belittle any expression of the desire for peace. I, too, wish with all my heart that the words "conflict" and "conquest" would become an archaic part of our language, the use and meaning of which were forgotten in the mists of time. I do believe that everyone throughout the world must continue to speak out on behalf of peace in the hope that one day it will become reality.

Therefore, I understand and applaud the motives of those who make their voices heard. Throughout the country, in many municipalities, a referendum will be held on the issue of nuclear disarmament. It should come as no surprise to anyone when the results of those votes are an overwhelming support for the disarmament position. In my view, the votes which will be recorded in the referenda at the time of municipal elections will, in all probability, show the support of more than 98 per cent. Canadians will naturally raise their voices throughout the world in a call for peace, but the voice of the people must come from the mind of reason. We must reasonably assume that the path to world peace contains many difficult obstacles, although they are not insurmountable. However, they are ones which require that we be ready for the challenge. These obstacles will be vividly presented in New York in June when Canada joins with the other members of the United Nations for the second special session on disarmament.

In its majority report, our committee presented 32 detailed recommendations for the Canadian policy on arms control and disarmament as guides for the upcoming UN meeting. Among the recommendations, all worthy of consideration and support, are a few I would like to highlight. While suggesting that Canada encourage the superpowers to resume talks—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. gentleman, but his allotted time has expired, unless he can obtain unanimous consent.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is agreed.

Mr. Darling: While suggesting that Canada encourage the superpowers to resume talks and reach early agreement both on strategic arms limitation and mutual balanced force reductions, we also recommend that the UN devote special attention to ways of encouraging peaceful relations between the two. We suggest this could be achieved through the use of confidence-building measures and confidence-restoring techniques, such as good offices, mediation, arbitration and peace-keeping. It was also our recommendation that Canada should support in principle, where appropriate, nuclear weapon free zones and support in principle the concept of zones of peace. We also felt it imperative that Canada take a strong stand on the need to establish a comprehensive prohibition of chemical weapons. It was our view that one of the most critical and crucial fields for arms control and disarmament is nuclear non-proliferation. We suggest that the Canadian delegation do everything possible to highlight its importance for the future of world peace.

The Acting Speaker (Mr. Ethier): Order, please.

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

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Ethier): When the House rose at six o'clock, the hon. member for Parry Sound-Muskoka (Mr. Darling) had the floor.

Mr. Darling: Mr. Speaker, I thank the members of the House for allowing me to finish my remarks.

It was our view that one of the most crucial fields for arms control and disarmament is nuclear non-proliferation and we suggested the Canadian delegation do everything possible to highlight its importance for the future of world peace.

Canadian participation in these meetings on disarmament is that of a concerned partner, one willing to help resolve the grave and serious problem. We in Canada have been fortunate in that our nation has been spared as a theatre of battle in the two major world wars. This may not be the case in the future.

During past wars, many thousands of Canadians fought and died in defence of freedom. The freedom we now enjoy and the future we anticipate exists only because we cared enough to keep them secure. It is not unreasonable to hope we will never again be called upon to fight in defence of what we hold dear, but it would be folly not to be prepared to do so if need be, and if we can help build a sense of mutual confidence and co-operation between the nations of the world, the need may never arise.

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Mr. Speaker, to follow up on some of the comments made by the hon. member for Parry Sound-Muskoka (Mr. Darling) who spoke before me, I would like to say that the disadvantage

we may have owing to the obsolescence of our equipment is largely compensated by the ability and professionalism of the men and women in our Armed Forces.

[*English*]

I would like to congratulate the members of the committee. Despite some divergent views, they displayed a good example of democracy in the hearing of witnesses and worked as hard as possible.

I decided to speak on this motion because I feel directly implicated in it, not because of the content or the repercussion that such a resolution could well have on the future of this country, and I would say the future of this planet, if it were adopted, but because I care for the survival of my children and of future generations.

I will try to put forward my view in a most objective way and with the greatest possible understanding for those who do not share my views. I am one of the lucky ones who managed to live through the last war. As you know, I was a bomber pilot. I served in England for nearly two years. Then I was shot down and spent two years in concentration camps in Germany, Russia and Poland. I know from bitter experience all the reasons for hating war and I know all the horrors of war.

When I heard the leader of the New Democratic Party (Mr. Broadbent) talking about the horrors of a nuclear war, I assure you I was not scared. At the same time, I know the other side of the coin. I hope, however, that we will never again have to experience the horrors of any kind of war.

I do not say that for my personal benefit for there are many thousands of Canadians who have done the same and even more than I have done. I am thinking of the ones who have given their lives because of the naivete of some well-meaning politicians like Mr. Daladier, certainly a good socialist, as well as Mr. Chamberlain in 1938.

They succumbed to the temptation of wishing to evade the aggressor, by giving up or making concessions. It is what I would call submission. In recent history, it was called the spirit of Munich. Daladier and Chamberlain were not betraying their people. They were only doing that which any good democrat would do, that is abide by what they thought was the wish of their people.

Today these demonstrators who parade in the streets singing the same slogan are the successors, or *les héritiers*, of those who were frenetically applauding Chamberlain's return from Munich.

It was a pity at the time to see these gullible people thinking that that kind of disarmament was reassuring, not knowing that it was condemning them. These poor leaders who, to preserve still several short months of confidence from their people, were in fact hiding the reality and their concerns. It was accepted with ease that some friendly country had to be sacrificed to appease the appetite of that dictator at the time.

Then they were reassured by the declarations of specialists or by telegrams from ambassadors affirming in chorus that Mr. Hitler would be thrown out of power because of the bankruptcy of the German economy. They were showing to the dictator their unarmed hands to reassure their aggressor and take away, they were hoping, all of its reflexes of fear and aggression. What a farce when we know what followed! I feel, however, that there are some who are following this same process these days using the same words and with the same intentions to make the same error.

[*Translation*]

In 1938 in Munich, Chamberlain and Daladier wanted peace at any cost. By advocating disarmament, they condemned the nations of the world to a war that was postponed only one year. They were hiding the facts. We must not fall in the same trap. That is why NATO has a bipolar policy, which aims at strengthening our defence and making every effort to negotiate bilateral disarmament. It is reassuring to speak about world disarmament, but it must occur on both sides. Unilateral disarmament without reasonable parity would be equivalent to nothing but surrender and capitulation. While our sociocapitalistic system is not perfect, I still prefer it to the sociocommunist regime because we have much greater freedoms and rights than any other country. The temptation of wanting to escape the aggressor by yielding to him denotes a spirit of submission that I do not accept.

[*English*]

Following those remarks, I should thank the leader of the New Democratic Party for presenting this motion to the House for debate today. It underlines to the Canadian people the distinct lack of realism possessed by that party on all these matters, their lack of realism in spite of all the facts.

• (2010)

This debate provides us, on the government side, with an opportunity to present to the Canadian people the realistic facts upon which our current defence posture and that of our allies in the western alliance rests.

The NDP members appear to be united in their support of this motion, this motion that reflects a minority of the Standing Committee on External Affairs and National Defence. If this is indeed the case, then I am puzzled; I hope that we will hear clearly, one day soon, their full policy with respect to NATO, North American defence, and even the defence of their own country.

It is important to point out that we are debating today a motion based on the minority report of the SCEAND Committee which examined Canada's security and disarmament policy. Fully 80 per cent of the members of that committee agreed with the final report, a report that was prepared after a month and a half of extensive hearings—hearings at which numerous, well-known witnesses, representing a wide spectrum of views, were heard. This motion suggests that the NDP is not pleased with the report of their peers. Since this is the case, it is important to recall for them some of the evidence presented therein.

Last week, every member of the House of Commons, as well as every member of the other place, received a copy of the letter that I sent to the hundreds of Canadians who had

expressed an interest in the subject of the proposed flight testing of unarmed Cruise missiles in Canada. Hon. members opposite also received a copy of this letter and by now have had an opportunity to weigh its contents. Regardless of one's political or philosophical underpinnings, I can assure everyone that the facts presented therein are not in dispute. Defence is not a matter for philosophers; defence questions are questions of stark reality and, therefore, I think that it will benefit this debate if parts of this letter are read into the record.

[*Translation*]

I must clarify certain other points concerning the present state of the negotiations with a view to signing an agreement with the United States on tests of weapon systems in Canada. In addition to unarmed Cruise missiles, the United States might want to test other systems, such as helicopters, surveillance and identification systems and aircraft navigation systems. Canada would have full and continuous control over all testing, which would be subject to the environmental and security requirements of our country. The Cruise missile would not be more dangerous than a small plane because there would be no impact and the use of a parachute would make the missile recoverable. Each test proposed by the United States would first have to be authorized by Canada and could even be forbidden later on. Biological and chemical nuclear testing would not be authorized. Finally, the negotiation of such an agreement with the United States could prove a strong incentive for the two superpowers to conduct fruitful negotiations with a view to concluding a monitoring agreement on weapons control and a balanced and mutual disarmament. The government will proceed normally with the negotiation of the master agreement. It is not expected that any agreement on Cruise missile testing will come about before the end of the year, and certainly not before the United Nations Second Special Session on Disarmement. Of course, any agreement on arms testing in existence or being negotiated would be subject to the provisions of any new agreement made during UNSSOD II. However, in the meantime, Canada will continue to ensure the strength and efficiency of the Alliance.

[*English*]

Clearly, the Canadian government, and myself as Minister of National Defence, would dearly love to halt the production and testing of any weapons system, and to live in a world that is free of aggression and free of any threat to peace. Sadly, today's international scene does not present us with such a picture. Unfortunately, history, as I said at the beginning of my speech, provides us with overwhelming evidence that such a naive approach to the world is both irresponsible and dangerous. Certainly, the history of the Soviet Union's expansionism since World War II and of their blatant disregard for basic human rights—even as we speak, in Poland and Afghanistan—is evidence enough of the danger inherent in such an approach. Intentions are all very well but clearly one's actions and the actual facts of history will demonstrate one's sincerity. The U.S.S.R. has clearly demonstrated its sincerity in this regard.

It is all very well for the members of the NDP to travel across this land, preaching an end to war and peace for the world. Mr. Speaker, we as a government simply cannot take that chance. We are positively bound to protect our people's right to peace and freedom by something more substantial than the pursuit of an ideal and a "pie in the sky" approach to matters of such importance.

Some hon. Members: Hear, hear!

Mr. Lamontagne: As I have stated, Mr. Speaker, the security of the western alliance is based on the concept of credible deterrence. This motion proposes a worldwide nuclear freeze, a freeze on the testing, production and deployment of nuclear weapons and their delivery systems. Put quite simply, a freeze at this time is unacceptable because it would freeze an unstable and unequal military balance, thus entrapping the West in a position of dangerous inferiority.

We must remember that a global freeze would apply not only to strategic nuclear weapons, where a rough parity might exist between the Soviet Union and the United States, but also to intermediate-range nuclear forces in Europe, where the balance has been seriously upset by the Soviet deployment since 1976 of 300 SS-20s. It is unfortunate that this clear imbalance in favour of the Soviet Union, which has brought about NATO's modernization program, is not recognized by members opposite.

Mr. Ogle: On a point of order, Mr. Speaker. Would the hon. member accept a question?

Mr. Lamontagne: I will finish what I have to say and if there is time then, I will be ready to answer the question.

Clearly, Canada does not favour proposals for a U.S.A.-U.S.S.R. nuclear weapons freeze at existing levels. Rather, we hold the view that the two major nuclear powers should first negotiate substantial and verifiable reductions, both quantitative and qualitative, in their nuclear arsenals.

We believe that the U.S.A. is committed to arms control and to the achievement of equitable and verifiable agreements aimed at substantial reductions in nuclear forces. While freeze proposals reflect the desire of people everywhere to reduce the threat of nuclear war, proposals in themselves do not promote reductions, equality or verifiability. Rather, it will result in a locking-in of existing inequalities, while making further progress difficult, if not impossible. For these reasons, the goal in arms control must continue to be the negotiation of substantial reductions in the nuclear arsenals of both sides. So you see, Mr. Speaker, that we can do better than a freeze, and we want to do more than a freeze.

It is for similar reasons that I cannot support the final proposal presented in this motion, that calls for a worldwide pledge against first use of nuclear weapons. There is considerable confusion in the public debate about the terms "first use" and "first strike". It may be helpful to members and to our discussion if I attempt to define the terms.

A first strike, often qualified by the adjectives "preemptive" or "disarming" is generally taken to mean a major premeditated attempt by one side to destroy the offensive nuclear systems of the other effectively, to the point that the country concerned could not effectively respond. It is, of course, a principal reason why both the U.S.A. and the Soviet Union have seen fit to maintain what is described as a triad of strategic forces—land-based, sea-based in submarines and heavy bombers. This is in order that their eggs are not all at one time in the same basket. It is our judgment that neither side has the capacity to

undertake a disarming first-strike at this time, and that neither looks to achieve such a capability.

• (2020)

The first use of nuclear weapons, on the other hand, is quite a different matter. It is also at the very heart of NATO's doctrine of flexible response, which is that any aggression would be responded to at a level and by the means necessary to halt it. Fundamental to the strategy is the need to maintain all options open to the western alliance. To foreclose any option—for example, by declaring that NATO would not be the first to use nuclear weapons—would convey quite the wrong signal to the other side at this time. More directly, such a declaration would be seen by our European allies as a withdrawal of the American nuclear guarantee from Europe, a guarantee which has played a major role in keeping the peace there for over 30 years.

This motion, while similar to the recent proposal put forward by the former U.S. secretary of defence, Robert McNamara, has conveniently refused to recognize a fundamental condition upon which McNamara's renouncement of first-use was based; that is, that the only responsible way in which the allied governments could adopt a no-first-use policy would be on the basis of an improvement in western conventional forces in Europe. Not unnaturally, this crucial condition has attracted a good deal less attention than has the no-first-use proposal.

Hon. members opposite, unfortunately, have not learned from the past, or the present. In committee yesterday I was questioned on what I meant when I referred to Pax Sovietica. I ask them not to ask me but to ask those who have strayed in some way from the Soviet path and from the strict Soviet line. The Hungarians in 1956, the Czechs in 1968, the Poles in 1981 and the Afghans know full well what the term "Pax Sovietica" means. Soviet actions in these instances indicate clearly that the western alliance must remain very vigilant.

Mr. Ogle: Mr. Speaker, would the minister tell the House when he really believes a freeze would be possible? I understood he was indicating there could be a freeze.

The Acting Speaker (Mr. Ethier): Order, please. I thought the hon. member was rising on a point of order. If he is rising for the purpose of asking a question, that could be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Ogle: Mr. Speaker, the minister has indicated he believes a freeze would be possible at a certain level of weaponry. That is what I understood, in any event. When does the minister think it would be possible for that to take place?

Mr. Lamontagne: Mr. Speaker, I think it is very clear that at the moment a freeze would be very unequal. If a football game is stopped in the middle of the game and the score is three to nothing, that would not be very equal.

Mr. Deans: This is not quite the same.

Mr. Lamontagne: I know that is not the point. I will get to the point. We want to do something better than a freeze. Our aim is to reduce to the lowest level possible the nuclear strength, the nuclear force of both sides. For example, the U.S.A. has asked the U.S.S.R. to remove the SS-20, the SS-4 and the SS-5. If the Soviets did that, we would have a certain equality as far as this type of armament is concerned.

What I cannot understand is that everyone seems to be scared of a weapon, the Cruise missile, which is not yet in a position to hit anybody. It is just in the testing stage. On the other hand, no one is afraid of the huge nuclear arsenal of the SS-4, the SS-5 and the SS-20.

Mr. Deans: I am petrified.

Mr. Lamontagne: Why is the hon. member so afraid and why does he want disarmament right away, before we achieve a certain parity so that we are able to have a credible deterrence so that the U.S.S.R. can be given the incentive to sit down with us and seriously negotiate peace and disarmament?

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, the evidence before the subcommittee on security and disarmament was always interesting and often contradictory. One of the areas in which it was contradictory was the very one about which the Minister of National Defence (Mr. Lamontagne) has just been talking, namely, is there or is there not rough global parity between the two sides? This has also been the subject of a great deal of discussion in the United States and Europe. I find it very misleading to be told by the minister that there is no such global parity. In his capacity as Minister of National Defence it seems to me the minister should be providing us with the best estimate which can possibly be made on the question of global parity, but the minister is not doing so. We all know about the SS-20. We also know about the submarines which can demolish every city in the Soviet Union. We know about those. We also know—and a great many authorities have said exactly the same thing over the past many months, including many to the committee—that if we look at this matter in a global fashion, we see that there is now rough parity. I agree with the minister that it is better to move toward a nuclear freeze in a position of rough parity than in any other. Because there is rough parity now, the movement for a global freeze has attained large dimensions.

I am sure the minister reads and respects Paul C. Warnke, who was the arms control and disarmament adviser in the previous U.S. administration. Paul Warnke has stated quite clearly and flatly that there is now rough parity. He says:

> —in the over-all strategic balance there is certainly no Soviet advantage. In the most significant respects, such as survivability, the edge is ours. If an immediate freeze could . . . be achieved, the existing situation of mutual deterrence would be preserved. Neither side could possibly anticipate profiting from the initiation of a nuclear war. The country attacked would retain the capability to inflict comparable devastation on its attacker . . . A freeze is the necessary partner of reductions.

In that connection I was very happy to see a ray of hope this afternoon, one to which the Minister of National Defence has not seen fit to adhere tonight. It came principally from the Secretary of State for External Affairs (Mr. MacGuigan), although I should add that the parliamentary secretary perhaps gave us even a greater reason to hope that the minority report on security and disarmament, the report we are asking the House to adopt, had made a real impact on this House and on the Canadian public. The parliamentary secretary said that it has stimulated debate on the points of view which vary from the majority report. He said he thinks we can live with these points of view and that they are important. That was terrific. I thought, "There we are; we have a majority in favour of our recommendations." The parliamentary secretary went on to ask how he could vote for them when it would be a vote of non-confidence. I plead with all hon. members of the House not to regard this as a vote of non-confidence but to regard it as a free vote so that every member, with his knowledge and conscience, will vote freely. I will return to that later in my remarks.

• (2030)

As I was saying, Mr. Speaker, the Secretary of State for External Affairs, perhaps most unexpectedly, shed some hope on the acceptance, although maybe not today, of the four major recommendations made in the minority report on security and disarmament. Of course he is very annoyed that members of the NDP on that committee were among the six who signed the minority report. I cannot understand why he was so petulant about the NDP and its support of the recommendations today. He did not refer to the fact that there was a Liberal member and two Conservatives who also signed the report. I cannot quite explain his petulance unless he is perhaps a closet NDP, to paraphrase him.

I was unhappy that he focused on half of the signatories to this report. None of us wants this to be simply an NDP move. It is not in this Parliament and it is not in this country. There are people from all walks of life and of all political beliefs who believe in the very things we advocate in this report. I regret very much that he wanted to have it as something that only the NDP was pursuing. That simply is not the case.

As I understood the minister's remarks—and I have not seen all the "blues"—he implicitly gave a great deal of support to the minority report on security and disarmament. I would draw your attention to his reaction to our first proposal for a nuclear freeze, that:

> Canada should put its full strength into the campaign now gathering strength in many parts of the world: a global freeze on the testing, production and deployment of nuclear weapons and their delivery vehicles.

It is true that he did not mention this first proposal specifically but it seems to me that implicitly he supported it. Some people might even argue that he went further. The reason I say he supported it is that by far the most important thing he said this afternoon, in my view, was that the goal of the government in UNSSOD II would be balanced deterrence through radical reduction in nuclear weapons.

As has often been pointed out, Mr. Speaker, if a freight train is coming down the track you cannot throw it into reverse until you first stop it. In other words, you cannot have radical reduction until you first have a change of direction—until you have first halted the arms race.

In our recommendation on the nuclear freeze in the minority report that section reads:

> Rather, a practical policy is to promote mutual, balanced and verifiable disarmament by first of all freezing further growth.

In other words, you will not get radical reductions until you have created a freeze to get a change in direction. You have to stop the arms race so that it can be reversed. This was also a very important part of the House-Senate joint resolution in the United States. It was the second of two points and reads as follows:

> Proceeding from this freeze, the United States and the Soviet Union should pursue major, mutual and verifiable reductions in nuclear warheads, missiles, and other delivery systems, through annual percentages, or equally effective means, in a manner that enhances stability.

When the minister said that our goal in UNSSOD II and elsewhere will be balanced deterrence through radical reduction it seems to me he is implicitly agreeing; otherwise there is no logic to a nuclear freeze. It is the first step to radical reductions.

At the moment, the wonder of the world is why people of conservative thought are rejecting the idea of a nuclear freeze, particularly those who know and understand that there is rough global parity and that this is the moment for the freeze.

The syndicated columnist James J. Kilpatrick writing in the Los Angeles *Times* of March 22, 1982, had this to say:

> Where are my brother conservatives? What are they doing about the most awesomely important political issue in the world? Alas, the answer is, not much.

He identifies this as follows:

> —an issue of life-or-death meaning to the whole planet, and there is not a sentence in their resolution that thoughtful conservatives could not support.

He was referring to the Kennedy-Hatfield resolution. He continues quoting the resolution:

> "The greatest challenge facing the Earth is to prevent the occurrence of nuclear war by accident or design." What is wrong with that? "The nuclear arms race is dangerously increasing the risk of a holocaust that would be humanity's final war." Can anyone deny this? "A freeze followed by reductions in nuclear warheads, missiles and other delivery systems is needed to halt the nuclear arms race and to reduce the risk of nuclear war." Isn't this an idea worthy of exploration?

He goes on to say:

> The resolution urges that the United States and the Soviet Union jointly "pursue" a complete halt to the arms race, that the two nations "decide" how such a mutual and verifiable freeze could be arranged, and that, proceeding from such a freeze, the two nations "should pursue major, mutual and verifiable reductions in nuclear warheads, missiles and other delivery systems."

The article continues:

> Otherwise, unless words have lost their meaning, the Kennedy-Hatfield liberals are proposing exactly what Reagan's START proposed in November.

I think that is the direction the government is going, if I take the remarks of the minister this afternoon to mean that there must be a freeze before there can be radical reductions.

I thought the minister was moving a little on the second recommendation of the minority report, that there not be any Cruise testing in Canada. He has already moved to some extent because I assume that originally the plan was to have the agreement signed by this time. When it became public, then, of course, he moved toward not having it signed, at least until we have had the second special session on disarmament at the United Nations.

I think he may be moving a little further and coming closer to our second recommendation, because this afternoon he said, as I understood it, that Canada is not involved in development of nuclear weapons systems. I take this to be a promise that we will no longer be involved in development of nuclear weapons systems. Of course, we are now involved, as we all well know. Not only are we possibly going to draw up an agreement for the testing of the Cruise missile but we have also been involved for some time in giving support to industries that are helping to provide the guidance system for the Cruise missile and other nuclear weaponry, particularly Litton Systems Canada Limited. Vickers Canada and Litton Industries are providing the hulls for the Trident submarine. When the minister says we are not involved in the development of nuclear weapons systems, of course that is not true. We are involved through testing, if we do test, and by encouraging the manufacturers of the Trident and Cruise missiles through grants and loans. The reason I have some hope is that I take it he is moving toward a position that, just as we are not going to have nuclear weapons on our soil once they are pulled out of Comox, so also we are not going to be involved in the future in the development of nuclear weapons systems. For this reason I believe it is possible that the minister and many members will follow, in a sense, the lead which the Canadian public is already giving; that is, no Cruise testing and no further manufacture, although the latter is not in the minority report.

• (2040)

The minister made no comment at all on the third recommendation in the minority report that all nations should pledge never to be the first to use nuclear weapons. I take it that is because he would be in fundamental agreement with the no-first-use pledge. I expect he has read the article in the spring issue of *Foreign Affairs* written by Robert McNamara, the former U.S. Defence Secretary; George Kennan, former Ambassador to Moscow; McGeorge Bundy, a former adviser on national security; and Gerard Smith, the chief arms control negotiator in recent Democratic and Republican administrations. Nothing in that article confirms what the Minister of National Defence just said, that the authors had made the no-first-use pledge conditional upon an increase of conventional armaments. Certainly Robert McNamara and the others have pointed out the great importance of conventional armaments which they would like to see accompany the adoption of the non-first-use pledge. However, to the best of my knowledge, that is the most they have said. For lack of time I cannot give hon. members the details of this article. However, I urge the minister and all members of the House to read it. I would just like to emphasize the last few words of the article:

> There has been no first use of nuclear weapons since 1945, and no one in any country regrets that fact. The right way to maintain this record is to recognize that in the age of massive thermonuclear over kill it no longer makes sense—if it ever did—to hold these weapons for any other purpose than the prevention of their use.

As I say, because the minister did not comment on the no-first-use pledge—although I am confident he has read most of the material surrounding this proposal—I assume he would support it.

Finally, in the fourth general category of recommendations in the minority report on security and disarmament is what one could broadly call Canadian efforts at disarmament education, efforts that we might make to encourage greater public knowledge and understanding of the whole question of security and disarmament. This would include the desirability of a global referendum on disarmament which, as we point out, is being taken up by more and more municipalities in this country. Again, it may be that the minister did not refer to that recommendation because he was in agreement with it. He is a *universitaire* and no doubt puts a good deal of hope in public illumination and education. However, it also may be that he feels there has been a tremendous awakening of public interest in and knowledge about these important life and death issues. It certainly has not been referred to as much today as I think it ought to have been, this enormous upsurge in public interest and concern. We of course had evidence of that only last Saturday in Vancouver when a march to end the nuclear arms race, followed by a rally, was attended by 30,000 to 35,000 people, according to a police estimate. I expect it was one of the largest marches and rallies ever held in Canadian history, representing a cross-section of people in British Columbia and therefore in Canada.

I am sure all of us here are aware of the tremendous popular movements in most European countries.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but the time allotted to her has expired. Nevertheless, she may continue with unanimous consent.

Some hon. Members: Agreed.

Miss Jewett: I thank my colleagues. Some people have said that surely these movements are communist-inspired. Most, if not all, of the witnesses before the subcommittee on security and disarmament said that was not true. They said the only one which might have been communist-inspired was the one in Paris; otherwise, they are popular movements. When the minister spoke earlier about some of the bigger powers in NATO and NORAD wanting the two-track decision, I wish he had also mentioned how many of the smaller powers do not want the Cruise missile. Belgium has not even discussed the matter yet, that is how badly they want it; the Netherlands has come as close as they can to refusing the stationing of the Cruise missile on their soil. We must not confuse the wishes of the larger powers with those of the smaller powers on these matters. It is irrelevant whether they are socialists, Christian Democrats or whatever. We should not make a big deal of

these political labels, anymore than we should of the kind of people who go to these marches.

As I say, there has been a growth of public concern, and I believe it is our responsibility as parliamentarians to try to meet that concern. Therefore, I ask every member of the House to regard this, as we do, as a free vote. Certainly, it is not going to bring down the government, although I suppose it might help us to get the Tories to vote for it if it did.

Mr. Crosbie: Right on.

Miss Jewett: We are simply asking for support of this minority report and its four major recommendations on security and disarmament. Thank you.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, as chairman of the committee which did not submit a majority report but rather the Report of the Standing Committee on External Affairs and National Defence, a report that gave rise to a press release issued by six members, irrespective of the position of each member, I would like to congratulate sincerely and warmly the members of all three political parties who sat on that committee. I think that they have given special consideration to that concern.

Second, they followed their schedule and I think that no parliamentary committee has shown more devotion during all the years I have sat as a member. I should say that the atmosphere which prevailed within the committee was outstanding. I often suggest to members of this House to have a close look at the proceedings of the Standing Committee on External Affairs and National Defence. Despite totally divergent views on some issues, we have successfully maintained an atmosphere of complete co-operation and understanding. My one regret, because I do have one, and I wish to tell my colleagues and friends of the New Democratic Party about it, is that very early in our proceedings, I had tried to set up a new system to include any minority views in the committee's final report.

• (2050)

[*English*]

I am the kind of person who believes that minority views could have been expressed and attached to majority views. I have worked, accordingly, for three or four months, with the feeling and understanding that that would be the case. On very divided issues, we would say that the committee recommends them, even though many members feel very strongly that they are impossible. I do not know who is responsible, but I regret that we could not add these views. If we could have, we would not have had to go through the inssuance of a press release by six members of the standing committee.

Also I express my deepest thanks to the staff. Sometimes we forget about them, but I like to follow the lead of the hon. member for Winnipeg North Centre (Mr. Knowles), my very good friend, who always makes a point of thanking the staff. The research staff worked very hard, for which I thank them. For example, I could name Roger Hill and the clerk who worked with us. I am never afraid to share in the experience of others who did a very good job and succeeded in producing an enormous amount of work. It is unfortunate that the press release was issued, but by next Monday we will have the final edition so that members of the public and members of political parties will be able to read the report rather than the press release issued by six members of the committee.

An hon. Member: Boring.

Mr. Prud'homme: I may be, I may be. Defence and disarmament are certainly not unfamiliar subjects. As I said, we worked together for quite a while on the Standing Committee on External Affairs and National Defence. Hon. members have already mentioned that over 50 witnesses appeared before the committee and that there were over 50 meetings.

Recently I returned with an NDP colleague and some Conservative colleagues from a meeting of the Inter Parliamentary Union in Lagos, Nigeria, where I had the privilege and honour of working with an important drafting group. I draw the attention of hon. members to the resolution which was produced by consensus in Lagos. It is now being submitted to the second Special Session of the United Nations General Assembly devoted to disarmament. This was the unanimous view. Perhaps it was not as much as the Soviet Union or my friend from Cuba wanted; perhaps it was not as much as our neighbours to the south, the United States, wanted. It was a unanimous report contained in a resolution which will be submitted to the special session. Since we were all parliamentarians, I felt we should report to our respective parliaments on our activities. Therefore, I seek the unanimous consent of the House to have this resolution of parliamentarians appended to today's *Hansard*. I have copies of the resolution which I will distribute to all parties. It will be presented on behalf of all parliamentarians in the world at the second Special Session of the United Nations General Assembly in New York. I request permission to table the resolution and to distribute copies of it.

Miss Jewett: What is it?

Mr. Prud'homme: It was a resolution which was adopted unanimously by the Committee on Political Questions, International Security and Disarmament, entitled:

The Contribution of Parliaments to the Adoption of Concrete Measures by the Second Special Session of the UN General Assembly Devoted to Disarmament and Their Implementation, in Particular, the Reduction of Military Budgets and Its Effect on World Economy and Employment and on the Economic and Social Development of the Third World

We all agreed to it in Lagos. If hon. members would like to obtain a copy of it—

Mr. Broadbent: Will the hon. member permit a question?

Mr. Prud'homme: Yes, of course, but I would like to have this tabled this evening.

The Acting Speaker (Mr. Ethier): Order, please. Before entertaining discussion on this document, I understand the hon. member for Saint-Denis (Mr. Prud'homme) is seeking unanimous consent to have the resolution appended to today's *Hansard*.

Mr. Broadbent: Mr. Speaker, we would be in agreement on the condition that the hon. member agrees that the entire minority report, which he has argued very persuasively should have been included, be attached to today's *Hansard* as well.

Mr. Prud'homme: For the benefit of the hon. member, I think we are talking about two different subjects.

Mr. Broadbent: We are debating the minority report.

Mr. Prud'homme: I see that I will not obtain unanimous consent. It is unfortunate that the House will be deprived of a motion which parliamentarians unanimously accepted in Lagos. I see my reverend friend the hon. member for Saskatoon East (Mr. Ogle) nodding his head in agreement. If hon. members of the NDP want to be partisan—

Mr. Broadbent: Who is being partisan?

Mr. Crosbie: Mr. Speaker, I rise on a point of order. Perhaps the hon. member could explain to the leader of the New Democratic Party what he is talking about. It is not the majority report or the minority report of the subcommittee; it is a resolution from Nigeria. We would like to have it attached to *Hansard*; surely he does not object to that.

Mr. Broadbent: Wonderful, John.

Mr. Crosbie: The hon. member is so shocked by what happened in Saskatchewan that he does not have all his marbles tonight.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Broadbent: Go ahead, go ahead.

The Acting Speaker (Mr. Ethier): Therefore, the Chair understands that there is no unanimous consent to attach the resolution as an appendix to *Hansard*.

Mr. Prud'homme: I will try to resist the wonderful and peaceful appeal of my good friend, the official critic of the NDP, who said that we should use our knowledge and conscience to vote tonight and that we should not consider it a non-confidence vote. This is what she said.

Mr. Ogle: Would you be good enough to ask the House to table the subcommittee report?

Mr. Prud'homme: It is too bad the hon. member did not ask. I am always willing to agree. It is too bad, it is too bad. I read the minority report and I should like to deal with it now. I would prefer to talk about the views expressed by the committee, but unfortunately not enough was said about the report itself. A considerable amount of work was done by my hon. colleagues to which the official opposition referred this afternoon. They referred to some of the resolutions but not to all of them. In fact, 21 resolutions were put forward. I see some members of the New Democratic Party agreeing because they themselves said in their minority report that they agree with much that was said. Unfortunately, they could not agree with the majority report, and consequently added their minority views to the report.

• (2100)

I can find most of what is contained in the 11 pages of the first issue of the minority report in the full report, except for the four points which were made as well as some other points.

I will start with the last point. Hon. members may be surprised, and I hope the official opposition will not be shocked, when I say that we should provide more resources for the study of disarmament. I, personally, am quite sympathetic to this view. I know the committee will forgive me for saying so, and I suggest that it is a small bonus I get for having abided by their wishes so well when I shared in that concession by not putting my views forward. I am disappointed that the committee did not accept the proposal that we create five or six chairs of peace in universities similar to the strategic studies which have been taking place across Canada and which are paid for by the Department of National Defence. I urge hon. members to allow the three parties to work together in order to reassess our views on this proposal because I am confident that we can come to an agreement on this particular point.

I must say that I do not doubt the credibility or the sincerity of the New Democratic Party. However, I would ask them, in return, to give us credit for the same credibility and sincerity. I was going to argue with what the leader of the New Democratic Party had said, but my colleague, the hon. member for York South-Weston (Mrs. Appolloni) already asked him to correct his statement about the high degree of morality of the members who signed the report. I find his answers totally acceptable and I now know that he does not doubt the sincerity of government members.

I would like to comment on a proposition which is often raised, that of non-first-use of nuclear weapons. All members should realize that those who advocate a pledge by NATO countries of non-first use of nuclear weapons are suggesting two things: first, the United States should withdraw its nuclear umbrella which presently aids in deterring a conventional attack on our NATO allies in Europe; and second, that our European allies should agree to the withdrawal of that protective nuclear umbrella. I would tell members of the New Democratic Party, and any others who advocate such a policy, that it is not looked upon as being favourable or acceptable to the governments of Europe. I discovered, when I spoke to some members of the social democratic party in Lagos, Nigeria when asking their assessment of NATO, that they were very strongly in favour of NATO. I expected that they would have had the same view as my friend, the hon. members for New

Westminster-Coquitlam (Miss Jewett) and that socialists would share the same view internationally. But since they were so much in favour of NATO, I had to reassess my own understanding. If my hon. friend from New Westminster-Coquitlam said that her views were in my best interests, I would suggest to her and members of her party to reassess their thinking about NATO. I realize that there is division in their party about NORAD and NATO. Obviously, if it is good enough for socialists in Europe to be strongly devoted to NORAD and NATO since it demonstrates an air of solidarity in the western world, it should be good enough for the NDP and for all Members of Parliament. As well, the foreign minister for the Republic of Germany has rejected the nuclear no-first-use proposal and has reiterated his country's support for NATO's doctrine of flexible response as the only plausible deterrent against aggression and political pressure at any level.

It is interesting to note that those who propose the no-first-use of nuclear weapons to counter a conventional attack, in my opinion, ignore the fact that such a renunciation would require the NATO countries to increase their conventional forces considerably. I wonder if the supporters of that resolution are advocating that kind of build up. If they are not, I suggest that their view is full of inconsistencies and would weaken the security of our European allies.

An hon. Member: What is security?

Mr. Prud'homme: I am asked what security is. In my opinion, security does not mean naiveté. I believe that it is absolute madness to be spending over $5 billion for armaments in the world when that money could be used for development in other areas. Security also means being sure about your sincerity about disarming and using that vast amount of money to combat ignorance and poverty and to help people throughout the world. Security means to be able to believe that the other side is equally sincere and that it is not trying to take advantage of my sincerity to build up better armaments and force me into a position where I have no choice but to give in to their demands and conquests. To me, this would be security.

I will say in the House that I have absolute understanding for the views expressed in the minority report by those six members. My difficulty is reconciliation and finding a way to harmonize the views of those groups who are well intentioned. I predict that the question of nuclear armament will be the question of the 1980s. It will be the issue which will animate the students and all concerned people. It is my hope that the other side will be equally concerned. I do not like to say "the other side" but it is those groups who do not share the same sincerity. I hope the hon. member who is about to interrupt me will be quiet. I will not say who he is, but he was very rude this afternoon to the hon. member for York South-Weston (Mrs. Appolloni) when he called her speech stupid. I call that intolerance, when we all agreed this afternoon to extend the time allocated to any member and he refused to give that courtesy to the hon. member for Esquimalt-Saanich (Mr. Munro). I ask, in all sincerity, why there are so many people, when we begin to debate the question of disarmament, who fight each other in the name of disarmament. It is similar to people killing each other in the name of God, be it in Iran or in Northern Ireland. I saw the same intolerance when a colleague of mine went to speak at a university. He was violently attacked by ministers or members of the clergy. They were discussing disarmament with as much sincerity and as much desire to arrive at a conclusion. I do not understand that. I always try to see not what divides people, but what could happen there. Accordingly, I will conclude by saying—

• (2110)

The Acting Speaker (Mr. Ethier): Order, please.

Some hon. Members: Hear, hear!

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, following the speech of the chairman of the committee on external affairs, I think it would be appropriate for me to say on behalf of members of the committee that we did appreciate the chairing job that he did. He did it with appropriateness and competence, and for that I commend and thank him.

Some hon. Members: Hear, hear!

Mr. Wenman: I would like to preface my remarks tonight with a theme which I think should be kept constantly in mind throughout my presentation. There is a consensus in the House. The Progressive Conservative Party agrees, the security and disarmament committee agrees and I agree that there are no winners in a nuclear war, or any other kind of war for that matter. Therefore, the maintenance of peace is the highest priority for all rational thinking men and women in this country and of this world. That consensus is, in fact, the consensus which created this debate, which created this committee, which created this report and which propels this debate forward in the House today.

In the next 20 minutes before I end this speech, it could begin and it could be all over at the same time. If a one megaton bomb were dropped 20 minutes from now on the centre of downtown Toronto or downtown Vancouver, within a two-mile epicircle of blast there would be instantaneous incineration into millions of pieces of what were 200,000 or 300,000 Canadians. In a two mile to six-mile circle from the centre, there would be instant blindness for those who turned to look at a fireball many times brighter than the sun. There would be instant deafness as eardrums shattered. Lungs would collapse and there would be fatal third-degree burns which medics could not treat, even if they had the capacity and competence to do so. Within that circle, everything combustible would instantly burst into flames. Even beyond that six-mile distance from the centre, flying objects would blast through windows and walls. Within a 12-mile circle there would be continuing damage and, above all, a mass of charred, irradiated bodies fleeing, dying, struggling their way from the epicentre of the blast. Conditions would be intolerable as a result for those beyond the 12-mile centre of the blast. Some people would survive.

In the lower mainland of British Columbia there are one and a half million people. If 500,000 were killed, there would still be one million left who would survive in some capacity. If there were an all-out nuclear war, it has been estimated by witnesses before the committee that 500 million people out of the four billion on the face of the earth would be eradicated. We usually speak in terms of five million or ten million in conventional wars. The price is too high. The price of one million is too high. The price of 100,000 is too high. The price of a thousand, of a hundred, of one, is too high. Even if these unspeakable weapons were never unleashed, who in the House could really justify the billions of wasted dollars and the resources which could have helped a world so full of human suffering and deprivation?

I, too, campaign for peace. I, too, will march for peace. I, too, will stand and preach for peace. Military expansion must stop. Peace must begin. Peace must be given a chance. How can we prevent the unspeakable? How can we prevent this terrible Armageddon that I have just described? Is the answer to be found in pacificism, or is it to be found in nuclear bullying by superiority of either the East or the West, or in deterrence? The motivation for bullying nations varies from ideological reasons, which may or may not be expansionary, to insecurity. If nations were not expansionary in their ideology and felt sure of their own sovereignty, war would cease to be the factor of major concern that it is today.

Human beings, regardless of ideology, naturally seek security, both personally and collectively. We have not had nuclear disarmament or even reductions in nuclear arms because the essential element of negotiations is mutual trust between nations. There is a need to develop a political will to establish the motivation for concrete measures to reduce the level of risk. Confidence-building measures must be developed to lessen the mutual distrust which pervades the relationship between east and west. The pursuit of peace can realistically be achieved through mutual respect for one's capability through the balance of power.

Ideally, however, and we must also strive for the ideal, peace can only be maintained indefinitely if it is in fact based on good will and the spirit of peace. That spirit of peace does not start between nations. That spirit of peace starts inside the individual parts of all mankind. It starts in us as individuals, in you and me, in our determination to participate and seek solutions tonight. Whatever our solution may be, while some of us may be right and some of us may be wrong, the desire starts here for all of us. If we cannot find that desire and if we cannot find the internal peace, we will never ever find peace in this world. We must expand that sense of peace and commitment through our own personal lives to our community and to the larger community of man.

The way to build the political will for peace in today's world is through recognized and respected adoption of specific spheres of influence. This must be joined to an arms control policy which will work toward achieving mutual, balanced and verifiable reduction of nuclear arms at all levels, from the highest denominator to the lowest possible denominator. This statement of mutual reduction of nuclear arms at all levels, from the highest to the lowest levels possible, is another consensus that we have here today. The only dispute is over the means of achieving the end.

The catastrophic consequences of another world war, with or without nuclear weapons, make deterrence of conflict the highest objective. It is imperative that we prevent deterrence from turning into coercion in order to prevent coercion from becoming conflict. The deterrence of conflict is dependent upon the perception of the nature and source of the threat to peace. That threat to peace differs depending on the position from which one sees it. However, for the western democracies, the threat that we are conditioned to or that we believe in, that we are in fact preparing for, because that is what NORAD and NATO are all about, is from the Soviet Union.

• (2120)

Soviet military spending is impossible to calculate exactly, but the most impeccable sources place it conservatively, and our committee was told it was even higher, at 13 per cent of gross national product. The United States and its allies spend approximately 3 per cent of their gross national product. Soviet arms spending has risen steadily in real terms over the last 12 years, while western arms spending has fallen and is only now attempting to match Soviet increases. No one likes that attempt. No one is pleased at the attempt to waste more money for the building of arms.

As the Soviet Union moves closer to rough parity in nuclear weapons, and that is generally accepted today, and to the overall narrow margin of superiority in both conventional and nuclear power that they now possess, we have to look at their position in the world. Unfortunately we see their intent expressed more aggressively in their attempts to forcefully expand at least their influence around the globe.

They backed Cuban proxies in Angola in 1975, backed Ethiopia in the Ogaden in 1977, supported Vietnam, the fifth largest standing army in the world, in various excursions into Kampuchea, and invaded Afghanistan. More recently we have seen the Soviet Union-inspired imposition of martial law in Poland and the destabilization of Central America. That is the concern. The concern is the intent.

Some people might say the British in their development period established colonies throughout the world. Also, we worked through a period of the United Nations of decolonization, and Britain finding its own place in space and time. The United States could perhaps at this stage be accused of the same thing. That does not mean we should now tolerate a new wave of expansionism in the name of the Soviet Union.

Determining the intent of the Soviet Union, therefore, has become more and more important as they move toward the window of opportunity. It is in that window of opportunity in 1984-85 when the clarity of this superiority will in fact reveal the clear reality or lack of reality of the threat which may exist to this part of the world.

While the United States practised the theory of detente during the 1970s by transferring high technology to the Soviets

and unilaterally freezing the deployment of land-based missiles, the Soviet Union has continued to build up both conventional and nuclear forces on a massive scale based on the Soviet doctrine of quantitative superiority.

This includes the development and deployment of the SS-20 in the European land mass and the creation of a global blue-water fleet, one of the most if not the most superior in the world. Soviet quiet renunciation of detente can be seen in a 1976 article in *Pravda* which defines detente as the expansion of Soviet influence throughout the world by all means short of super-power confrontation.

The Soviets, by virtue of their Marxist ideological precepts do not necessarily respect the same definition of terms that is generally accepted in the western world. This is a classic example of the crucial difference that the failure to understand the Soviet mind-set can make. Based on this, it is not surprising that some scholars contend that detente in fact never existed.

While the Soviet Union believes that nuclear war and its debilitating results must be avoided, they see the development of superior capabilities wedded to a strategy designed to achieve military victory and a dominant post-war position as the only rational approach to nuclear forces. Too often the Soviets are opportunists who will seize any attempt or initiative to fill any vacuum they perceive to be forming, and attempt to expand their influence throughout the globe by all methods short of war.

The Soviet buildup of military forces has been, as James Schlesinger notes, "the like of which the world has never seen." The West has suddenly wakened up and said "What has happened?" The public on all sides are not only asking what has happened but are saying, "help". That is what those 30,000 marchers are saying. They are asking somebody to do something about it because they do not want to be incinerated in an international nuclear global war. That is what we are discussing here. How do we help? How do we answer? How do we do something? What is that something that we do?

The basic thrust of the minority report is unfortunately based on well-intentioned but somewhat naive premises, and therefore arrives at conclusions that could well increase rather than decrease the risk of war.

The report concludes that "we condemn the continued arms race." Who in this House of Commons does not condemn it? Idealism is the wellspring of new initiatives and progressive hope. The minority report, the pacifists, the hawks, all are a part of a balance of a very delicate equation that may make world peace. We cannot live without any of them. It is a matter of determining what that balance will be.

If in fact this minority report were to be implemented with all of its provisions, it would appear to the majority on the committee that the possibility and probability of a nuclear war would not be decreased but in fact increased. If the possibility of nuclear war is increased, tell me where the morality stands then? If it is increased and this minority report is implemented, and there was a world war, who would be morally wrong? Not the side that advocated balance and deterrents, but the side that suggested we take unilateral disarmament decisions. That is a position we cannot afford to take, a risk we cannot take for the moral purpose of maintaining peace in the world.

Rejecting the argument that a freeze is impractical due to the imbalance in tactical nuclear weapons in Europe, as this report does, is unrealistic and simplistic. The Soviet Union, with its tactical superiority, could launch a conventional war in Europe. This would be extremely destabilizing as the United States would have to respond with strategic nuclear weapons to deter or else be faced with the unacceptable *fait accompli* of Soviet hegemony in Europe.

There has been recently much ado about the Kennedy-Hatfield proposal for a nuclear freeze. We have seen the recent demonstrations; 30,000 in Vancouver, 800 in Ottawa, Ground Zero week in the United States and earlier massive European protests, all warning about the danger of having nuclear weapons. What about the danger of not having nuclear weapons? That is equally dangerous to having nuclear weapons.

I have been talking about the danger of nuclear war for years in this House, questioning ministers for several years, and nothing has been done. I have been talking about a civil defence program in Canada, and nothing has been done. To advocate the unilateral abolition of nuclear weapons, as many groups do, would make us susceptible to coercion.

A nuclear freeze at this time would perpetuate the deficiencies in allied forces which would increase rather than decrease the risk of war. A freeze at current levels is too pat, too simple, too naive and inadequate because it is only one part of that equation which throws off the balance.

If the Soviet Union and the United States were frozen at current levels, the Soviets would have little reason to negotiate for reductions as they would be frozen in an advantageous position. This can clearly be seen in the fact that intermediate nuclear force negotiations could only be instituted over Soviet recalcitrance after NATO decided to deploy the Pershing II and Cruise missile to counter the SS-20 in Europe. A freeze will not encourage reductions because there would be no incentive for the Soviet Union to negotiate from a superior position. The concept of a freeze at current levels ignores the strategic imperatives implicit in the concept of nuclear forces. Finally, a freeze on all aspects of production, testing and deployment of nuclear weapons would be extremely difficult to verify.

• (2130)

The report's proposal to institute a no-first-use policy would be unacceptable for two reasons. First, NATOs flexible response doctrine encompasses first-use, not first attack—and, Mr. Speaker, there is a big difference between first use and first attack—to counter an impending conventional rout in Europe by overwhelmingly superior Soviet forces.

Second, the treaty would not be an effective deterrent, but rather a useless scrap of paper if a nuclear scenario should ever arise as a contingency. A no-first-use treaty would not in any way, as the report contends, contribute to "a great increase in

global security". If a nation perceives the need to use nuclear weapons, a treaty in face of that perception will become meaningless.

The Acting Speaker (Mr. Ethier): I wish to inform the hon. gentleman that his time has expired. I call upon the hon. member for Lac Saint-Jean (Mr. Gimaïel), but the hon. member for Fraser Valley West (Mr. Wenman) may continue if there is unanimous consent. Are hon. members agreed?

Some hon. Members: Yes.

Mr. Wenman: I will conclude very quickly, Mr. Speaker. In discussing strategic nuclear weapons, it is important not to be obsessed by their undoubted power of destruction, so obsessed that one neglects to realize their power to deter major war. The world has had great cause to be gratified that all wars since 1945 have been well below the scale of global war. For most countries, including Canada, they have been quite small and far away. If we have strategic nuclear deterrence to thank for that, let us give that deterrent its proper due, notwithstanding the potential power for destruction if the deterrence should ever fail.

We have not had global conflict in the past 37 years, since the advent of nuclear weapons. Nuclear weapons have been invented and they cannot now be uninvented. It is exactly because nuclear war would be so terrible that the most important responsibility of government is to adopt policies which will prevent it. There are no simple answers, however,, to these complex and intricate problems. One should also, however, not limit the scope of possible solutions. Politics is the art of the possible; and we must reconcile the art of the possible with the ideal, and strive for it.

One practical alternative to disarmament is arms control. Arms control can reinforce deterrence and stabilize the military balance at lower levels of risk and effort. The overriding objective for arms control is reducing the risk of war. The most concrete hope for achieving this goal is through the negotiated mutual, balanced and verifiable reduction of nuclear arms at all levels to the lowest possible levels. This would encompass the successful completion of START, include the zero option for Europe, and would also, hopefully, be linked to a just and speedy conclusion to the negotiations for mutual balanced forces reductions, MBFR, in Europe. Bilateral negotiations, based on the mutual self-interest in the continued survival of one's national way of life, is a practical and legitimate solution to one of the most vital concerns facing humanity today.

To conclude, Mr. Speaker, let me say that there is again a consensus in this House of Commons. There is a consensus that the objective we seek here tonight is a way to peace, to stability and to a better way for this world. Let not one of us put down the other point of view. Let us examine all of these points of view, let us establish a balanced, verifiable, mutual reduction in arms in the world, keeping these objectives before us and, above all, hold forth the objective of peace for ourselves, our country, our nation and our globe.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I have a few minutes left, about ten I believe, to try to express what I felt during the sittings of this committee on disarmament and more specifically what I feel reading the motion now under consideration. The Chairman of the committee has asked me to tell you, Mr. Speaker, that, in my opinion, he did an excellent job as chairman. In fact, he did an excellent job in general.

I now come back to the motion under consideration. I would like to quote the last lines of this motion, which read as follows:

—signed by six members of the Standing Committee on External Affairs and National Defence in April, 1982, calling for, *inter alia*, a world-wide nuclear freeze, no cruise missile testing in Canada and a worldwide pledge against first use of nuclear weapons.

That is signed by Mr. Broadbent.

Of course, the man in the street who would get to read such a resolution could not object to such pious wishes. No one could. It is obvious that no one wants a world war, that no one would want us to build missiles here, or anywhere else, that no one wants to be the first to attack. Everyone wants peace. I can understand such thinking on the part of Members of Parliament because they have to reflect the views of their constituents. When we meet with people, they tell us that they do not want war. However, we should always keep in mind that our constituents, first and foremost, want security. They do not want anyone to come around and take away their property, their homes, their country or their territory, and Members of Parliament may sometimes forget that fact. However, when someone who shows off in front of the people of Canada and the rest of the world as a candidate to the office of Prime Minister of Canada is seen moving such a motion in the House of Commons, I find it impossible to understand or justify, and even dangerous. I consider it dangerous that one of the three men now in full time competition to become one day Prime Minister of Canada should believe that such pious wishes can be approved by an assembly such as this one without endangering all Canadians.

Either this man completely fails to understand what Canada is all about and even less what the Soviet regime stands for and what the dangers are which now exist in the world, or he does not care what he does as long as he is gaining political advantages. There is no other answer, Mr. Speaker. If at the age of 32, after two years in this House, I can understand that a motion like this one, approved by such an assembly as ours, could open the door to the Russians, open up whole territories and place us in a situation where we would be unable to go anywhere, where we would no longer have any weapons, I do not see how someone who has been a Member of Parliament for as long as the hon. member for Oshawa (Mr. Broadbent), who is a party leader and who wants to become Prime Minister of Canada, can fail to do so.

It boils down to this, as I often say when referring to that party, is it the no-decision party. They do not know where they are going, and they will never know it, Mr. Speaker. They cannot know it and what better proof do you need. It is an aberration! Surely I would be the first to want to go and say tomorrow, listen, constituents from Lac-Saint-Jean, there will be no more wars. There are some people from Lac-Saint-Jean in the galleries this evening, Mr. Speaker, and I would like to greet them. There will be no more wars, no more nuclear weapons. That is all over. We are now all brothers. We will all love each other. We must not delude ourselves. We have responsibilities as a member country of NATO, one of many countries which have ensured their own defence for years and have never done otherwise, especially Canada. Everywhere Canada went as a member of NATO or the United Nations, it brought peace. I must say this because, as you know, this occurred under Liberal governments.

Of course, we had a Conservative government for nine months, but things were not going too well and it was not defeated too soon. The Canadian embassy was being moved from Tel Aviv to Jerusalem. The Arab countries were all hopping mad at us. When the Russians invaded Afghanistan, we were declaring war against them even before the Americans. We were showing the way to everyone, swords held high. There we go! Canada is coming. Here we are! That was the policy of Joe Clark, the policy of the Right Hon. Leader of the Opposition. Fortunately, that lasted only nine months, but it was quite incoherent.

On the one hand, we have the fellow who tells us: There are no atom bombs left on earth, let us disarm Canada completely, let everyone disarm around the world because, even if the Russians rearm themselves, it cannot be a serious matter. On the other hand, we have the other group telling us: Let's go everybody, with fixed bayonets; let's go fight the Russians. Thank goodness there is a happy medium, and that medium is the Liberal Party of Canada. It happens to be there. If we did not have it, there would be problems, not only in Canada but elsewhere in the world. Things would be difficult. This matter is put to us and we are asked to vote on it. Let me tell you right now that I will vote against it for two main reasons. First, because under the cover of good intentions and with a view to tripping up the government, I would never give any authority to that party which cannot make up its mind about anything at all. And also because behind all these good intentions, the threat of a nuclear war remains. The day when we vote on and implement this proposal, the Russians will pounce on us. We would look smart. Listen, there are two very good reasons for that, and I ask my hon. colleagues of any party to be just as reasonable as we are. We are past the stage of pious wishes, we are reasonable people. We must consider not words but deeds. Canada is the country which reduced its Armed Forces from 120,000 to 80,000 troops over the past ten years. Canada is the country which had over 250 fighter planes and which will have fewer than 150 within two years. Canada is the country which is carrying out its disarmament in a sensible fashion, to be able to defend itself and assume its responsibilities within NATO, while keeping abreast of the very advanced new developments in new and defensive weaponry. And this is how things should be, Mr. Speaker.

• (2140)

About this hope of peace on earth, I said at one point when Mr. Arbatov, from the supreme Soviet, came to testify before the committee about disarmament, that the SALT II comprehensive discussions, the United Nations Special Session on Disarmament, all strike me as sheer hypocrisy. I will give you an example: suppose you placed two individuals one in front of the other and told them: You two guys are going to kill each other, but we are going to decide what sort of weapons you will use. Maybe you will use nuclear weapons, and maybe not. Maybe you will use shotguns, and maybe not. But you have to be enemies and fire at each other. I feel that this motion proposes something like that: no more nuclear arms or tests. But people will continue to get killed, because since World War II, some 25 million men, women and children have been killed in wars, Mr. Speaker. Although Lebanon, my father's native country, has been occupied by Syria for the past six years, I have not seen a single one of those holier-than-thou doves rise and say that foreigners should get out of Lebanon. No. Thousands of Lebanese have died these last ten years, but it matters not. We see them die and we do not even bother. Go ahead and die! In the meantime we, the sanctimonious, want no nuclear bombs. We are afraid they will explode over our heads.

Mr. Speaker, one conclusion is to be drawn from a motion such as this: those people want no more nuclear arms because they are more concerned with their own safety than with global peace. Truly, global peace is certainly much more than that. As I was saying, the day someone wants to introduce a motion here dealing seriously with peace, he will have to come here and ask whether there is in this world a table at which we could have one representative from the United States stating that we are capitalists and want peace, sitting with a representatives from the Soviet bloc stating that he is communist and wants to discuss peace, a table at which representatives from our countries would sit to deal with peace. Mr. Speaker, I have an anecdote to tell.

I stated in here some months ago, in a very emotional speech, that a Liberal could even be a communist. I know honorable members opposite, Mr. Speaker, members from the Progressive Conservative Party, from the constipated party, made use of this statement as far away as in their constituencies, in mailers, in partisan publicity to collect moneys. I know some of them who went as low as that. Do you know what that means? Narrow-mindedness. That is the kind of people who are responsible for wars, who say that the other fellow over

there, the Russian who is stuck with a communist government, is somehow different from you, that you must shoot at him simply because he is a Russian. And the other fellow, like Brezhnev, who is at the other end and tells his Russians: "You are going to shoot at Canadians because Canadians are capitalists." They are the ones who are truly responsible for wars, not the arms. What is lacking is the leadership, the fact that 300 million Russians are told: "You are communists, you are going to invade Afghanistan. You are communists, your enemies are the Americans." It is the fact that on the other side Americans are told: "Beware, if there is a Russian here, shoot him."

When you play around with people's feelings, you become fascists, fanatics about ideas, flags and states. True peace is there, Mr. Speaker, when people can rise, travel around the globe, without shouting that they want no more nuclear arms because on that day nuclear arms will no longer be needed. But let us start from the inside, let us stop misleading Canadians into believing—

The Acting Speaker (Mr. Ethier): Order, please. It being 9.45 p.m., it is my duty to interrupt the proceedings and put every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 58(9).

The question is on the motion of the hon. member for Oshawa (Mr. Broadbent). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

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

[*English*]

(*Division No. 173*)

YEAS

Messrs.

Althouse
Anguish
Benjamin
Blackburn
Blaikie
Broadbent
Deans
de Jong
Heap
Hovdebo
Jewett (Miss)
Kristiansen
Lewycky
Manly
McLean
Miller
Mitchell (Mrs.)
Ogle
Orlikow
Parker
Riis
Robinson (Burnaby)
Sargeant
Young—24.

NAYS

Messrs.

Andre
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Blenkarn
Bloomfield
Bockstael
Bosley
Bossy
Bradley
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Clarke (Vancouver Quadra)
Collenette
Comtois
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Cyr
Darling
Daudlin
Demers
Deniger
Desmarais
Dingwall
Dinsdale
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Epp
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Forrestall
Foster
Fox
Fretz
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaiel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Greenaway
Guilbault
Gurbin
Gustafson
Hamilton (Qu'Appelle-Moose Mountain)
Harquail
Hees
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hnatyshyn
Hopkins
Howie
Hudecki
Huntington
Irwin
Isabelle
Jarvis
Johnston
Kaplan
Kelly
Kempling
Kilgour
Killens (Mrs.)
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Laniel
Lapointe (Charlevoix)
Lapointe (Beauce)
La Salle
Lawrence
LeBlanc
Lefebvre
Lewis
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacKay
MacLaren
MacLellan
Malépart
Maltais
Marceau
Masters
McCain
McCauley
McDermid
McKenzie
McKinnon
McMillan
Mitges
Munro (Esquimalt-Saanich)
Neil
Nicholson (Miss)
Nickerson
Olivier
Ostiguy
Ouellet
Paproski
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Schroder
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Simmons
Smith
Tardif
Taylor
Tessier
Thacker
Tousignant
Turner
Vankoughnet
Veillette
Watson
Wenman
Whelan
Yanakis—175.

● (2210)

Madam Speaker: I declare the motion lost.

Motion (Mr. Broadbent) negatived.

[*Translation*]

Madam Speaker: It being past ten o'clock, the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 2(1).

At 10.12, the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 30, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

INCREASE IN NUMBER OF HIGHER SALARIED EMPLOYEES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the annual report of the Public Service Commission released yesterday showed that the number of federal public servants has significantly risen in the past year. There are now four times the number of government employees earning over $50,000 than there were in 1981, and double the number earning between $40,000 and $50,000. This growth has been condoned by the government for its own questionable purposes at a time when it has been strongly urging everyone else to practise restraint. I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the government launch an immediate investigation into why such growth at the high salaried level of the public service was allowed and promise that, when he is finished his work in Washington, Arthur Erickson not be hired to come to Ottawa and begin designing new, palatial government buildings to house this increasingly affluent multitude.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ARTS

REQUEST THAT HOUSE CONGRATULATE CANADA COUNCIL ON ITS WORK—MOTION UNDER S.O. 43

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, 25 years ago Prime Minister Louis St. Laurent tabled in Parliament a bill for the establishment of a Canada Council for the arts, humanities and social sciences, which received royal assent on March 28, 1957. On April 30 of that year, the first meeting of the Canada Council was held in the prime minister's own office.

Considering the tremendous development of Canadian artistic expression in subsequent years, for which the Canada Council is largely responsible, I move, under the provisions of Standing Order 43 and seconded by the hon. member for Simcoe North (Mr. Lewis):

That the House congratulate the Canada Council on its magnificent performance past and present, and that the House offer its best wishes for the continuation of the Council's success in the future.

Madam Speaker: The House may wish to demonstrate its admiration in the form of applause.

Some hon. Members: Hear, hear!

* * *

[*English*]

METRIC CONVERSION

LABELLING OF CHEMICALS AND SPRAYS USED IN AGRICULTURAL PRODUCTION—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under Standing Order 43 on a very important matter with regard to the welfare of farmers. Metric conversion has caused a great deal of confusion to Canadians, but particularly to farmers. The farmers are beginning their planting season and are handling chemicals and sprays which are very important to the outcome of the crop but which could be hazardous to the well-being of the farmers if not properly handled. I therefore move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That this House ask the government to place on the labelling of chemicals and sprays instructions requiring amounts in imperial measurements.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

LACK OF CONSULTATION WITH SPORTS FISHING ADVISORY COMMITTEE—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of great importance to the B.C. fishing industry. Recent regulations affecting the sports fishing industry have been made without

consultation with the minister's sports fishing advisory committee, causing members of that committee to wonder if their role is simply one of rubber-stamping questionable ministerial decisions. Considering the importance of public and industry understanding and support of new fishing regulations, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That this House instruct the Minister of Fisheries and Oceans to recognize the importance of prior consultation with the advisory committee, to seek and to heed their advice and, failing this, that this House ask the minister to inform his advisory committees of their true role so that members can determine how they can best contribute their time and effort in protecting their fishing industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

FALKLAND ISLANDS—CONDEMNATION OF ARGENTINE ACTION—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House condemn the Argentine government for failing to respond to the demand in the UN resolution of April 3 that all Argentine forces be withdrawn from the Falkland Islands, and urge the government of that country to respond positively now to that UN resolution so as to avoid needless conflict and loss of life.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INTERNATIONAL HOCKEY

OUTCOME OF HELSINKI GAMES—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, yesterday afternoon in Helsinki the Soviet and Czech hockey teams played to a zero-zero tie, thereby depriving Canada of a deserved silver medal. It was obvious to most observers that neither team was trying to win, which would either have cost the Czechs the silver medal or the Soviets their unbeaten record. In other words, the fix was in. Therefore I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House express its deep disappointment with the hockey federations of both the Soviet Union and Czechoslovakia for this unsportsmanlike display and that we call upon the International Ice Hockey Federation to change the play-off structure so that such a mockery cannot happen again.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

VACATING OF SASKATCHEWAN GOVERNMENT OFFICES—MOTION UNDER S.O. 43

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the New Democratic Party is often the subject of widespread ridicule and scorn, but it apparently has at least one redeeming feature—purgation. During this week of the spring season, members of the New Democratic Party have cleaned out, shredded, and burned every piece of paper in the ministerial offices of Saskatchewan. I therefore move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

• (1110)

That this House create and award the New Democratic Party the Canadian Parliamentary Good Housekeeping seal of approval.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

SUGGESTED UPGRADING OF FRASER RIVER DIKES AT DELTA, B.C.—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, whereas dikes on Westham Island in Delta, British Columbia, are in imminent danger of being breached with this winter's heavy snowfall now melting and a resulting high freshett predicted for later this spring, and whereas the Minister of the Environment (Mr. Roberts) has refused a request from the municipality of Delta to reallocate funds already designated under the Fraser River flood control program in order to upgrade the Westham Island dikes, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House direct the Minister of the Environment to accept the recommendations of the Delta council to divert the $1.5 million presently designated for less urgent diking problems in Delta and redirect these funds to make urgently needed repairs to the dikes on Westham Island.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

BUDGET PROVISIONS AFFECTING HEALTH AND DENTAL CARE PLANS—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the Minister of Finance (Mr. MacEachen), under pressure from the people of Canada, has made a number of amendments to his November 12 budget and has stated on a number of occasions his concern for fairness and equity, I move, seconded by the hon. member for Nanaimo-Alberni (Mr. Miller):

That this House instruct the Minister of Finance to reconsider the budget where it affects the taxing of health and dental care plans and the taxing of income not yet received in life insurance plans.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR INTRODUCTION OF NEW BUDGET—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that a group of university professors have said that the recent budget did not provide equity in income distribution as claimed by the Minister of Finance (Mr. MacEachen), but rather was a document of "creative fiction with figures", I move, seconded by the hon. member for Oshawa (Mr. Broadbent):

That this House calls on the Minister of Finance to bring forward a new budget that will be equitable to all Canadians, and that for once he depart from the Liberals' political and tactical tendency not to redistribute income to low-income Canadians except when an election is to be called.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FREEDOM OF INFORMATION

CALL FOR DECLARATION OF DAY OF MOURNING—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Whereas on Wednesday, in appearing before the Miscellaneous Estimates Committee, the Prime Minister (Mr. Trudeau) and his senior bureaucrats indicated that freedom of information legislation would be put on the backburner for this session, and whereas the Prime Minister indicated that he and his bureaucrats were having second thoughts about the fundamental principle of removal of Crown privilege and the need for independent judicial review, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House express its displeasure at this denial of the fundamental right of all Canadians by declaring a day of mourning for freedom of information legislation in Canada, and presenting a copy of the bill wrapped in black ribbon to the Prime Minister—

Madam Speaker: Order, please. The hon. member knows he should not display any objects in the House.

* * *

THE ECONOMY

EFFECT OF GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That the Minister of Finance explain to this House by way of a statement on motions why the government is pursuing its economic policy of high interest rates, high bankruptcies and high unemployment which is resulting in reduced productivity, reduced business confidence and reduced job opportunities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

HOUSING

CANADA HOME RENOVATION PLAN

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the minister responsible for Canada Mortgage and Housing Corporation. The minister is in the process of announcing—whether he has announced or not it is hard to say, it leaks out—a program called the Canada Home Renovation Plan. It is a program that perhaps will do something for our ailing construction industry, but is as yet just another plan with another series of initials, managed by his department. Could the minister advise the House whether the plan will be available to people generally across Canada? Will people be able in fact to borrow up to one third of the cost of renovations, provided it is within the ceiling of $3,000, for work done on their homes? Could the minister enlighten us with regard to the plan?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the opportunity of talking about the plan. I could not, in the time allocated in question period, give all of the details. The hon. member

indeed has touched on the main elements of the plan. The top limit is $3,000, available to each successful applicant.

The program will be available through the CMHC office in those areas where unemployment in the trade is most severe. I would invite hon. members to check with their own offices to see whether an allocation has been made in those areas. That will assist them in responding to people who probably will contact their offices, as some indeed have contacted my local constituency office this morning. It is a program involving $30 million, distributed across the country, to generate employment in the construction trades. It requires an individual participating to spend $2 for $1 of the grant, which is forgivable and non-taxable.

Some hon. Members: Hear, hear!

ELIGIBILITY CRITERIA

Mr. Don Blenkarn (Mississauga South): Madam Speaker, is the minister telling us that this is available only to selected Canadians in selected areas, and that the brochure produced by the minister—which says nothing about designated areas and represents that the plan is generally available to all Canadians—is in fact a plan available only to those Canadians who happen to live in those areas of Canada that the minister wants to favour?

Some hon. Members: Oh, oh!

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, when the plan was announced approximatively a month ago, it was done in conjunction with the announcement of two other initiatives of the government directed especially to those areas in which there was high unemployment in the construction trades. There is no question about it, the plan is designed to assist employment in the trades in the construction industry in those areas in Canada where there is the highest surplus of people unemployed. I do not dispute the position of my hon. friend. This program is an additional $30 million directed to generate employment. It is directed specifically to those areas where that type of employment is in most serious difficulty.

Some hon. Members: Hear, hear!

QUERY RESPECTING APPLICATION TO DESIGNATED AREAS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in view of the fact that there is tremendous unemployment in the building industry generally across the country, and in view of the fact that the materials for the building industry are almost all Canadian, why is the minister penalizing certain people, giving advantage to other people? Will the minister tell us if his riding of Scarborough is a designated area, and if Mississauga is a designated area?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the program for this additional $30 million was announced in conjunction with two other announcements at the same time. The first was an increase of 30,000 units available this year under the Canada Rental Supply Plan. That plan is available across the country and is directed to those areas where there are low vacancy rates. We believe that that plan will generate at least an additional 60,000 man-years of employment in the construction trades.

Secondly, it was announced in conjunction with a change in the CHIP program, the home insulation program, where eligible home dwellings date from 1961 to 1971.

The combination of the three programs, Madam Speaker, was designed to assist those trades in the construction industry. We think that the combination of these plans across the country generally will have the beneficial effect of providing an incentive of jobs, at least an additional 100,000 jobs across the country. I cannot answer the specifics of the last part of the question.

REQUEST THAT PLAN COVER HOMES INSULATED WITH UREA FORMALDEHYDE FOAM

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, with your permission I would direct a question to the same minister. The new Canada Home Renovation Plan, CHRP, does not apply to those thousands of Canadian homes which contain urea formaldehyde foam insulation. The government's so-called generous UFFI plan, which the minister announced not too long ago, covers only about 5 per cent of homes with UFFI, leaving thousands of other houses with this insulation absolutely valueless because nobody wants to buy them. Why does the minister not apply the Canada Home Renovation Plan to those wishing to remove the foam, thereby creating jobs—that is the sole motivating drive for this aid plan—and help solve a major Canadian problem at the same time?

• (1120)

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think the hon. member should realize that the program we are offering home owners who insulated their homes with UFFI is actually far more generous than the other program to which he is referring here in the House.

The program for owners of homes insulated with UFFI provides for grants of up to $5,000, which are tax-free. The other program offers to pay up to 30 per cent of the cost of repairs, up to a maximum amount of $3,000. Therefore, it should be obvious to the hon. member that our program is the more generous of the two, because the amount offered may be as much as $5,000 and does not pay just a portion, but all of the repair costs involved.

[*English*]

Mr. McDermid: Madam Speaker, the interesting thing about that plan is that it applies to only 5 per cent of the

homes which have urea formaldehyde foam insulation in them. The minister knows that, and his statement is misleading.

TAX FREE NATURE OF GRANTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I want to ask a final supplementary question of the minister responsible for CMHC. The minister said today the grant is non-taxable. Is the minister now saying to the people of Canada that he is providing grants to households earning up to $48,000, tax free?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the plan is designed in major part to serve families with incomes of up to $30,000.

Mr. McDermid: Tax free.

Mr. Cosgrove: Tax free, and for families earning over $30,000 the amount of the subsidy drops off on a declining basis. Yes, the program is designed to be tax free. If it were otherwise, I am sure the question I would be asked by the hon. gentleman would be on why we are taxing a benefit and why we are slowing down a job-generation program. Hon. members opposite cannot have it both ways. Are they in favour of employment? Are they in favour of our assisting Canadians? Are they in favour of our generating jobs?

Some hon. Members: Hear, hear!

* * *

ENERGY

ALSANDS PROJECT—GUARANTEES OFFERED TO PARTICIPATING COMPANIES

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question, directed to the Minister of Energy, Mines and Resources, concerns the Alsands project. In its attempt to bribe Gulf and Shell to maintain their position as partners, the government is offering to these advocates of competitive free enterprise a guaranteed market, guaranteed price, guaranteed financing and, finally, a guaranteed profit of 20 per cent. Where is the risk in this package for these companies which really believe in the spirit of competition? Where is the enterprise?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Leader of the New Democratic Party is right in pointing out that the Government of Alberta and the Government of Canada together have put forward a very attractive proposal to the private sector, but I want to remind him, on the other hand, that he is wrong in some of the points he has made. First, there is no guaranteed price in this offer. Second, there is no guaranteed return in this offer either, since there is no guaranteed price.

The hon. member asked what the risks are. Obviously the risks are mainly in terms of being able to build a plant on time which would produce the quantity of oil it is planned to produce. The experience with the two existing plants, Suncor and Syncrude, has demonstrated that those plants are having some difficulties regularly in terms of production and that all the technological problems have not yet been solved, although many of them have. There are risks involved, and they are not insignificant.

• (1125)

REQUEST THAT ENERGY PROJECTS BE MADE PUBLIC ENTERPRISES

Hon. Edward Broadbent (Oshawa): Madam Speaker, the home owners who are losing homes all across Canada would like to have the so-called risks that the oil companies are being offered by the government in this deal, I can tell you. I stand by my earlier question.

Considering the whole range of concessions that the government has offered, particularly when it comes to financing, including the fact that the government is getting only 50 per cent of the equity and is putting up 85 per cent of the financing, why does the government not do what the vast majority of Canadians think is desirable, namely, that we should really be operating energy resources as public utilities and not as profit maximizing entities? Why does the Government of Canada not be courageous and straightforward when it comes to putting up this kind of money and, jointly with the Government of Alberta, make them into public enterprises?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I want to remind the Leader of the New Democratic Party again that under this proposal there is no guaranteed price. If the price of oil were to decline or not increase as much as inflation, for instance, over the next ten to 20 years, the rate of return to the industry would be much lower than the one that is otherwise anticipated. There is a significant risk involved there. On the other hand, if there is a profit to be made, if there are significant benefits to be gained, then my hon. friend has partly answered the question himself by pointing out that the governments are equity participants for 50 per cent of the deal.

The people of Canada and the people of Alberta are going to benefit from the project in terms of return on their investment, not only in terms of getting oil. The Governments of Alberta and of Canada, contrary to the position of the New Democratic Party, still believe that it is better to have joint public-private partnership in this regard. We do not believe that the economy of Canada is necessarily going to be better just because it is run by the government, as the NDP would like us to do.

REQUEST THAT GOVERNMENT HAVE HIGHER SHARE OF EQUITY

Hon. Edward Broadbent (Oshawa): Madam Speaker, the minister knows very well that the people of Canada, as taxpayers, are putting up a disproportionate amount of money and they are not getting equity for that. The multinational companies are once again taking the Liberal government to the

cleaners and holding the Government of Canada up to blackmail, and the government is backing down. I repeat, if we are putting up the dollars for risk investment in the energy sector, surely the Government of Canada should be saying that the people of Canada ought to get equity for every cent they put up. I ask the minister why this is not so.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under this offer, Canadians will receive profits in proportion to their investments, if any profits are made. We shall have a 50 per cent equity in the project, and we shall be getting 50 per cent of any profits, in addition to the taxes, royalties, etc., that will be paid by the private sector partners in this specific project.

The hon. Leader of the New Democratic Party believes that the offer made by both governments was too generous. If, for some reason, participants in the consortium were to announce this afternoon that they were not going ahead with the project, I am sure the hon. member would rise in the House and accuse us of not having been generous enough.

* * *

[*English*]

INCOME TAX

QUERY RESPECTING PROPOSAL TO COLLECT TAX FROM FISHERMEN AT SOURCE

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of National Revenue and concerns the announcement made by the Minister of Finance in the November budget regarding the mandatory income tax deduction at source for fishermen. Does the government still plan to implement this policy, and when is it going to announce to the fishermen what percentage it will take from them when they land their catch at the buyer's wharf?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for this question. First of all there is no deduction at source in 1982. No requirement for that has gone out from the department because we have no legal authority until such time as the act is amended.

• (1130)

Some hon. Members: Oh, oh!

Mr. Epp: Allan MacEachen doesn't think so.

Mr. Rompkey: What the Minister of Finance did in a very responsive and responsible way, Madam Speaker, was to accede to the request of myself and other members of Parliament, and indeed fishermen and of at least one fishermen's union, to provide the legal authority for deducting fishermen's taxes at source. How that authority is administered is up to my department, and we are in the process of deciding how that is to be done.

I might say that on Wednesday morning the Atlantic Liberal caucus had a full discussion on this matter, some eminently reasonable suggestions were put forward, we are looking at them, and my department will announce shortly how we intend to administer the law after 1982. I can assure the hon. member and the fishermen that it will be administered in the best interests of the fishermen.

Mr. Gass: Madam Speaker, I am really glad to hear that it is not going ahead in 1982. However, my question would be: does this apply to the freshwater and west coast fishermen as well?

COLLECTION OF TAX ARREARS FROM PRINCE EDWARD ISLAND FISHERMEN

Mr. Mel Gass (Malpeque): Madam Speaker, a fisherman in Prince Edward Island who owns a boat and has a helper pays 20 per cent of his catch to the helper. Fishermen who are behind in their taxes are being charged 25 per cent of their catch this year to pay for their tax arrears. So, if the government went ahead with this 20 per cent advance payment of taxes, it would force fishermen out of business; there is no doubt in my mind about that. The Minister of Fisheries and Oceans has said repeatedly there are too many fishermen in the business. Therefore, is this a policy by the government to force fishermen out of the business deliberately, thereby reducing the number of fishermen?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, it is because of the policies of this government, particularly the Minister of Fisheries and Oceans, that fishermen are—

Mr. Epp: In the mess they are in.

Mr. Rompkey: —in the very improved situation they are in today where they can make suggestions and recommendations like this, and we can change the law on their behalf. I think I answered part of that question previously; it will apply to all fishermen all across Canada at such time as the law is changed and implemented.

I repeat that no instructions have gone out from my department for 1982. When the law is changed, then my department will implement it in the best interests of the fishermen.

* * *

PIPELINES

FUTURE OF ALASKA GAS PIPELINE PROJECT—GOVERNMENT POSITION

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Yesterday he was unable to give us satisfactory answers regarding the Alaska gas pipeline, so today I will give him the opportunity to give us a little better performance.

The minister knows that we on this side are very concerned about the possibility of 250,000 man-years of work being lost if

this project does not go ahead. Thousands of jobs and billions of dollars in spin-offs right across the country will be lost. The question I would really like answered is on what date will this project commence. If we cannot be given that answer, what action does the government plan to take if the Americans do not keep to their end of the bargain? There have been veiled threats by the pipeline commissioner and the Secretary of State for External Affairs. Is the government considering refusing permission to build a pipeline across Canadian territory, which would be self-defeating? Is it threatening to reduce Canadian exports of natural gas?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have nothing to add to what I said yesterday on the subject.

* * *

THE CANADA COUNCIL

INQUIRY WHETHER GOVERNMENT INTENDS TO REVISE COPYRIGHT ACT

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is directed to the Minister of Communications responsible for the Canada Council. Could the minister inform the House whether he intends to mark the Council's birthday by seeing to it that the Copyright Act is revised to include mechanisms that will protect authors and composers who are making a very substantial contribution to the culture of this country?

[*English*]

Hon. Francis Fox (Minister of Communications): Madam Speaker, I would like to thank the hon. member for his question, and I note that we are indeed celebrating today the twenty-fifth anniversary of the first meeting of the board of the Canada Council. That meeting was held in the offices of Prime Minister St. Laurent who introduced the legislation. Perhaps Madam Speaker would allow me to say how honoured we all are to have with us today a distinguished group of artists and performers—

Some hon. Members: Oh, oh!

Mr. Fox: —from every province of the country, led by the very distinguished chairman of the Canada Council, Mr. Mavor Moore.

Some hon. Members: Hear, hear!

Madam Speaker: Order, please.

Mr. Fox: Madam Speaker, there is obviously no other institution, public or private, in Canada which has done more to encourage artistic—

Madam Speaker: Order. Order. I would ask the hon. minister to answer the question.

Mr. Fox: Madam Speaker, I was just about to answer the question. I simply wanted to add that the Canada Council has brought artistic expression to a level of unprecedented excellence in this country.

[*Translation*]

Madam Speaker, the question raised by the hon. member is, of course, an important one for all artists, composers and authors in Canada, and I am very pleased to be able to inform the hon. member that a review of the Copyright Act is a priority issue for both the Minister of Consumer and Corporate Affairs and myself as well as for the other government members, and that we intend to continue to make it one of our priorities during the coming months.

* * *

[*English*]

PIPELINES

ALASKA GAS PIPELINE—FINANCING ARRANGEMENTS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, thank you for recognizing me again. I do not know that the answer of the Minister of Energy, Mines and Resources a few moments ago was an improvement at all. I suspect that it was not. His iron cladding is getting rather rusty. I have two specific questions which he should be able to answer, at least partially.

Can the pipeline still be financed entirely privately, or is the minister aware of any suggestion for public financial involvement? Secondly, arising out of the question asked by the hon. member for Yukon yesterday concerning Exxon becoming a major equity partner, can the minister today confirm or deny the rumours of Exxon's major equity participation in the pipeline, as promised yesterday?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, regarding the first part of the question, private financing in Canada was possible and still is, so far as I know. The Foothills representatives did not mention any problems to me related to financing the project in Canada. As far as financing the American section is concerned, I was told that private financing for an amount of about $24 billion had been arranged, and as far as I know, there has been no particilar difficulty in this respect. I do understand that there are some problems among the various partners, and I may add that I do not have any more information than the hon. member with respect to the rumour about Exxon.

* * *

[*English*]

AGRICULTURE

REDMEAT INDUSTRY—GOVERNMENT POSITION

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, it has been very difficult to know whether or not the Minister of

Agriculture has been aware of the continuing deterioration in the agricultural financial situation because of the way he has been making promises and talking about things which might happen. The last time he made a promise was about three or four weeks ago when he said that he would announce his plan soon.

Can the minister tell us when this plan, which he has been talking about really for months, will be announced, and will it include for the red meat industry stabilization for 1981 which specifically could result in payments of up to $40 per head? When can we see the action he has been talking about for a long time, or else his resignation which he promised last fall?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the plan which I am about to submit will be ready very shortly. We promised to call the provincial ministers and farm organizations as soon as it was ready. However, some organizations have changed their minds several times on what kind of plan they wanted. They have now submitted a plan, for instance, the Canadian Cattlemen's Association, similar to what I offered them in 1977. They said mine was too good, too great in 1977. Now they have created a plan which they think is their own, but it has about nine of the 12 points I proposed in 1977-78. So there is nothing new in what they are proposing, and it is also very costly. What we are proposing will be the kind of plan which will be good for the entire red meat industry.

• (1140)

PROVINCIAL PARTICIPATION IN STABILIZATION PROGRAMS

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is for the Minister of Agriculture, and it is a very specific question. It has to do with stabilization and the way the federal government might come forward with stabilization programs. The minister will know that one of the major difficulties has been that provinces have been encouraged to get into stabilization programs and have been encouraged to provide support in a number of ways. Then in the stabilization process, the federal government would deduct provincial contributions from whatever involvement the federal government had. Does the minister intend to deduct any contributions which the provincial governments may have already made or intend to make to these plans, from federal contributions? Will the minister ask the minister of agriculture of Ontario to meet with himself and all the other ministers of agriculture across the country—this question was asked yesterday—so they can discuss this question of stabilization and the promises which the minister has made for $1 billion to the Farm Credit Corporation and so on, instead of waiting for July 11?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, July 11 is a very good day. That is my birthday.

Some hon. Members: Oh, oh!

Mr. Whelan: I don't know why the hon. member thought about that, because it is a vintage day for sure.

Miss MacDonald: And a vintage year.

Some hon. Members: Oh, oh!

Mr. Whelan: I will be 57 years old then and I have never felt younger in my life.

Some hon. Members: Hear, hear!

Mr. Whelan: In 1977-1978 I offered the provinces 100 per cent of income assurance for the farmers, and not one province picked it up at that time. They said it was too rich, etc. They are not suggesting anything like that now. I am suggesting that if the provinces want to go ahead with programs on their own, let them pay for them, because we told them before that we did not intend to piggy-back any of their programs at all. We made that clear again the other day, and they know that damn well. Some of them are hoping that I will come forward with money and relieve them of promises which they have made to their producers, some of which were made to producers without consultation with us at all. I promised them consultation on an over-all plan that we intend to submit, one which will not cost their treasuries or our treasuries millions of dollars either.

Some hon. Members: Hear, hear!

* * *

STATUS OF WOMEN

STATISTICS OF FEMALE EMPLOYMENT IN PUBLIC SERVICE

Mr. Neil Young (Beaches): Madam Speaker, my question is for the minister responsible for the status of women. The minister was reported yesterday as saying that she thinks the affirmative action program in the public service is doing quite nicely, yet the annual report of the Public Service Commission, which was tabled yesterday, revealed that female public servants accounted for only 4.3 per cent of the top group in that work force. There were no women in the EX-5 category during 1981. This category is a stepping stone to the deputy minister level. Would the minister explain to the House how she can define these deplorable statistics as "quite nice progress for women in the public service"?

Hon. Judy Erola (Minister of State (Mines)): I would be very happy to, Madam Speaker. I appeared before the committee the other night. At that time I made it perfectly clear that I was not happy with the progress in the civil service, but I was a lot happier with what was happening in the civil service as opposed to what was happening to women in the private sector. A study done in the province of Ontario confirmed that, namely, that women in the public sector are doing much better than women in the private sector. I feel that as minister responsible for the status of women I should be most concerned about those who need help most, namely, women in the private sector.

POSITIONS HELD BY WOMEN IN DEPARTMENT OF ENERGY, MINES AND RESOURCES

Mr. Neil Young (Beaches): Madam Speaker, I have a supplementary question for the minister. If she is not too happy about what is going on in the private sector and perhaps the public sector, could she explain to the House why, within her own Department of Energy, Mines and Resources, only 5 per cent of the management category of positions are held by women, and that women account for 80 per cent of the lower ranked administrative support category positions?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the hon. member obviously does not understand affirmative action as do most people in this country. Affirmative action is not the application of arbitrary quotas. Affirmative action is the kind of plan that attacks systematic discrimination, and because it attacks systematic discrimination it will take some time before we will see women getting to the top. I suggest to the hon. member that he take a look at affirmative action and how it is applied. Then, perhaps, he will be able to support us properly.

* * *

FREEDOM OF INFORMATION

PROGRESS OF BILL C-43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Minister of Communications. The minister has talked about openness in terms of arts and culture, but his record with regard to freedom of information is absolutely deplorable, and so is the record of his governement. Has the minister so misled the Prime Minister and his colleagues that the Prime Minister would say the government at this stage is worried about bringing in a bill because cabinet documents ought to be withheld, when he knows that there is now a specific exemption dealing with cabinet documents contained in Clause 21? Given that situation, what attitude is the Minister of Communications taking with his colleagues and the Prime Minister?

When can this House and the country see, at long last, life breathed into the commitment which the minister made when he almost broke his arm patting himself on the back because he brought in Bill C-43?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the hon. member likes to indulge in histrionics. All of us in this House know that very well.

Mr. Baker (Nepean-Carleton): Facts, not histrionics, Madam Speaker.

Mr. Fox: As a matter of fact, the hon. member is a well known performer as far as the people in this House are concerned. The facts of the matter have not changed one bit since I answered the hon. member in this House a week or two ago. He knows that the common front of the provinces, which was led by the Conservative attorney general of the province of Ontario, and which was highly supported by the former NDP attorney general of the province of Saskatchewan, has now dissolved.

I have indicated quite clearly that there is now no longer a question of going with the uniform bill approach in the field of access to information since there is no longer a desire on the part of the provinces to do so.

However, the same letter advising me of the dissolution of this provincial common front, which originated with the Conservative attorney general of Ontario, reiterates on behalf of the attorneys general of the provinces a number of concerns about the wording of the bill. Since that has happened, we on this side have also had the benefit of advice from the Canadian Bar Association, which has been added to the documentation going to my cabinet colleagues who will have to decide whether or not the bill comes back to the House in its present form or whether it will be in order to make some amendments to the bill to ensure that it is both a practical and a credible bill which gives us as much access to information as is humanly possible.

Mr. Baker (Nepean-Carleton): Those amendments are usually brought before the Standing Committee on Justice and Legal Affairs. The minister has been trying to elude that committee for weeks now.

Mr. Crosbie: And delude it.

Mr. Baker (Nepean-Carleton): Why does the minister not come before the committee now, and get on with it?

PRESENTATION OF AMENDMENTS IN COMMITTEE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, the minister knows that we are almost finished consideration of the freedom of information bill. The minister knows that if we can avoid some NDP nit-picking—

An hon. Member: They have a lot of nits.

Mr. Baker (Nepean-Carleton): —three or four substantial hearings on the subject would complete the matter. The minister knows we have given him a commitment to have third reading completed in one day. In other words, Madam Speaker, there is no excuse why this bill cannot be passed by June 30, unless there is no commitment from the government. Will the minister advise his colleagues of this? Will he advise them to move quickly? Will he advise them to come before the committee with whatever amendments they may have, so that we can at long last have a freedom of information law in this country? We are awfully close. The only thing that can hold it up now is either nit-picking by the New Democratic Party or loss of commitment on the part of the Government of Canada.

Madam Speaker: Order, please. This is the second time that particular wording has been used. The question has been asked, and that should be it. Would the minister answer briefly, please?

Hon. Francis Fox (Minister of Communications): Madam Speaker, at least ten or 12 questions have been raised by the hon. member.

Mr. Baker (Nepean-Carleton): Answer one of them.

Mr. Fox: One is why I do not return to the committee immediately. Unlike the hon. member, I do not think there is any purpose in going before the committee until there is a decision by cabinet—

Mr. Baker (Nepean-Carleton): You have had two years.

Mr. Fox: —as to whether or not amendments are in order. Once this has been decided upon, the government will make a statement as to its intentions concerning the access to information bill and we will be returning it from committee in due course.

I indicated to the hon. member last week that the matter was presently before cabinet. There is no point in going back before the committee until there is a decison on what amendments ought to be brought before the committee; otherwise we will simply be wasting the time of the committee.

* * *

• (1150)

HOUSING

CMHC ROLE IN RENEWING MORTGAGES ON UREA FORMALDEHYDE FOAM INSULATED HOUSES

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, my question is for the minister responsible for housing. I would like to get a clarification of policy. Is it the policy of the minister responsible for Housing that the Canada Mortgage and Housing Corporation should guarantee all applications for renewal of mortgages for UFFI homes. If it is the policy of the government, has CMHC been so instructed and are they so behaving?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the answer is yes.

REQUEST THAT BANKS BE INSTRUCTED TO RENEW MORTGAGES

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, it has been reported by those applying for renewal of mortgages on UFFI homes that the banks have hesitated, if not refused, to renew any mortgage on any UFFI home, regardless of the guarantor. Therefore my supplementary question is directed to the Minister of Finance, who is responsible for banking. Has he asked, or will he ask the inspector general responsible for banking to advise the banks that they are morally and, I hope, legally and govermentally instructed and obligated, with a guarantee from Canada Mortgage and Housing Corporation, to renew every application for mortgage renewal for those who have had the misfortune of purchasing a home which contains UFFI?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have listened to the hon. member's views and I will discuss the matter with the Inspector General of Banks to determine what is approriate in the circumstances.

* * *

THE CONSTITUTION

ATTENDANCE AT FORTHCOMING CONFERENCE ON ABORIGINAL RIGHTS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Prime Minister. Yesterday, in his response to the hon. member for Wetaskiwin, the Prime Minister indicated that the provinces will play a role in deciding who will represent aboriginal peoples at next year's constitutional conference. The Prime Minister stated to me in a letter dated March 8, 1982, that the NIB, ICNI and the NCC would be the national representatives of aboriginal peoples at the conference. What right do the provinces have to decide who will represent aboriginal peoples at the conference? Also, which organizations is the government planning to invite to the conference?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as far as the federal government is concerned, it is still our intention to want those three national organizations present to argue the case for constitutional change. The hon. member asked further what right the provinces have. The hon. member knows that an amendment to the Constitution can only be obtained with a certain degree of provincial support. Therefore it would be natural in any constitutional conference to consult with the provinces to ascertain their views with respect to timing—as I indicated yesterday—participants, and items on the agenda.

REQUEST THAT PRIME MINISTER MEET REPRESENTATIVES OF NATIVE PEOPLES

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the Prime Minister and all Canadians know that beneath the rhetoric from Indian leaders there is a great sense of hurt and feeling of betrayal. I believe that it is important for the Prime Minister to show some leadership by meeting with them and helping to restore a sense of belonging to Canada.

The Prime Minster has indicated that he was willing to meet with representatives of the national organizations in advance of the constitutional conference in order to discuss the format. Will he hold this meeting at an early date, and will he drop this requirement that there be some form of consensus among the three national organizations since they do represent different people and have different points of view?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member talks of the desirability of this

government providing leadership. I would point out to him that it was this government which entrenched aboriginal rights in the Constitution for the first time in our history. The further step of defining the exact limits of those constitutional rights is one which we hope will be taken at the federal-provincial conference which has been made obligatory under the Constitution, again through the initiative of this government.

With respect to the content of that discussion and as to whether there will be a need for similarity of views between the three native groups, I do not consider that as a priority which is necessary, but I will have to have further information as to what kind of distinction the hon. member has in mind. We do not think that there are different categories of Canadians. We believe that all Canadians should be equal and it would be desirable to attempt to define rights in a way which does not distinguish between ethnic groups.

Mr. Crosbie: Some are more equal than others. What about Arthur Erickson?

Mr. Trudeau: Now we have the hon. member for Caligula who wants to participate, Madam Speaker. You may want to recognize him on a supplementary question. His interest for native people is well known since he commented on the Minister of Finance's return from Gabon and described that as a country of monkeys. I do not think that fits him very well as a critic for external affairs.

* * *

STATUS OF WOMEN

ABSENCE OF WOMEN FROM PUBLIC SERVICE SENIOR EXECUTIVE CATEGORY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the President of the Treasury Board. He will know that yesterday the Public Service Commission presented its annual report which showed an increase of female employees in the public service last year of some 6,000. Of those, over 5,000 were in the lower and insecure categories of employment, namely, clerical, stenographic, and indeterminate. Not a single woman made it into the senior executive category. This is just a continuation of the status quo, where women in the public service get locked into low-paying and support positions. I would ask the President of the Treasury Board why the government is satisfied to perpetuate the role of women in the public service as little more than a reserve pool of labour.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member knows full well that that is why we have the Affirmative Action Program and the equal opportunities programs. As my colleague, the Minister of State for mines indicated, that is why we regard it as a matter of great concern. But, in fact, the report demonstrates that steady progress is being made. I hope that steady progress is accelerated by the affirmative action plans we have introduced. I might add that we plan on briefing all interested members, particularly the hon. member for Kingston and the Islands, on the progress which is being made through the affirmative action programs which were introduced when this government returned to power in 1980.

Miss MacDonald: I am sure that even the President of the Treasury Board should understand that those programs are simply not working. In the management and executive category some 310 male employees were added last year and only 14 women. That is the difference and that is why it is not working. Not a single woman made it into the senior executive category.

REPORTED COMMENT BY PUBLIC SERVICE COMMISSIONER

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I would like to ask the minister about the comment of one of the Public Service Commissioners who said, "It may be that women are not ready or that they do not have the right kind of experience for the top jobs." I deeply resent that kind of comment coming from the Public Service Commission. Is that the opinion of the government, and, if not, will the President of the Treasury Board convey to the members of the Public Service Commission that the change of attitude should begin with them?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am sure whoever made the comment will take due note of the hon. member's remark. I am not the minister responsible for the Public Service Commission; the Secretary of State is. Nevertheless, I would welcome any suggestions the hon. member may have. She will have ample opportunity to put them forward at the time of the briefing, to indicate how she thinks we can make further improvements. I can assure hon. members that we are taking advantage of every opportunity, exploring every possibility—short of establishing some kind of strait-jacket quota system, which is perhaps what the hon. member for Kingston and the Islands wants. We do not believe that is necessary. We believe that there are qualified women to take senior responsibility in the public service and that is happening. Progress is not as rapid as we would like to see it; that is why we have the Affirmative Action Program. I dearly hope the hon. member will show up for the briefing which I hope will take place in the next several weeks.

* * *

NATIONAL ENERGY PROGRAM

PRICES CHARGED TO CONSUMERS

Mr. Len Gustafson (Assiniboia): Madam Speaker, my question is for the Minister of Finance. The Minister of Finance will know that under the National Energy Program the Canadian consumer is faced with an artificial marketplace with artificially high priced gasoline at $2 a gallon as opposed to the prices in the United States, the lowest of which I heard is 99 cents. The other case involves the artificially low price of

oil at $24 a barrel at Estevan as opposed to $36 a barrel at Williston. In his capacity as Minister of Finance, is he not concerned about the economic problems of this country because he has placed the consumers in this climate of artificially high costs while, at Estevan, he taxes the people between the two levels of government, which will shortly be changed in that province, at $1.36 a gallon—

• (1200)

Madam Speaker: Order.

Mr. Gustafson: That was the end.

Madam Speaker: Well, I thought so.

Some hon. Members: Where is the Minister of Finance?

An hon. Member: Stonewall.

Mr. Lalonde: Madam Speaker, was there a question?

Mr. Nielsen: There was a question but you were not listening.

Mr. Gustafson: I ask the Minister of Finance is he not concerned about the consumers of Canada in this artificial situation?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker—

Mr. Bosley: The real Minister of Finance!

Mr. Epp: You did write the budget two times back.

Mr. Lalonde: Madam Speaker, may I remind the hon. member that if we compare Canada's prices at the refinery gate with those of the United States, they are lower in Canada than in the United States, even today. The difference varies from province to province and state to state according to as the hon. member indicated, provincial and state sales tax. If, the government of Saskatchewan will remove the sales tax in Saskatchewan, he will find that the price in Estevan will be cheaper than the prices in neighbouring states.

Some hon. Members: Hear, hear!

Mr. Lalonde: This is where the big difference lies. The best evidence with regard to this matter is that if one considers home heating oil, for instance, one will find that the price in Canada is as much as 7 cents to 10 cents a litre cheaper than in the United States today.

Some hon. Members: Where?

Mr. Lalonde: In Boston, New York, Detroit, Chicago, Minneapolis, Milwaukee and Portland, compared to St. John, Montreal, Toronto, Winnipeg, Vancouver and Calgary. Is that enough cities for hon. members?

Some hon. Members: Hear, hear!

PRIVILEGE

MRS. APPOLLONI—NOTICE OF QUESTION TO BE RAISED

Mrs. Ursula Appolloni (York South-Weston): I rise on a question of privilege, Madam Speaker. Just one hour ago it came to my attention that an editorial in the Toronto *Sun* has totally inaccurately quoted me out of context, as a result of which—

Some hon. Members: Oh, oh!

Mrs. Appolloni: —motives have been imputed to my recent intervention during a hearing before the standing committee on this—

Madam Speaker: Order, please. I must remind the hon. member that things written in articles about members of Parliament do not necessarily constitute a question of privilege; but if the hon. member feels that she has a question of privilege, she may give me notice. The hon. member did come to the Chair to tell me that she wanted to be heard on a question of privilege and said that the matter had occurred today. I thought she meant it had occurred during the course of the deliberations this morning. However, if the hon. member feels she has a question of privilege, she might send a notice to my office and it will be dealt with in due course.

Mrs. Appolloni: Madam Speaker, may I request that I speak on my question of privilege this coming Tuesday.

ROUTINE PROCEEDINGS

TAXATION

TABLING OF TWO PAPERS RESPECTING FEDERAL SALES TAX SHIFT

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): In response to some suggestions made earlier today in the standing committee by the hon. member for Edmonton West (Mr. Lambert), I would like to table, pursuant to Standing Order 41(2), two papers in both official languages relating to the shift in the federal sales tax to the wholesale level.

* * *

[*Translation*]

POINT OF ORDER

MR. TOUSIGNANT—PRACTICE RESPECTING TABLING OF DOCUMENTS

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Public Works): Madam Speaker, I just want to know to what extent hon. members are allowed to bring all kinds of

unusual documents into the House, and what guidelines we should follow, because if all kinds of documents may be brought into the House ad infinitum, to table them as the hon. member did just now, perhaps I too could use my imagination and bring gifts along for these people next week.

Madam Speaker: I would urge the hon. member not to use his imagination, because it is absolutely forbidden to bring documents into the House as was done by the hon. member for Burnaby (Mr. Robinson), and the hon. member must have noticed that I said it was not allowed.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE OF PHOTOGRAPHERS IN CHAMBER

Hon. Erik Nielsen (Yukon): Madam Speaker, on that point and on a related point, your Honour has no doubt had an opportunity by now to examine yesterday's *Hansard* concerning the point of order I raised with respect to the presence of still photographers behind the curtains, obviously for the purpose of taking set up photographs of the incumbent in the Chair and another hon. member. At that time I asked that that practice be rigidly prohibited and that the agreement between House leaders be enforced by the Chair. Otherwise, attitudes of hon. members might alter with respect to the continuation of allowing still photographers behind the curtains.

I hope that that kind of incident does not occur again, particularly involving, as it did, the Chair and the hon. member from the government side.

Madam Speaker: It is not clear that the Chair was involved. However, I take the remarks of the hon. member in good note, because, yes, it is true that photographers have been allowed to photograph during the question period and the permission has been extended to important debates. But the importance of debates would only be determined by the Chair itself and there would then be consultation with the leaders of the different parties.

I can assure the hon. member that the agreement between House leaders will be very strictly enforced. The permission was given because hon. members generally agreed. However, they generally agreed to the photographs being taken under certain conditions, and I am doing my best to ensure that those conditions are observed. I can assure the hon. member that the incident yesterday to which he referred will not occur again.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, you indicated just now that photographers were given permission to take photographs in the House. I realize this is still at the experimental stage, that you have consulted with the House leaders and that we will have an opportunity to discuss the matter again in the near future. I feel that incidents such as those that have occurred within the last two days should be taken seriously, and I hope that if and when we should decide to accept photography in the House, you will be authorized to impose a minimum of decorum so as to prevent occurrences of the kind we have seen here today.

Madam Speaker: What happened today happened in the normal course of the question period. I think the minister will recognize that I did what I could to prevent the hon. member from tabling the documents. I believe the rules of the House were observed today. As for cameras, that is an entirely different matter, and I can assure the minister that I shall try to enforce the rules and conditions we have set on the presence of cameras in the House.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, the following questions will be answered today: Nos. 3,759 and 4,081.

[*Text*]

TRANSFER OF DISTRIBUTION UNIT OF TOURISM OFFICE

Question No. 3,759—**Mr. Baker (Nepean-Carleton):**

With reference to the proposal to transfer the distribution unit of the Canadian Government Tourism Office to Yarmouth, Nova Scotia, does the government intend to table all correspondence and interoffice memoranda which flowed between and among the Minister of State (Small Businesses and Tourism), the President of the Treasury Board and the Minister of Public Works and all relevant correspondence and interoffice memoranda from the assistant deputy minister of tourism, T. R. G. Fletcher, to the Minister of State (Small Businesses and Tourism) for the calendar year 1981?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Minister of State for Small Businesses and Tourism is concerned: No.

LEAR JET

Question No. 4,081—**Mr. MacKay:**

1. Did Canadair Ltd. engage in a financial transaction with the late William Lear, prominent U.S. aircraft inventor and designer, for the acquisition of airframe design rights for the aircraft known as the "Lear" jet and, if so, what were the considerations for the acquisition of the rights?

2. Did Mr. Lear, upon informing himself of the results of the modifications proposed by Canadair, insist that his name no longer be associated with the aircraft and, if so, on what date did this occur and what are all the details?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Yes. Canadair, in exercising its option to purchase the rights to the LearStar 600 design, entered into a

royalty agreement with Mr. Lear in October, 1976 whereby a sliding scale royalty was to be paid on each aircraft sold.

2. No. Mr. Lear did not agree with Canadair's modifications to his original design, particularly the wide body which has since become a strong selling feature of the aircraft. However, he did not insist that his name be removed from association with Canadair or the aircraft. The name change from the LearStar 600 to the Canadair Challenger was principally to avoid confusion in the marketplace with the significantly smaller Gates LearJet family of business jets and the Lockheed JetStar I and JetStar II aircraft; and to properly identify Canadair as the developer and manufacturer of the aircraft, not LearAvia Corp. A working relationship continued with Mr. Lear until his death in May, 1978 and with Mrs. Lear and LearAvia Corp., after his death with the prospect that Canadair might participate in the development and production of his turboprop Learfan 2100 design.

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, if questions Nos. 2,676 and 3,268 could be made orders for returns, these returns would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House to have questions Nos. 2,676 and 3,268 deemed to have been made orders for return?

Some hon. Members: Agreed.

[*Text*]

SOCIAL INSURANCE NUMBERS

Question No. 2,676—**Mr. Beatty:**

1. What is a complete list of the government's data banks containing personally identifiable information about individuals in which the social insurance number may be used to access the computerized file and, in each case (a) what is the nature of the information contained in the file (b) on how many individuals is the information kept (c) in what ways, other than by using the social insurance number, can an individual's file be accessed?

2. What (a) statutes (b) regulations require the use of a social insurance number by an individual to participate in the program?

3. As of May 31, 1981 (a) how many individuals had taken out social insurance numbers (b) approximately how many applications for social insurance numbers were waiting to be processed?

4. How many new social insurance numbers were issued in 1980?

Return tabled.

CANADA COMMUNITY DEVELOPMENT PROGRAM

Question No. 3,268—**Mr. Cossitt:**

Were funds allotted by the government to the 1981 Canada Community Development Program and, if so (a) what was the amount and what was the breakdown by province (b) what amount was allocated to constituencies represented by (i) Liberal (ii) Conservative (iii) New Democratic party members of Parliament?

Return tabled.

* * *

[*English*]

STARRED QUESTION

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, would you be so kind as to call starred question No. 3,694?

• (1210)

[*Text*]

*CITIZENSHIP ACT

Question No. 3,694—**Mr. Cullen:**

How many applications were received under subsection 5(4) of the Citizenship Act "to reward services of an exceptional value to Canada"?

[*English*]

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, the answer to this question is as follows. From the commencement of the Citizenship Act on February 15, 1977, there have been two applications received for the grant of citizenship under subsection 5(4) of the Citizenship Act as a reward for services of an exceptional value to Canada. One applicant was granted citizenship by direction of the governor in council and the other application was finalized by the withdrawal of the application by the applicant.

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

Madam Speaker: Shall the remaining quetions stand?

Some hon. Members: Agreed.

* * *

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I wonder if I could have permission to revert to bills with respect to introduction and first reading of an act to amend the Export Development Act.

Madam Speaker: I do not think the minister heard the translation. Does the House give permission to revert to bills?

Some hon. Members: Agreed.

Mr. Lumley moved for leave to introduce Bill C-110, to amend the Export Development Act.

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

* * *

OFFICIAL REPORT

PRACTICE RESPECTING APPENDING OF DOCUMENTS

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, for better understanding, I will proceed in this official language of Canada.

Last night during a very lively exchange, and it was probably very noisy at this end of the chamber, between the leader of the New Democratic Party (Mr. Broadbent) and myself, and we at this end of the chamber are absolutely certain about this, unanimous consent was given to table as an appendix to yesterday's proceedings—and this could be done today—the draft resolution adopted unanimously by the Committee on Political Questions, International Security and Disarmament in Lagos. This resolution was accepted by all parliamentarians of the world. It was part of the debate last night. It was agreed to by the hon. member for St. John's West (Mr. Crosbie) and all Conservative and Liberal members who participated.

There was a lively exchange between the New Democratic Party and myself. I find this so important that I am willing to say I may not have been as gracious as I should have been by not accepting that the full text of the minority report would also be tabled. I admit that, but I am in agreement.

I spoke with the leader of the New Democratic Party. He is willing to agree that he gave his consent last night to append to yesterday's proceeding what took place last night, even though Your Honour may read otherwise. If you read attentively page 16763 of *Hansard*, you will see in that exchange we proceeded gradually toward the acceptance, and the hon. member for Oshawa said "go ahead, go ahead". That was on the understanding that we were not debating it. I admit we could have appended all the document, but I was referring to it then in the debate.

The motion to have that tabled was accepted after a very lively and probably noisy exchange. I will ask those members who have the official responsibility to acknowledge that there was indeed unanimous consent at the end of the debate. There was no dissent on this side or in the Conservative party. There was a difficulty with the New Democratic Party which was resolved. I understand they are now willing to attest to the fact that what I am saying is true.

Madam Speaker: I am really in the hands of the House. I have a little reservation because the hon. member for Oshawa (Mr. Broadbent) is not in the House at this time. Possibly someone could speak in his name. I am in the hands of the House.

Official Report

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I discussed this matter with the hon. member for Oshawa (Mr. Broadbent). He agrees entirely with the comments made by the hon. member who has just spoken. We did in fact wish to give unanimous consent last night. The hon. member for Oshawa thought he had given it. We would be happy to have the report appended to yesterday's *Hansard*.

Hon. Erik Nielsen (Yukon): Madam Speaker, the Standing Orders now provide that a minister of the Crown can table any document any time he pleases. This matter has arisen on many occasions in the past. When it has arisen, the position of the Chair has always been that it would be creating an undesirable precedent to append documents used in debate to the daily *Hansard*. I think you will find it has not happened in the past except in debates such as the throne speech debate, the budget debate and debates of that nature.

I suggest you will want to consider this matter very, very carefully before opening the door to a practice that could see myriads of documents used in debate, consent once having been given by the House, appended to the daily debate. You would find that *Hansard* could be literally inches thick.

While there might be a consensus as to the desirability of having that material used in debate, it would establish a very questionable practice for the future. I suggest that we follow past practices and confine *Hansard* to the recording of the daily debates and only the daily debates.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, it is accepted practice that in exceptional circumstances or by unanimous consent, certain documents may be printed as an appendix to *Hansard*. I have no intention of doing away with this practice, but I assume that if there is no unanimous consent in a given case, that is the end of it. However, the hon. member for Yukon (Mr. Nielsen) says there is a rule allowing ministers to table documents, and that is true, but tabling documents does not mean the documents may be printed as an appendix to *Hansard*. So that is not the solution. In any case, if there is unanimous consent, of course the document may be printed as an appendix to the official report, but from the comments of the hon. member for Yukon, I conclude that they are not prepared to give that consent.

[*English*]

Mr. Nielsen: May I suggest, Madam Speaker, that you take the matter under advisement and that you and your officers at the Table look carefully into past practices. If we establish this kind of precedent, then every member who takes part in any debate in this House would likely be accorded the same privilege, because we are all equal here. You will burden *Hansard* to the point where it becomes a totally unmanageable document.

Mr. Pinard: If we give unanimous consent.

Mr. Nielsen: The House leader says if we give unanimous consent. There is no question as to where our sympathies lie

here. At the same time, think of the consequences of opening that door. If we give unanimous consent to the hon. member for Saint-Denis (Mr. Prud'homme), surely every other member will be entitled to be treated in the same fashion. No matter what the volume or how thick the document might be, every other member would be entitled to have such appendages made to *Hansard* during a daily debate. We could end up with a *Hansard* that would be a foot thick. Think of the consequences of opening that door.

Because the point has arisen, I suggest that the Chair take it under advisement and perhaps some time next week indicate to the House what the past practice has been, and perhaps even express a view as to whether or not the Chair, which in the long run is responsible for the administration of this place, thinks it is a desirable practice to establish when it certainly has not been done in the past.

Mr. Deans: Madam Speaker, I would like to add a comment. I can appreciate what the House leader for the official opposition is saying. I can imagine the possibilities. However, I would like to suggest on this occasion, given the nature of the document, the nature of the debate and the fact that this debate is not likely to repeat itself frequently, that we give unanimous consent to do this, and that we then ask you, Madam Speaker, to consider whether that is an advisable practice to follow and give us a ruling on it with the understanding that this unanimous consent does not set a precedent.

• (1220)

Mr. Prud'homme: Madam Speaker, I appreciate that the beauty of debate in this House, as I was taught by the Right Hon. Mr. Diefenbaker, is that at least some people are listening to each other. I would submit to you and to the hon. member for Yukon (Mr. Nielsen) that I do not see why in this case we should punish some retroactivity. I am asking a correction to what happened last night, to what was agreed to. I understand very well the precedent. That may be, but this is an exceptional resolution, accepted by the parliamentary union of the world. Exceptionally, agreed to unanimously for the first time ever, this motion was accepted by parliamentarians—and we are parliamentarians.

There was no question of my using that last night in the debate; not at all, because then, of course, some members could rise in the debate—I submit this to you—and say: "I only have 20 minutes but I would ask permission to table the following document". Of course, I would side with the hon. member for Yukon in saying that we have to be very careful on that account. That is true, of course, there is no doubt that there would be abuse over the years. I am asking, Madam Speaker, not to be punished retroactively for something that happened last night.

Last night the Conservative official opposition—it is in *Hansard*—gave consent. There was an exchange between the hon. member for St. John's West (Mr. Crosbie) and the hon. member who is now a member of the Privy Council, the hon. leader of the New Democratic Party. After that exchange this was agreed. Because of the very special nature of this parliamentary group, we are asked at the International Parliamentary Union to have some kind of follow-up some time with our resolutions. We can, at very great expense. I submit to you, and to members who want to listen to the debate, that there is never any follow-up with the international convention except through the House and members of Parliament. We are all asked once in a while to have some follow-up on our resolutions. I thought last night, because of the very special nature of the debate, that that was the most appropriate thing that could be appended, exceptionally, because it was unanimous, either by the Soviet Union on the one side and the United States and Great Britain and all the others.

Mr. Nielsen: No.

Mr. Prud'homme: Again I submit to you, Madam Speaker, because of the very lively and noisy but far away from the Chair exchange that took place last night, that there was an agreement and that is why we proceeded with the debate, as reported on page 16763 of *Hansard*. You will see that the hon. member for Saskatoon East (Mr. Ogle) is quoted in it. I am in your hands, and I am in the general hands of the official opposition, not to do anything retroactively.

I can understand that in regard to participating in debate in the future we should really give all our attention to the precedent that may have been created. But I would not like the International Parliamentary Union resolution, or what took place last night, to be punished retroactively and today I am asking for a correction. That is all I am asking today, Madam Speaker.

Madam Speaker: I think it is relatively clear to the Chair that yesterday the matter was dealt with by the Speaker who was occupying the chair. The Acting Speaker did not find there was unanimous consent. The hon. member for Yukon (Mr. Nielsen) asked me please not to open any doors that would create precedents that might change completely the nature of *Hansard*. I do not intend to open up any doors that I should not open; I am completely in the hands of the House. It is quite clear to me that if there is no unanimous consent for appending this document to *Hansard*, then it will not be appended. That is quite clear to me. I notice that there was no unanimous consent and therefore it will not be appended to *Hansard*.

Mr. Prud'homme: Madam Speaker—

Madam Speaker: Order, I have ruled on the question. There is no unanimous consent; that is quite clear.

Mr. Prud'homme: But there was, what took place at that time.

An hon. Member: It is not on that side.

Madam Speaker: I am quite clear that I have to read *Hansard* as it is. Yesterday the question was dealt with, though not to the hon. member's satisfaction, I realize that; but this matter has been brought up again today under the circumstances of which we are all aware, and in view of the

debate that has just taken place, it is quite obvious to the Chair that there is not unanimous consent.

Mr. Prud'homme: On a point of order—

Madam Speaker: The hon. member on a point of order.

Mr. Prud'homme: Madam Speaker, I am asking advice from the Chair. When, then, is it possible to make corrections to events that did take place? Last night around 12 o'clock I received the blues and I corrected the blues. To my astonishment, to my great surprise, I discovered the words of Mr. Speaker that you quoted very rightly. I said that is impossible. So I took the first opportunity today. I am in your hands, but when is it, then, that something can be corrected?

Madam Speaker: If the hon. member is in my hands, I would like him to sit down.

Mr. Prud'homme: So far, you do not see me—

Madam Speaker: I see the hon. member very well. I understand the hon. member's disappointment, but I think the hon. member knows the rules. The ruling was made last night. The hon. member is not pleased with that ruling, He has had a second chance to try to obtain what he wished the House to do. The House does not give unanimous consent; therefore, the matter is closed for the time being.

GOVERNMENT ORDERS

[*Translation*]

STATE IMMUNITY ACT

IMMUNITY OF FOREIGN STATES IN CANADIAN COURTS

Hon. Yvon Pinard moved, on behalf of the Minister of Justice and Minister of State for Social Development, that Bill S-19, to provide for State Immunity in Canadian Courts, be concurred in.

Motion agreed to.

Mr. Pinard moved, on behalf of the Minister of Justice and Minister of State for Social Development, that Bill S-19 be read the third time and do pass.

[*English*]

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I am going to make a few brief remarks today with respect to this legislation. I open my remarks by observing that once again we have the Minister of Justice (Mr. Chrétien) nowhere to be seen. He is not involved in the debate with respect to his own legislation, and he is not involved on the floor of the House with respect to matters under his general jurisdiction.

Madam Speaker, if one looks back at the record of the House since the present incumbent, as Minister of Justice, has taken over his responsibility and his portfolio, I think you will find, and I have been here to point it out, that he has not been present in the House for legislation for which he is responsible.

Mr. Cullen: On a point of order, Mr. Speaker. I do not know if I am correct in this, but I am under the impression that the rules of the House provide that one member cannot comment on the presence or absence of another member in the House. We all know we have responsibilities not only in the chamber but also outside the House of Commons. It does seem to me, if I remember, that there is a ruling that commenting on a member's presence or absence is not appropriate.

Mr. Nielsen: That is not right.

An hon. Member: Withdraw.

Mr. Hnatyshyn: I understand, Mr. Speaker, the point that has been made by the hon. member with respect to reflecting on attendance in the House. But I think it is fair to make reference to the fact that a minister sitting on the treasury benches of the government of the country—

Mr. Nielsen: He should be here for his own bill.

Mr. Hnatyshyn: He has not been present at all in this session to introduce legislation for which he has taken responsibility.

Mr. Nielsen: He is wrong in that, too.

Mr. Hnatyshyn: I say to you, Sir, that that is not a reflection on his attendance in the House. Everyone knows, and those who are able to watch television know, that he is here quite regularly in question period.

The point I am trying to make is simply that the Minister of Justice has no interest in his responsibility to the extent that he does not even come forward to speak on legislation, but sends in a parliamentary secretary or some other functionary on the government side to deal with the legislation for which he has responsibility. I know that over the course of the last two years the Minister of Justice has been preoccupied with constitutional matters, but he has no interest in his responsibilities as Minister of Justice. He has no knowledge of the legislation before the House. He comes grudgingly before parliamentary committees. The man should be replaced. He is waiting with anticipation to get into another portfolio.

• (1230)

Mr. Nielsen: He is waiting for the Prime Minister's job.

Mr. Hnatyshyn: The minister has done less in relation to his responsibilities than any other minister of justice in my recollection. I venture to say he has done less in relation to his departmental responsibilities than any minister of justice in Canadian history. He has simply been absent. He has never been around to discuss the issues which come before his

committee, the Standing Committee on Justice and Legal Affairs.

I realize that this is not the most earth-shaking and earth-shattering bill in the world, but why is the minister not here to introduce it at third reading and to indicate the position of the government after committee consideration? Why must I stand and deal with the important issues contained in this legislation? Is no one on the government side prepared to discuss this matter, or will hon. members opposite sit there, collect their pay and say nothing? I want to make that point firmly.

The bill dealing with sexual assault is a very important piece of legislation. It was touted as being an important priority of the government. I was offended that that bill was not introduced by the Minister of Justice and that he was not here in the House to address that matter. His remarks at second reading lasted some five minutes and amounted to a winding up of the debate. The minister said he would see us all in committee. In relation to major amendments to the Criminal Code the minister has demonstrated so little interest in his responsibilities that he neglected or refused to be present, although he was here for question period on the days when that bill was under consideration at second reading stage.

We on this side of the House have been pressing the government to bring forward legislation on matters of justice and legal affairs. We have been beseeching the government House leader to bring forward important matters of priority in relation to justice and legal affairs. I can understand why the government House leader has been embarrassed. He has not been able to bring forward legislation because he has not had the support of the Minister of Justice. That clearly must be the reason this matter has not been brought before the House as a matter of priority.

[*Translation*]

Mr. Pinard: Mr. Speaker, I notice the hon. member is delighted that he was able to make me rise on a point of order. He reminds me of a lawyer who goes to plead a divorce case before the Superior Court and is actually pleading his case before a criminal court. I get the impression the hon. member does not know what he is talking about, he is entirely out of order, and he is not discussing the bill now before the House. He has made a vicious attack on a minister of the Crown who is respected across this country, he is talking arrant nonsense, and I would ask the Chair to call him to order and ask him to address Bill S-19. According to law, Mr. Speaker, the Minister of Justice (Mr. Chrétien) has an excellent parliamentary secretary (Mr. Peterson) who is responsible for assisting the minister in his parliamentary activities. I would remind the House that the parliamentary secretary is present and that the Minister of Justice is doing excellent work, since he is more often in the House than otherwise. In the circumstances, I would ask the hon. member to show a minimum of respect for this institution and to speak to the bill now before the House, Bill S-19, and to refrain from making such base attacks on a minister of the Crown who has done his duty for his country, and done it very well.

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. Because of the remarks made earlier by the hon. member for Sarnia-Lambton (Mr. Cullen), the Chair has been considering the issue of whether the absence or presence of an hon. member or minister can be the subject of comment. I have not been able to find anything in the Standing Orders which gives me clear direction in that regard. Furthermore, I am aware—as are all hon. members—that it is a common practice to comment.

However, there is a matter to which the Chair can address itself. It is not the matter of presence or absence of a minister but, rather, the matter of relevancy. I was waiting and hoping the hon. member for Saskatoon West (Mr. Hnatyshyn) would direct his remarks to Bill S-19 in due course. The comments of the President of the Privy Council (Mr. Pinard) related more to relevancy than they did to the matter of absence or presence.

Mr. Hnatyshyn: Thank you very much, Mr. Speaker. I am glad your ruling supports my position.

I like the Minister of Justice as an individual. He is a very nice fellow. He is a first-rate fellow, and it may be that he is doing government business out in Burlington or wherever he is today. I do not dispute that, but I thought he at least would have the courtesy to be in the House to deal with his own legislation. I made reference to other responsibilities of the minister only to show that he is never in the House when anything in relation to justice and legal affairs, which are his responsibility, is brought forward.

An hon. Member: What about the bill?

Mr. Hnatyshyn: Bill S-19 is an important bill in terms of the ability of Canadians to recover damages and compensation from representatives in Canada of foreign governments, but I just want to point out that, according to my recollection, this is the first bill which has come out of the Standing Committee on Justice and Legal Affairs by way of report since this session began. I do not want to be irrelevant, but I think it is relevant that there has been no priority given by this government to matters respecting justice and legal affairs. These matters are of secondary importance. I think it is fair to say—and I make no reflection—that the minds of government members are on other matters, and amendments to the Criminal Code dealing with the rights of Canadians to pursue legitimate claims against defendants are secondary in importance.

We hear much about this government's lack of commitment with respect to economic matters. I say that applies equally to matters of justice and legal affairs, the liberties and rights of Canadians to have their rights protected as they should be.

This is the first bill to come out of the Standing Committee on Justice and Legal Affairs. I congratulate the government for this great victory; we now have before us Bill S-19 dealing

with diplomatic immunity. This is the extent of the government's accomplishment in the area of the rights of Canadians, and I suppose we should all be grateful. This weekend we will all go home feeling a glow of pride in our hearts because the government has moved so dramatically in the important area of protecting the rights of Canadians! I intend to go back to my constituents in Saskatoon West and tell them how proud I am of this government!

What other things are being dragged out in the Standing Committee on Justice and Legal Affairs because of lack of commitment on the part of this government? My colleague, the hon. member for Nepean-Carleton (Mr. Baker), very appropriately pointed out today in the Standing Committee on Justice and Legal Affairs that with respect to Bill C-43, which has been dealt with by the committee and almost completed, we now see the sad spectacle of this government's retreating from its commitment to freedom of information. The government very rightly is subject to the serious criticism of public opinion across the country. The government has no commitment to freedom of information and no commitment to civil liberties. The only commitment of the government is to make sure the people of Canada can sue, in certain limited circumstances, foreign diplomats in cases of civil liability. What a great record this government has! I think it should be commended. I say that, of course, without any seriousness at all.

What about Bill C-61, the proposed Young Offenders Act? We dealt with that expeditiously. Why is that not on the floor of the House of Commons to be dealt with?

Mr. Pinard: Bill S-19.

Mr. Hnatyshyn: Bill S-19 is before us, and we say Bill S-19 is a light at the end of the tunnel. After a great deal of effort on the part of the official opposition to put pressure on the government to take action, it has finaly moved.

If one looks at Bill S-19, one might get the impression from the title that it is a bill which extends diplomatic immunity to representatives of foreign countries operating in Canada. However, that is not the case; quite the contrary. It is an attempt to codify and set forth in statutory form the provisions, rights and limitations on diplomatic immunity, the rights of foreign countries to carry on so-called commercial activities in our country and the extent to which they are going to be held responsible with respect to contracts, loss, liability or damages suffered by Canadian citizens in the course of carrying on that commercial activity. There is an attempt here to specify the limitations placed on foreign countries represented in Canada and their agents.

• (1240)

Mr. Peterson: Author!

Mr. Hnatyshyn: Mr. Speaker, the hon. member for Willowdale (Mr. Peterson) is one of my favourite members. Not only is he a natty dresser, not only does he wear the latest Toronto clothes, but he is outstanding in his ability to speak from the seat of his pants. He is rarely able to articulate the hopes and aspirations of the people of Willowdale while on his feet, however. I am glad that he is at least in the House today, unlike the Minister of Justice. I hope that we will hear from him—

Mr. Deans: Don't start that again!

Mr. Hnatyshyn: I just want the hon. member for Hamilton Mountain (Mr. Deans) to understand that I am sometimes encouraged to deal with the presence or absence of the Minister of Justice, who is rarely here to deal with the affairs of his department.

Mr. Deans: What about anybody else who is not here today?

Mr. Hnatyshyn: Well, we win some and we lose some. Indeed, in some cases I wish that some of the members that are here were not, and I only have to look down to the hon. member for Hamilton Mountain when I say that, without referring to him.

Mr. Deans: You are here so infrequently it is a wonder that you recognize me!

Mr. Hnatyshyn: I was in my riding when an election was called for April 26. In my riding the result was unanimous, though I take no personal pride in that and no responsibility for it; I just happened to be there doing the government's work, carrying out my responsibilities as a member of Parliament. I admit that I was not here regularly in the last two weeks, but I believe that my constituents desire personal attention occasionally and so I go to my riding to help them. If an election should happen to coincide, that is something over which I have no control.

I have been diverted, Mr. Speaker, when I have been trying to deal with this important legislation and rush it through the House on a Friday afternoon. As we know, this important legislation has to be dealt with, as has the government's record of commitment to civil liberties and the ability of Canadians to protect their interests in the courts of our land.

In the world today there are many governments—including our own—which are getting involved in what are called centrally controlled economies. This involves the creation of so-called Crown corporations. It is an involvement by government in commercial activity which normally has been confined to the area of private endeavour. This legislation is important in that it gives us an opportunity to review circumstances where we have not only the normal diplomatic representation in our country and the normal immunity that is given to such representatives—which is right and proper—but we are facing a situation where governments, agencies of governments and representatives of governments have become involved in commercial endeavours.

Petro-Canada is an example, for which representatives of the People's Republic of China are doing some work on the

offshore. We also have representatives of Canadian commercial enterprises in other countries, and, of course, other countries have representatives in this country who deal commercially with private citizens and with corporations.

In terms of international law it is important for us to review the rights that Canadians have vis-à-vis representatives of foreign governments, whether they be diplomatic representatives or representatives of agencies that carry on commercial activities. We must consider the right of Canadians to collect compensation for wrongful acts.

The legislation was considered in committee and some concerns were expressed in the course of those hearings. I commend the parliamentary secretary for his conduct of the legislation through the committee. It is too bad that the Minister of Justice was not available at that time but the parliamentary secretary is one Liberal who attended committee.

There is a story going around the Hill that the Minister of Justice has been seen at the Standing Committee of Justice and Legal Affairs. I have not had that story confirmed but I am prepared to put the resources of the research staff of this party to work this weekend to see whether it can be verified.

Mr. Paproski: He is out on a leadership campaign!

Mr. Hnatyshyn: My colleague from Edmonton North (Mr. Paproski) suggests that he is out on a leadership campaign. I do not want to be diverted from discussing this legislation, Mr. Speaker, but I must say that under its present leadership, I think all Liberals should be out on a leadership campaign, trying to replace the present leader.

Mr. Chénier: You should know. That is what all of you are doing.

Mr. Hnatyshyn: Mr. Speaker, I will deal expeditiously with this legislation if I can get the attention of hon. members on the Liberal side, who insist on trying to interrupt a serious discussion. If I could get their attention I would point out some of the concerns that have been expressed by this party and by witnesses before the committee about the vagueness of the term "commercial activity" which appears in the bill. As presently defined, it means "any particular transaction, act or conduct or any regular course of conduct that by reason of its nature is of a commercial character".

To me that sounds like a definition that commercial activity means commercial activity. It does not elaborate on what kind of activity will be covered by legislation in this country and that would allow individual citizens to pursue to their remedy.

The British law in this area is far more specific. It enumerates the three headings that are included in the term "commercial transaction" as follows:

1) any contract for supply of goods or services

2) any loan or other transaction for the provision of finance and any guarantee or indemnity in respect of any such transaction or of any other financial obligation; and

3) any other transaction or activity (whether of a commercial, industrial, financial, professional or other similar character) into which a state enters or in which it engages otherwise than in the exercise of sovereign authority.

The British law is specific and indicates to the litigant interested in pursuing his or her rights the areas in which this may be done. In this country it will be necessary to develop a body of jurisprudence through the courts. The courts will have the opportunity to define the term "commercial activity" and specify what activities will be available for legal recourse and what activities will not.

A witness who came before the committee, Mr. J. M. Robinson, a lawyer who works in the area of lending to foreign sovereign countries, was most concerned that these arrangements for lending would be protected by the bill, particularly in light of the Polish and now the Argentine monetary crisis. Officials of the department assured us, on the basis of their legal advice, that the situation would be covered. They also assured us that it would be better to leave the definition as broad as possible. Their point of view was that by using very specific definitions, the range of applicability of a section narrows.

• (1250)

I am not totally satisfied with their response, but I am prepared to let this bill go through. I know the Department of Justice will monitor the situation to make sure that the definition is reasonably broad and that we will not be restricting the rights of Canadians vis-à-vis foreign representatives. I would have preferred the other system of definition for more precision and guidance to the courts, and the litigants themselves would have had a better idea of their rights under the legislation.

When I spoke on second reading of this bill I indicated my concerns with respect to enforcement, by execution or otherwise, of civil judgments. Remedies under this legislation are still restricted. Specific performance, injunctive relief, and an order for recovery of land unless the foreign state itself consents, are not available.

I understand the official's argument that these remedies are not available against the Crown in Canada. On the basis of some activities which have been taking place on behalf of Crown corporations in the courts of this land, I think it is fair to say that any commercial enterprise operated by the Government of Canada now apparently has the right to claim immunity from prosecution, and that puts the government in a very strong position. We can see that it is difficult to expect that Canadians will be able to collect against agents of foreign governments when criminal prosecution of government agencies, Crown corporations and ministers is virtually impossible, at least on the basis of the ruling in the uranium cartel case. However, I think that is an area which we must continue to monitor because of the fact that foreign governments are involved through state agencies, whether it be the Soviet Union or countries in the free world. There has been a movement toward centrally controlled economies and commercial activities through government agencies, and I think those agencies should do business in Canada according to the rules that apply to every other citizen of Canada. I think we should keep an eye

on the situation with a view to bringing in amendments to this legislation if there has been any serious abuse.

I said I would be brief, Mr. Speaker, and I have been. I was moved to observe the lack of commitment of this government and the Minister of Justice with respect to matters before the Standing Committee on Justice and Legal Affairs. I was egged on by members of the Liberal party to go perhaps a little longer on that topic than I had originally intended. However, I just want to serve public notice on the Minister of Justice, as I did on Bill C-53, that if he is not happy in carrying out his responsibilities, then he should ask the Prime Minister (Mr. Trudeau) to relieve him of those responsibilities. I say that in the interest of having the proper attention given to these issues on the floor of the House of Commons. I know I have an ally in the government House leader, who would like to see a higher profile for these issues.

Mr. Pinard: The hon. member seems to be having a hard time trying to kill time. We might call it one o'clock if he promises not to speak this afternoon.

Mr. Hnatyshyn: I had not noticed the time. That intervention, Mr. Speaker, has brought me to the reality that I have spoken maybe a little longer than I intended. However, I remember when the President of the Privy Council (Mr. Pinard) used to plead in the small claims courts of Quebec, where he took a lot of time, too. So I take advice from an expert.

I do want to make the serious point that there are people across this country who are concerned with important issues of social justice. I know this government has been preoccupied with other things. It is floundering in its attempt to deal with economic matters. I do not know if it is trying to deal with them or not, but it seems to be incapable of action. However, there are important issues in legislation which is before us and can be before us, such as freedom of information, sexual assault, prostitution and matters dealing with young offenders. We have tried to push these through.

I think the government House leader will understand that we have not abused the time of the House in getting this legislation through. We have spoken on a very limited basis, spending perhaps two and a half days on this very important bill. What concerns me is that matters are dragging and we are going to have to prorogue, because this session cannot go on indefinitely. We have to have an election every five years, and the way this session is going we are going to be—

Mr. Deans: You will still be on your feet in five years.

Mr. Hnatyshyn: —here for five years. I do not know if we can possibly stand that. Perhaps the government can think in terms of proroguing this session and coming back with some new ideas and fresh initiatives, if they are capable of it. On the other hand, we have legislation which is languishing in committee. Some of the ministers do not appear to be looking after these matters and they are letting—

The Acting Speaker (Mr. Blaker): Order, please. The Chair is having difficulty with the matter of relevancy again. Would the hon. member like me to ask whether the House is ready for the question?

Mr. Hnatyshyn: One final remark, Mr. Speaker, because I think the Liberal members look lean and hungry and are about ready for lunch. I simply want to advise the government to give some priority to this area, and that we intend to let this bill go through. For the reasons indicated we will be monitoring it, and I hope the government will as well.

Mr. Speaker, I appreciate the opportunity of making these few brief remarks.

Mr. Deans: Mr. Speaker, I thought perhaps we were going to let it go in a moment, and I was just going to comment that the hon. member for Saskatoon West (Mr. Hnatyshyn) certainly did tell us what was in the bill. It might be difficult for anyone reading *Hansard* to find out exactly where he told us, but nevertheless I know it is contained within that long dissertation.

We are prepared to see the bill pass today. It was dealt with in some considerable detail in committee, and it reflects a general consensus. If I thought the vote could be taken right now, I would be happy to sit down and allow that to happen.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I have a contribution to make to this discussion and I would like to call it one o'clock.

The Acting Speaker (Mr. Blaker): Order, please. Provided the hon. member for Esquimalt-Saanich (Mr. Munro) is present at two o'clock, the Chair will recognize him to continue debate on Bill S-19.

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

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at one o'clock, the hon. member for Esquimalt-Saanich (Mr. Munro) had the floor.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, it is not my intention to impose unduly on the House this afternoon in discussing the provisions of Bill S-19. There are, however, a couple of matters which I think deserve mention, even if the time has passed for introducing appropriate amendments to bridge a gap between this particular bill and an act which is now on the statute books.

Obviously, Bill S-19 has been brought forward—although it is slightly misnamed, if I might say so—because of the growth of state enterprises of one kind or another operating both

domestically and abroad. We all know about Crown enterprises in this country. We do not know how many of them we have as Crown corporations; I gather that figure is still in dispute. A good many operate in Canada, but that should not worry law makers except that we do not know how many Crown corporations there are.

This bill is directed toward state enterprises overseas and their operations in this country, particularly when they are involved in a commercial enterprise of one kind or another. The normal function of a state, the traditional, historic function when it is operating abroad, made it possible for receiving states to accord immunity to the operations of a sending state when it had a representative in the country. This, of course, was the origin of diplomatic immunity. Clause 3 of the bill provides:

> Except as provided by this Act, a foreign state is immune from the jurisdiction of any court in Canada.

We remember the old saying "Don't shoot the messenger". If a messenger brought a message from a foreign state that the foreign state is at war with the receiving state, we would hear: "Don't shoot the messenger; look to someone else to attack". This, in very simple form, is the origin of diplomatic immunity.

There is another act on the statute books, Chapter 31 of the Statutes of Canada, 1976-1977, which gives substance in law to the Vienna convention on diplomatic relations. There we find what the standard functions of a diplomatic mission are. If we were dealing only with diplomatic missions, it would be simple. But because of the growth of state activities beyond their diplomatic activities in foreign countries, a bill such as S-19 was required.

• (1410)

Article 3 of the Vienna convention, which is a schedule to the Diplomatic and Consular Privileges and Immunities Act which I have already cited as Chapter 31 of the Statutes of Canada 1976-77, provides that:

> The functions of a diplomatic mission consist *inter alia* in: (a) representing the sending State in the receiving State; (b) protecting in the receiving State the interests of the sending State and of its nationals, within the limits permitted by international law; (c) negotiating with the Government of the receiving State: (d) ascertaining by all lawful means conditions and developments in the receiving State, and reporting thereon to the Government of the sending State: (e) promoting friendly relations between the sending State and the receiving State, and developing their economic, cultural and scientific relations.

Those are standard diplomatic functions. Generally speaking, in the performance and execution of the duties related to those functions there is traditionally an immunity accorded to the agents of the sending state in the receiving state. When the sending state embarks on activities beyond the diplomatic and becomes involved in matters of commercial enterprise—whether selling grain, oil, buying Candus or grain—this bill makes it clear that the foreign state is not immune from the jurisdiction of a court in any proceedings that relate to "—any damage to or loss of property that occurs in Canada". This would also be true in the area of shipping or transporting material. I suspect that one of the reasons this bill is before us is that there was a state-owned ship which managed to leave behind it in a Canadian port a mountain of debt which the host company had to assume, with no recourse against the offending state to collect damages. I think that this state immunity bill has been introduced for this and other reasons. As I said, Clause 6(b) of this bill makes it clear that the foreign state is not immune from the jurisdiction of a court in any proceedings relating to damage or loss of property that occurs in Canada.

This brings me to the core of the problem I would like to address. Up until now the statute on the books has dealt with state organisms, not individuals. I feel there must be some protection for individual Canadians. I merely say this because I believe it is important to know that damages suffered by Canadian citizens who enter into contracts in good faith with foreign government agents, particularly in rental situations, and who discover at the termination of the lease that they can be left with a large number of bills for the restoration of damaged leased property, are not taken into account in this Bill. It has happened to me and many others on more than one occasion. There are individuals who are being missed by these two pieces of legislation. There should be some way to protect individual Canadians, either through this bill or the act, from damage which might occur to the property which they rent in good faith to the representative of a foreign state.

I noted in this bill that the foreign state is not immune, but we seem to be missing the individual in this legislation. I hope that the government could at least introduce some small piece of legislation which would take into account what may occur to individuals.

Article 30 of the privileges and immunities convention states that:

> The private residence of a diplomatic agent—

Presumably that is a diplomatic officer who has been sent to any foreign country:

> —shall enjoy the inviolability and protection of the premises of the mission.

If we return to Article 22 of the convention, we find that:

> The premises of the mission shall be inviolable.

Presumably because of that inviolability, the immunity is extended to the premises occupied by a diplomatic agent living abroad. This is an instance where Canadians can suffer. I believe there is a case before the courts—I do not know its status—concerning an individual who rented a premises to a foreign state. For reasons unknown to me, the premises were vacated in mid-winter, without notice, and the pipes froze. A great deal of damage was done to this property and when the owner discovered that the pipes were broken after his tenants had left, he tried to get redress through the courts for the losses he incurred in restoring his house to its proper state. The courts found that the state which had leased the property could claim immunity. This immunity applies even when a diplomatic agent is renting the property, because it is usually the state which signs the lease on behalf of that agent, thereby allowing it to claim immunity from any damages which might occur to that property.

Therefore, I believe that neither Bill S-19 or Chapter 31 of the Statutes of Canada, 1976-77, really extend to individual

Canadians the protection they need when dealing with foreign powers.

I merely put this on the record now and urge that this gap be closed. I am sure that it is in the interest of this Parliament to realize that one of its duties is to protect Canadian citizens.

I found it strange to learn this morning that one of the inverted pieces of logic in Bill S-19 is that foreign commercial enterprises operating in Canada have their immunity removed but Canadian Crown corporations are still able to claim immunity. That is an anomaly which this particular bill does not address and does nothing to remove.

A second anomaly which I would like to point out is that not only are individual Canadians inadequately protected from the activities of a foreign state, but they are also not protected from the activities of a Crown corporation in their own country, against whom they will have the greatest difficulty to bring suit.

Having put those two matters on the record, I close and thank the House for its indulgence.

• (1420)

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Kilgour: On division.

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

* * *

[*Translation*]

CANADA ELECTIONS ACT

AMENDMENT TO SHORTEN PERIOD REQUIRED TO HOLD ELECTIONS

Hon. Yvon Pinard (President of the Privy Council) moved that Bill C-58, an Act to amend the Canada Elections Act, as reported (with amendments) from the Standing Committee on Privileges and Elections, be concurred in.

Motion agreed to.

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

Mr. Speaker, a year ago I thought this bill would be passed quickly, and that was mainly because of the fact that Bill C-58 was almost identical to Bill C-21, tabled on November 5, 1979 by the Progressive Conservative Party in power at the time, and more specifically, by the hon. member for Nepean-Carleton (Mr. Baker). In addition, as early as in 1976, the Standing Committee on Privileges and Elections had recommended shortening the election period. In 1975, the Chief Electoral Officer submitted a report under the title, "An Examination of Possible Ways of Reducing the Election Period." In his report, the Chief Electoral Officer made a thorough study of permanent lists and continuous voter files. He estimated at the time that it would cost about $30 million per year to maintain a voter filing system that could be updated on a continuing basis up to the time an election was held.

After weighing the pros and cons of permanent voter lists, the Chief Electoral Officer found that it would be possible to substantially shorten the election period by eliminating the printing of preliminary lists and their distribution to voters to inform them that their names were on the list. Early in 1976, the Standing Committee on Privileges and Elections discussed the report by the Chief Electoral Officer at several meetings. It became clear that committee members did not, at the time, find it desirable to introduce a permanent list or a continuous voter file. The committee did, however, announce that it was in favour of shortening the election period by eliminating the printing of preliminary lists. On March 23, 1976, it passed a motion to that effect.

[*English*]

So, Mr. Speaker, it is plain to see that support for the two major changes proposed by this bill has a fairly long history. Furthermore, we have taken into account some members' fears that we might be shortening the election period too much, especially in parts of the country where communication and travel are difficult. As a result, we proposed an amendment to the bill, at Clause 2, to change the latest day on which the writ of an election would be issued, from the forty-seventh day to the fiftieth day before polling day. This change was received positively by the Conservative members on the standing committee when it was presented by my parliamentary secretary, and it appears in the amended version of the bill we now have before us.

The second change in Bill C-58 which was brought about in the standing committee concerns the length of the period for enumeration. In the original version of Bill C-58, enumeration was to begin on the thirty-fifth day before polling day and end on the thirty-second day. In other words, enumeration was to take place during a four-day period. Members on both sides of the committee expressed reservations about having only four days for enumeration. The government, after listening to their views on this matter, agreed to change the bill.

Since the first change to the bill which I have just described added three days to the minimum election period, it was a simple matter to add three more days to the enumeration period without disturbing the dates for carrying out the other activities that are required for the preparation and conduct of an election. This change in the enumeration period required amendments to the text of the bill in several places, namely, Clauses 3, 5, 6 and 7. All these minor changes in wording were approved unanimously by the standing committee.

I feel that this new seven-day minimum period for enumeration is an improvement over the present practice, which allows six days for enumeration to be carried out. As a result of these amendments, we can feel confident that there will be enough

time for the enumerators to do as thorough a job as possible. I believe we owe this to all Canadians, who expect that we should make it as easy as possible for them to exercise their democratic franchise.

Much credit must be given to the standing committee members for their role in coming to agreement on this bill and for improving its text. All members of Parliament and Canadians in general should be grateful for their thorough review of the text of Bill C-58.

In closing, I should like to express my gratitude, and that of all members, to the Chief Electoral Officer, Mr. Jean-Marc Hamel, and his staff. Their very professional and courteous assistance played an important role in helping members of the committee understand and improve the text of this bill.

Finally, I would express my personal wish that after eight hours of debate at second reading and six meetings of the standing committee, we could complete our study of this bill very shortly. The committee members looked at the bill in detail and all parties agreed to the amendments that were put. I see no reason for much more discussion of Bill C-58, and I hope that my friends opposide will allow its passage before four o'clock today.

Some hon. Members: Hear, hear!

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, to listen to the President of the Privy Council (Mr. Pinard), one would think he has just presented us with the Declaration of Independence or some other very important piece of legislation. I would remind you Honour that what the bill does, as has been mentioned, is to change two very minor things. It shortens an election writ period by a few days and it increases the enumeration period by a few days. Considered in the light of the problems we have with parliamentary and representative democracy in Canada, I hope to show that it is an awfully small piece of legislation. It has been overworked. It is similar to the idea of using a band-aid for appendicitis. However, speaking for my part of Canada, western Canada, this bill will not make anyone happier about our federal institutions. It will make some of them unhappy.

Concerning the first point I want to make, I stress that I am speaking only for myself and not for the party at all. My first point concerns the question of rural ridings. Your Honour is from a suburban riding. I assure your Honour that you cannot imagine, nor can any of us who are from urban ridings, the problem involved in rural ridings in getting people to come out for nomination meetings, perhaps from several communities. There are problems involved in getting ads into newspapers which are published weekly, perhaps on a monthly basis in some cases. There are problems involved in travelling around ridings to visit people. Parties have problems in trying to get candidates to come forward.

From my limited knowledge of the subject, it would appear that the reason we reduced the number of days for the writ period is that some people in central Canada, those in urban ridings, think election campaigns are too long. However, I can assure your Honour that, as I understand it, people in the rural ridings across Canada, including those in your Honour's province, are in favour of longer campaigns.

I think many of these people would feel that a better title for the bill would be "an act to ensure the re-election of incumbents to the maximum feasible extent", and I am only being half facetious. To that extent, I would express disagreement with the unstated principle, which is to try to re-elect incumbents. We have enough advantages now as incumbents that I think reducing the election period would be just one more advantage, and would not necessarily ensure that the best people are elected to sit in this House. This is not a good principle on which to embark. Why not reduce the period to two weeks? I bet even the hon. member for Labelle (Mr. Dupras) would be re-elected if we had a two-week election period.

• (1430)

Another problem with shortening the election period is that it is difficult for a public servant, and I am an example, to decide whether he wishes to run. It is also difficult for people in business. This may not apply to professionals, but for those in many occupations the longer the writ period, the better. The bill makes it harder for people such as federal public servants to run in an election. We will also be heading in the direction of denying ourselves the best people for public office.

My next point is to ask why two very small matters have been blown up into a bill. There have been all kinds of hearings and debate. At the same time we have ignored some of the major recommendations made by the Chief Electoral Officer, Jean-Marc Hamel, in the 1979 and 1980 elections.

I will give two examples. The first is the question of posting voters' lists on telephone poles in the ridings. I have just returned from Saskatchewan where voters' lists are posted on telephone poles in every community. For example, it lists Mary Smith, her address and the fact that she lives alone. It is outrageous that in urban communities where there is a lot of crime everyone should be advised that Mary Smith lives in a house on such and such a street in such and such a place. One of the recommendations of Mr. Hamel and of many women's groups is that this no longer be allowed. They recommend that each voter be sent a notice to show that he or she is on the voters' list. This information should not be posted. If it will prevent one woman from being raped or one widow from being mugged or having her house broken into, it is infinitely important that that be written into the bill. It should be done. In the very least such a meaningful amendment should be made to our Elections Act. I feel very strongly about this.

Coming from Quebec, Mr. Speaker, I do not think you could possibly appreciate my next point. Election results in most parts of eastern Canada are known to British Columbians when they go to vote. They know how the rest of the country in the different time zones has voted. We have moved into the electronic age and during an election, radio stations in Seattle broadcast information on how many Liberals have been

elected in Ontario and Quebec. People in Vancouver have full knowledge that the election has already been decided before they cast their votes.

This is why a number of people, including the hon. member for Vancouver Quadra (Mr. Clarke) and myself, have proposed a very simple process of juggling the hours. Maybe the people of Newfoundland would not have as many hours in which to vote. However, all votes will be counted at the same time. It would not inconvenience the people in your riding, Mr. Speaker, to wait an hour or two until the people in Vancouver were finished voting before the votes in the riding of Lachine were counted. From the standpoint of our institutions, I cannot stress too strongly that it creates all kinds of problems for our democracy when voters in large chunks of Canada know how voters in other parts of Canada have voted.

During the 1880s or 1890s, elections took place over a one or two-week period. That was the reason we moved to having elections all at the same time, hopefully at the same hour. But we forgot that we cannot control the electronic media outside Canada. I am not talking about someone in Ontario calling someone in British Columbia; it is the radio and television stations outside Canada that we cannot control. This is something else that should have been taken care of in this bill. Votes should not be counted in one part of Canada before being cast in another part. There are many other recommendations which should have been written into this bill.

I now want to deal with the question of redistribution. Coming from a province which is supposed to get additional seats under the new formula, naturally you, Mr. Speaker, are in favour of redistribution. I appreciate that no province will have less seats under the existing formula and that your province will get an additional four seats.

My point is that there are probably too many of us in this House now. I do not think we have to reduce the number of seats in any province; we are capable of coming up with a formula that ensures that no province loses any seats and that provinces which grow very quickly will have more seats.

Members may ask, what is my formula. I have not been able to come up with one. I do not think our caucus can accommodate me either. However, that is the direction in which we should be going. There should be a clause in the bill which contains a formula whereby no province shall lose any seats, but provinces which grow shall have the number of its seats increased. That would be a significant offer of hope to people in my region of Canada who know that they are vastly underrepresented in terms of our growing population.

It is no secret that the people of Canada have a lot of criticism respecting members of Parliament. They do not think we should add 28 members to this House at a cost of $140,000 each, including personal and staff salaries, as they do not believe Parliament is functioning properly at this moment. Partly on the basis of cost, and partly because we should come up with a formula to give us a few more seats without depriving any province of its present number of seats, I believe that point should have been dealt with in this bill.

I understand the President of the Privy Council sent letters to all elections commissions across Canada advising them to get on with the revision of the electoral boundaries to increase the representation by 28 seats. The problem is that the same thing may happen that happened in 1972 and 1974. The commissions came up with new boundaries and we looked at the maps which contained the new boundaries. I believe in about 1983 or 1984 there will be a suspension act saying that everything that has been done will be scrapped. I urge the government not to do that; it would not be healthy for this country. Once again, all this should have been included in Bill C-68.

• (1440)

That brings me to the question: What are our federal institutions doing at the moment, and how do Canadians look at them? For interest, Mr. Speaker, I did a survey in my own riding, a somewhat random survey, and you may be interested in some of the comments. One question was: "Do you favour continuing the existing size of the House of Commons?" In one sample 50 per cent said yes; in another sample, 53 per cent said yes. As to no, it was 13 per cent and 26 per cent. Obviously the majority of people who pay taxes in my riding do not want to see the House changed.

Another question related to another institution, the Supreme Court, was: "Do you consider that the Supreme Court of Canada tends to favour the federal or provincial government in its constitutional decisions?" In the answer one sample had 50 per cent favouring the federal government and another had 28 per cent. To the question as to how many favoured the provinces, I had two results. One was zero per cent and one was 1 per cent. There was a large number undecided.

Question 3 was: "Would you favour any change in the composition of the Supreme Court of Canada?" How many said yes? In one sample it was 47 per cent; in the other sample it was 55 per cent; the noes were 25 per cent and 11 per cent. Again, this only makes the point that a lot of people in my riding feel that the Supreme Court of Canada should become an institution in which we can all have more confidence.

Another question was: "Would you favour giving the provinces as a group a role in making, say, half the appointments to a restructured Supreme Court?" Listen to this. One sample: yes, 72 per cent; no, 14 per cent.

Coming to the Senate, the question was: "Do you think the present Senate should be altered?" The answer was: yes, one sample, 66 per cent; 9 per cent said no. In the other sample 85 per cent said yes, but only 6 per cent said no.

The next question was: "Do you think there is a meaningful role for any form of upper chamber in an updated Constitution?" The number who said yes in the first sample was 50 per cent, with 22 per cent saying no. In the second sample, for yes it was 61 per cent, and no, 29 per cent.

The next question may be an interesting one: "If yes, what basic model would you favour?" Elected: the answer was 47 per cent in the first sample, whereas 53 per cent said senators appointed by provincial governments only. In the second

sample it was 58 per cent for an elected Senate and 36 per cent favouring the provinces to elect the Senate.

The next one—I think this should be put on the record—had regard to federal agencies. The question was: "Should the provincial governments as a group have a right to appoint, say, half the members of the board of the Bank of Canada, the CRTC, the CBC, the CTC, the NEB, etc?" In the first sample the yes response was 53 per cent and the no was 31 per cent. In the second sample the yes response was 65 per cent and the no was 26 per cent.

Another question: "Should our lieutenant governors be nominated by Ottawa as they are now?" Some 45 per cent said yes while 55 per cent said the provincial governments should appoint them.

The next question was: "Should our Queen's Bench judges be appointed in future by Ottawa as they are now?" The answer was, 42 per cent for Ottawa and 57 per cent for appointment by the provincial governments. I guess that is enough of that, Mr. Speaker.

What I am trying to say is that respect for institutions in Canada and I think the Gallup polls show it too—is not what you and I would like it to be, Mr. Speaker, though perhaps for different reasons. The institution that has the least respect, I suggest, is the Senate of Canada.

Someone once said of the House of Lords in Britain that the cure for admiring the House of Lords was to go and look at it. There is a quote from Walter Bagot:

> The whole history of civilization is strewn with creeds and institutions which were invaluable at first, and deadly afterwards.

I took up the list of senators today, and I would respectfully submit, Mr. Speaker, that if you or any of our colleagues look over the list, it would be very interesting. Without getting into personalities, I would respectfully suggest that any former premier of a province should be entitled to be a senator. A mayor of a large city should be entitled also, under our present system, as should a member of a CRT, a trade union, an association or institution in the service sector, or a church. All of these, including university leaders, professors, professional people, should be entitled to be senators. But by any independent criteria such as that, considering a lot of our senators—and I exclude many of them because obviously some are doing good work and working hard—our Senate is not, to put it this way, acceptable in its present form to most Canadians.

What is the answer? I suggest an elected Senate. I have recently, over the last while, changed the view that it should be one appointed by the province, like the Bundesrat in West Germany. It should be an elected Senate with an equal number of senators from each province. That is perhaps the surest and best reform we can make of the parliamentary institution.

I understand that every federal system of government—someone will correct me if I am wrong—in the world has an upper chamber. I am convinced that our Senate could become a more meaningful and acceptable institution if it were elected. One can ask, should it be elected every time there is a general election, or should it be elected by rotations, with one-third retiring every four years? I think any Canadian of goodwill is open to discussion on that. I wish that subject had been looked at by the committee which was considering the bill before us today. If we had eight senators from every provnce in Canada—I do not say for a moment that some of the present senators would not be in that group—we would have an institution that everybody in this House and in Canada could be proud of.

One might ask, what powers would you give them? Again, I do not have any firm views on that. Perhaps they should not be entitled to present money bills. We do know that our elected Senate is working in Australia, in the United States and in the Republic of Ireland. It is working in many places.

I find it interesting that Senator Roblin, a former premier of Manitoba, made a speech not long ago, in June, 1980, in which he called for an elected Senate. I think he accepted, as I read the notes here, that the Senate in its present form will not do. I should add that a number of senators seem to have accepted that as well. He pointed out that Bill C-60 of your government, Mr. Speaker, tried to introduce a House of the Federation. The Pepin-Robarts commission suggested a Council of the Federation. The Ryan report in Quebec wanted a federal council. The Canada West Foundation called for a House of the Provinces. The Canadian Bar Association and others had other ideas. He goes on to point out that the fact that none of these has proposed an elected Senate he considers to be an error, and I join in that view.

How could we not have a better Senate if it were elected? Senators would then have to go back to their electors and account for their acts. Senators could then do the excellent committee work they are doing now, but as elected men and women. As hon. members perhaps know, people in the west are seriously under-represented in the Senate in terms of population. Some might ask how we can give Prince Edward Island eight senators when there are only 120,000 people there, and how we could give Ontario only eight senators when there are eight million people in Ontario? There would be a million people per senator. However, I submit that the people in central Canada are sufficiently concerned—as are those of us who do not live in central Canada—about what is happening to our respect for parliamentary institutions that they would probably be the first to recommend an elected Senate. Eight senators from Quebec, for instance, would fight tooth and nail for the interests of Quebec. Eight senators from Prince Edward Island would also fight tooth and nail for Prince Edward Island. What person in this House would deny Prince Edward Island the opportunity to have eight senators? I do not think anyone of goodwill would.

• (1450)

It is too easy for a person to say that the trouble with the Senate is that the appointments have not been of premiers of provinces, that there have not been enough people of independent stature in their communities and that the answer is simply to appoint, for lack of a better word, more qualified people to

the Senate. However, in my submission it is too late for that. We cannot go back. We are in such a position now that we must go ahead and elect senators from all the regions of Canada. According to the poll, the people of my region of Canada would like that. I know many people in this chamber and in central Canada are concerned about the enormous antipathy building against the government, which is elected from two provinces. This would be one way of providing an outlet for western Canadians and, hopefully, for maritimers, Quebecers and Ontarians.

There are other institutions I could mention which are well beyond the bounds of this bill. I suppose I should not talk about courts and boards except to say that I believe strongly that we should give the provinces a chance to appoint, say, half the directors of the CBC and half the commissioners of CRTC, or at least give them a chance to confirm appointments such as one recently to the head of the CBC. Perhaps we could work out a system which would give members of Parliament a chance to have at least an advisory capacity or consent capacity in relation to these order in council appointments which, as hon. members know, take effect the minute they are signed.

I remember a time when I was in court with another lawyer; at the lunch hour his appointment was signed and he could not continue with the case in the afternoon. Is that proper? Would it not be better that a lawyer should at least pass before a committee of the Senate or a joint committee of the Senate and House of Commons before he is confirmed in the position?

I am told there are 650 federal judges in Canada. While perhaps a third of them are outstanding and a third satisfactory, in my view a third of the judges in superior courts in Canada should not be sitting in those courts.

Mr. Pepin: The same as in any other profession.

Mr. Kilgour: One way of weeding out palpably bad appointments would be to have a confirmation procedure whereby appointments would have to be ratified by some democratic institution beyond the whim of one or two ministers.

Your Honour will say I have moved a long way from Bill C-58. It is hard to speak about a bill which covers so little. I have tried to make some points and suggestions which I think would improve the Canada Elections Act and redistribution, and I thank hon. members for listening so patiently.

The Acting Speaker (Mr. Blaker): The hon. member did not invite the Chair to comment as to whether he was observing the rules of relevancy, but I think perhaps it would be appropriate if I did. I paid considerable attention to the remarks of the hon. member. Some of his remarks were directed to what is in the bill, and some were directed to what is not in the bill. I think that is fair. I think both types of remarks are relevant, but I ask other hon. members who intend to address themselves to the bill that they try to put a bit more emphasis on what is in the bill or on what they might find to be inappropriate, and refrain from remarks which range into far-reaching connotations.

I waited until the hon. member was finished because I thought his remarks were appropriate, but the question is relevant.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I am delighted you recognized me because I am hoping to get to a meeting with the government House leader shortly. If I had to wait for another turn, the meeting might not take place and perhaps no more business would ever be done! I want to take a moment or two to speak about the bill. I will not take more than ten minutes, but I think the bill is important enough that I make at least some comments.

The bill has received a great deal of consideration. Each and every caucus probably agonized over whether the reduction in the minimum election period is an appropriate reduction. I think the compromise worked out is acceptable, but I want to say, partly in answer to other people's comments and partly in answer to the thoughts of certain people across the country who may be interested in a matter such as the period for elections, that I do not really think it matters too much whether we reduce the election period to 50 days or not.

When I was in the legislative assembly in Ontario the period was 37 days. It seemed to me at the time to be an adequate length of time. The period for the recent Saskatchewan election was even shorter, but that did not inhibit the electors from making the choice to defeat a very large number of incumbents.

I suggest that sometimes we get wrapped up in the idea that the shorter the election period the easier it is for incumbents to be re-elected. I suppose theoretically—and even in practice—that could be true if we were to shorten the period so dramatically as to make it impossible for anyone else to get into the race, but I think anything in excess of a month and a half is probably long enough to allow any candidate or political party to represent individual or collective views adequately and in sufficient time for the people of the country who, in my personal judgment after 15 years in politics, pay much more attention to the platforms and the quality of candidates than we perhaps give them credit for. A month and a half does afford a sufficiently long period of time. This does not preclude in any way the kind of electioneering that goes on by people seeking office, whether they are incumbents or otherwise, for years on end. People can canvass door to door regardless of whether it is a year before, two years before or ten years before the election in which they intend to run, and they can become very, very well known. They can in fact get to the point where they can call almost everyone on every street in every constituency by name. The actual official period of time is probably of lesser importance than some of us who are more involved directly in politics might believe.

• (1500)

If there is a deficiency in the bill it is that it deals with a very narrow aspect of the elections, and if it had not come up for discussion for another year it would have made very little difference. I do not expect the changes in this legislation to alter dramatically the outcome of the next or of any other

election. It may be inappropriate but I would venture the opinion that if an election were held today or tomorrow we would find that the vast majority of Canadians had already made up their minds at least about who they are not going to vote for. I think the majority of people have decided "out with the Liberals". That is my personal view, and of course it may not be shared by everyone in the House.

Mr. Pepin: Your prediction for Saskatchewan was not too good.

Mr. Deans: The Minister of Transport (Mr. Pepin) says that our record in Saskatchewan was not too good—

Mr. Pepin: I said prediction.

Mr. Deans: I did not make any predictions. If I were a member of any government today the message I would get from any election would be that governments are an endangered species. The political colour really makes no difference; government is in disfavour and the majority of people in the country are looking to change any government. I think that was true in Manitoba and in Saskatchewan and I suspect it is true through most of western Canada, at least. It is the message I get from the people I have met across the country who look at the federal system. No one can say, of course, what will happen two years from now.

Mr. Pepin: We will wait two years.

Mr. Deans: The minister says he will wait for two years to find out. Although the majority of people would not agree with that, I cannot blame him. I do not think if I were in government I would want to test these policies at the ballot box any more than he would.

The changes proposed in this legislation are acceptable. The reduction in the length of time may make it easier for candidates to campaign. The changes made at committee in the enumeration period were certainly necessary. In some of the larger constituencies it is very difficult to get the enumeration done in four days. It is going to become more and more difficult to find people to do the enumeration. We just do not pay enough so that we can find people on short notice. And with the increase in two-parent-working families it is difficult to find people at home. Although seven days have been allotted, I dare say we will find that there are only three or at the most four hours per day when people can be found at home and have their eligibility to vote checked. That provision might even have to be reviewed before an election to see if the length of time is adequate.

Nomination day is set at 28 days before the election, and that is fine. Examining and sealing the ballot box in the returning office 21 days before the vote could be of value if it is used properly.

We have to look at the whole process, Mr. Speaker. Although the current process is unwieldly and cumbersome, that is not the problem now. The period of time involved in all the other attendant factors is not going to make for a better government or a better Parliament or a more responsible representative process. The major changes must take place in the House. To afford people an opportunity to cast a ballot is the single most important part of the democratic process but after the ballot is cast and the election is over, the follow-up is the measure of the success of the process.

Regardless of what changes we make to the Canada Elections Act, unless we come to grips with the archaic system in which Parliament must work—and today was a good example of it—and deal with the relevance of any change to the election process, we will not have a better representative Parliament than we have now.

I do not think you were in the chair this morning Mr. Speaker. I listened to one hon. member debate a bill which came up for debate before this one. Without being uncharitable let me say that I could not help but feel that much of the 35 or 40 minutes was used up on extraneous matters and not on dealing with the content of the bill. This happens because the opportunity for members to gain the floor is limited and when they do, they speak for far too long. The tendency is to use up the time.

We must address ourselves to the question of follow-up. If these changes to the Canada Elections Act are to have any meaning we have to address ourselves to the changes in the day to day operations of the House of Commons and its committees. There is no purpose in going through this exercise today if we continue with the archaic system that does not allow for meaningful debate and gives little opportunity for a proper exchange of views. The present rules almost require members to speak twice as long as they need to, just to take up the time that is available to them. That is not to say that every time a member speaks for 40 minutes the time is wasted. Of course there are times when 20, 30 and 40-minute speeches are justified because of the content of the matter under discussion.

This bill is only a first step, Mr. Speaker. In fact, it may even be said to be the last step. I do not think the changes need to take place right away. The world will not change one iota because of this series of amendments. Indeed, it might have been better had we taken on first the chore of reforming the parliamentary process and, by showing the public that Parliament can work, in that way encouraged its participation. We must encourage people to feel that casting a ballot is an important function in a democratic process. They must feel that when they send someone to Parliament that person has an opportunity to express the views of the constituents and put forward different point of view about how the country should evolve.

• (1510)

I will stop at this point because I realize I am straying ever so slightly from the bill itself, but I am saying this because I think that if we were ever to get the impression that by doing this we have done anything meaningful, then we would be fooling ourselves. If we were to get the impression that we can now sit back because we have made some reforms to the

Canada Elections Act, then we would be deluding ourselves. If we were ever to think that by virtue of having done this we might encourage a great deal more participation by the average citizen, who today looks with a jaundiced eye at the goings on in Parliament, then we are living in a fool's paradise. We have so much more to do, and the direction in which we are heading is not encouraging.

We are great technicians and can make things more technical or less technical, but we do not seem to be making them more relevant. I think relevance is a lot more important in the parliamentary process than whether it is set out in a way which will allow it to operate effectively. I think Parliament is irrelevant, not because I wish it to be that way—therefore I do not sound like the Prime Minister (Mr. Trudeau) in that regard. I want it to be more relevant. In all fairness, it is irrelevant for most Canadians; Parliament never deals with the things they believe to be important. I do not think they doubt our willingness, but I think they doubt our capacity and opportunity to deal with the important social and economic problems which confront them. With that in mind, I would urge the House that we not stop there, but that we also get on with the job of making this place function properly.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, for once I am completely in agreement with the hon. member for Hamilton Mountain (Mr. Deans). I think his comments are important, and I am delighted he made them.

This bill, the purpose of which is simply to shorten the election period, does not even approach the election process in the manner it should. I also agree that there are larger reforms of this House to be made, but there are no signs that the government is going to convene the Standing Committee on Procedure and Organization where we could address ourselves to the reforms needed to make this a more meaningful institution and restore the credibility it once had. This credibility is sadly lacking as a result of the inability of members to come to grips with the important issues of the day by virtue of the government's bringing forward what is sometimes rather negligible legislation.

I think in the eyes of many, this House is irrelevant because we have shown ourselves unable to deal with the major issues confronting the nation. I think this House could deal with the issues of inflation, unemployment and excessive interest rates, but it is not being given the opportunity because of the government's attitude towards these very problems.

To narrow the focus of my remarks, this bill does not attempt to deal in any broad way with the Canada Elections Act. To start with, Clause 5 of the bill amends Section 18(9) of the act whereby:

> Each returning officer shall send a notice of enumeration in the prescribed form, not later than Wednesday, the twenty-sixth day before polling day, to each elector residing in a polling division in his electoral district whose name appeared on the preliminary list of electors for that polling division.

I am sure that was written before the 30-cent stamp came out. I would suggest that instead of calling this "an act to amend the Canada Elections Act", we might call it the "Canada Post relief act" because with some 12 million to 15 million voters this will mean a subsidy to the post office of around $4 million for the privilege of carrying these individual notices to the voters. I am sure there is no provision that where the names appear under the same address, they be mailed together.

I say that somewhat facetiously, but it is necessary to draw attention to that very important aspect of this bill. In addition to the expense of enumeration, printing the roll and so on, we are going to incur this extra cost.

That brings me to the matter of the enumerated roll. Although I attend a fair number of House committees, obviously I cannot get to them all, and I was unable to attend the Committee on Privileges and Elections which considered this bill. I have not followed the proceedings so I do not know whether an attempt was made to consider the possibility of a permanent voters' roll, which is maintained in many provinces including my own. The argument that we always get is that a permanent roll costs too much. However, Mr. Speaker, I suspect that if we could persuade the bureaucracy and one another that a permanent roll was a feasible proposition, we would save at least this $4-million subsidy to Canada Post because it would be the voters' obligation to check. Let us say that on the second day of January and the second day of July of each year voters should go to the municipal office nearest to them, for example, to make sure their names are on the list. If they do not, and an election is called, I say it is just tough. The first duty of an elector is to make sure that he or she is in a position to cast a ballot. The second duty, I suggest, Mr. Speaker, is that he cast it in accordance with the law. I see no problem at all with a permanent voters' list. I regret that there is no consideration of that subject in the bill before us.

• (1520)

There are a number of other matters that a bill amending the Canada Elections Act ought to have considered, matters which have been brought to the attention of the committee, to members, to the federal government and to other governments.

A number of other matters become clearly outlined to us in the course of an election but as the election recedes in our memories, some of them disappear. I do not want them to disappear. I want them to be remembered and incorporated in a bill. One of the most important ones for my money is that of mobile polls. They have mobile polls provincially. They have vans manned with polling officers, scrutineers and ballot boxes. These vans go from hospital to hospital, to homes for the elderly or to those at home in bed who cannot get out to vote. What about those people who did not think it necessary to go to the advance poll but were stricken by an illness or some other misfortune between the end of the advance poll and voting day? They are entitled to vote just the same. The polling officer should have a means to get the ballot box to them.

Mr. Baker (Nepean-Carleton): Is that an innovation?

Mr. Munro (Esquimalt-Saanich): It is not an innovation, Mr. Speaker. I have brought that suggestion forward and I am

sure others have done so too. The principle was taken to the committee, but it was ruled out as being impractical. It is not impractical. The bureaucracy would find it cumbersome perhaps. But there is a difference between its being cumbersome for the bureaucracy and its practicality. Not only is it practical, but I think it is essential in a democratic community. There must be some provision to enable those who are prevented because of illness, age, frailty or whatever to cast their vote. I regret that this bill, which claims to be dealing with amendments to the Canada Elections Act, has failed to take that into account.

Another matter I remember distinctly, which I have mentioned before and will go on mentioning, is the ability to vote at polling stations from the very earliest moment. This would be facilitated if we had a permanent voters' list. The voters' list would be in the hands of the returning officer in the polling station on the first day after the writ was issued. These days people have to make long-range plans for holidays so as to take advantage of air fares. They may have booked three or four months ahead. They may have had to leave the day before an election is held or the day before the advance poll opens or even the day before they can go to the returning office to cast their ballots. Therefore, there ought to be full provision for electors to go to the returning office to cast their ballots from the earliest possible moment. The returning officer, of course, must be given a day or two to get organized. But from then on until the advance poll, properly speaking, is organized, electors should be able to go to the returning office and vote and have their names removed from the roll. When the polls are eventually opened on election day those who have voted will be taken off the electoral rolls.

The matter of proxy vote is another matter. My recollection about that, and it is getting a little dim after the number of months which have now elapsed since the last election, is that there is provision in the law for only one person to become a proxy for an elector who may be disabled or otherwise unable to get out to vote. But in a very cumbersome manner a proxy can vote on behalf of only one other person. But the situation may very well be that of an elderly couple both of whom are on the electoral roll. Why should the proxy not be able to vote for both of them instead of having two proxies? I see the unreasonableness of having the single proxy, but I do not see why it should be beyond the scope of human intelligence or trust—it may be a matter of trust in an electoral situation for one person to become the proxy for two, three or four people—but what about a home for the elderly? There may be four people who cannot get out to vote. One individual should be able to become a proxy for all of them.

There is another extraordinary situation. I cannot understand the rationale behind it nor have I been able to get the situation changed. If you live in the rural part of a constituency and your name is on a rural poll, you can have a neighbour go with you to the polling office and that neighbour can swear you are who you are if your name is not on the roll. When that is done, your name is included on the roll. But in an urban situation, that cannot be done. That is nonsense. It is sheer nonsense. Why should there not be someone able to swear who you are? If you do not want a neighbour to do it, perhaps someone with notary power or a justice of the peace can do it. Maybe for the purposes of the act, we could make the polling officer a justice of the peace for the day. Then a person could swear he is who he says he is. He would, of course, have to produce identification. The situation I am talking about is that of the enumerator's roll. I would much prefer to see a permanent roll. Nevertheless, in the case of an enumerator's roll, the person could swear that he is who he says he is and that he has lived for the prescribed time in the riding, is therefore entitled to vote and can vote. People can do this if they live in the rural part of the constituency but not if they live in the urban part of the constituency. In my opinion, that is sheer nonsence. Why does this bill not deal with that problem? This bill deals simply with reducing the number of days in an election campaign.

There is another circumstance that comes to mind, which I have seen take place many times. I am sure every member in this House who does his constituency duty on election day by visiting the polls to see if there is anything that can be done finds many people showing up at the wrong poll. The polling officer is not always sure where these people ought to be. People ask where they can go to cast their ballots if they are at the wrong place. First, I would suggest there ought to be a full voters' list, either enumerated or a permanent one in each polling station in the hands of the polling clerk. In addition, there should be a map of the entire riding, properly marked off so that a person having found his name can look at the map and say "I thought I voted here because I live on the boundary, but I see that I should be voting over there." For instance, let us say a person lives in Sidney, but should be in the North Saanich area and finds that he should be voting in McTavish. It is then a very simple matter. But sometimes people come from work to vote. It may be 6.30 p.m. or 7 p.m. before they arrive to vote. When they find they are in the wrong place, they realize they may miss the vote because they will never make it to the other polling station which might be some distance away. It may happen that it takes too long to find out where they should be voting. I suggest, therefore, that a full map of the riding be put in every polling station along with a complete roll of the voters in a constituency. Either the polling officer or someone else at the polling station can then help them.

• (1530)

Although I do not want to hold this bill up, I am quite upset that it does so little. I suppose what limited provisions there are in it should be passed on to the Senate for consideration.

However, I do not believe that we should be required to debate a bill which has such a narrow purpose, which is to simply shorten the length of an election period, when there are so many other equally important matters in the Canada Elections Act which require reform.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I will be very brief in my remarks and will indicate that I would like to register my support for this bill.

I recall, during second reading of this bill, that I went into some detail on matters pertaining to electoral reform and pointed out some provisions which should have been included. I will not repeat those today. One of the arguments made by some members of the opposition in favour of longer election periods was that a shorter period would tend to favour the incumbents. Since the government of the day would have more incumbents than the opposition, they would get the vote.

The hon. member for Hamilton Mountain (Mr. Deans) has demonstrated this afternoon that this was not the case in Saskatchewan or Manitoba. I believe that as long as the campaign lasts for a least 25 days, a shorter period will have no bearing on an election outcome. Although we saw the government of two provinces change, it was not typical of a shorter election campaign. This can be evidenced by the Newfoundland experience.

Longer election periods in excess of two months were necessary in the early days of confederation when politicians were required to travel across the country by train and to the outlying areas by horsedrawn vehicles. However, with today's instant electronic communication via television and radio, it is not necessary. Even the printed word can be produced very quickly. For example, I recently visited a printing plant in my constiuency and was shown a machine which could print 2,000 copies of anything a customer wanted in ten minutes. Therefore, it does not require long periods of time in order to produce hand bills and other election material.

The primary reason why I suport a reduction in the election period is that it appears to be the wish of the voters and those who have to suffer us politicians through long election campaigns.

During elections in which I was a candidate, people would tell me two weeks before voting day that they were sick and tired of listening to politicians repeating their arguments and hearing them once again every time they would turn on their televisions. They had either made up their mind several days before or they had no intention of making up their mind until they walked into the polling booth. We should show some mercy to the voting public of Canada by not bombarding them with these electoral messages day in and day out, ad nauseam. We should give them a rest and reduce the period of the election campaign to at least the 50 days suggested in this bill.

Another problem concerns enumeration, one which has been pointed out by the President of the Privy Council (Mr. Pinard) and other members who have spoken to this bill this afternoon. There are probably more complaints with regard to enumeration than any other electoral process. People complain because they are either not on the voting list or are on the wrong one and end up in the wrong polling station. Since people are frequently not at home when the enumerator calls, they fail to be properly enumerated. The hon. member for Hamilton Mountain pointed out that this is particularly true because both parents are working and the children are at school.

There could be two approaches taken to the problem of enumeration. One solution was suggested by the hon. member for Esquimalt-Saanich (Mr. Munro) which was to establish a permanent voters' list. This system has worked successfully in some jurisdictions and it may be appropriate to adopt that procedure in Canada. At least it warrants more careful study.

Another system would involve eliminating a voters' list entirely. In a number of countries, as is the case in some rural areas of Canada, voters just attend the polling station, identify themselves and are then allowed to vote. In some countries after being sworn in, are stamped with indelible ink so that they cannot vote again. Perhaps we could use a system similar to that. It is similar to having your hand stamped when you go to a social function, thus allowing you to leave the room and then return to it. The election system would perhaps be more sophisticated but the notion of enabling everyone to vote only once is workable.

My last point concerns the appointment of election officials. I am not in favour of the existing system whereby the government in power may appoint the returning officers and deputy returning officers. Its smacks too much of patronage.

As an illustration, just this morning I read a volume of correspondence written by Sir John A. Macdonald. One of the letters in that file was to one of his supporters who was running for office. The gist of the letter indicated that Sir John A. Macdonald had been fortunate enough, in his opinion, to secure the services of a certain returning officer who, he thought, would be favourable towards this particular candidate. This happened approximately 100 years ago. I do not know whether it happens as blatantly today, but I would not put it past some of our friends on the other side of the House.

I have another story about Sir John A. Macdonald and elections. In the old Northwest Territories, before the government stole Saskatchewan, Alberta and Manitoba from us, the lieutenant governor of the day sent a wire to Sir John A. Macdonald concerning the fact that one of the requirements for a voter was that he should be a householder. This was before universal enfranchisement when women were given the right to vote. The question asked by the lieutenant governor was whether people living in teepees should be considered as householders for voting purposes. Of course, the reply was; yes, if they were Conservatives.

In any event, it is my contention that the appointment of electoral officials, returning officers, deputy returning officers and all those officials required to conduct an election should be appointed by and be under the direct control of the Chief Electoral Officer of Canada. I believe that he has made that recommendation himself on several occasions, and he has my support for it and, I would think, the support of many other members as well.

Let me say in conclusion that I will be pleased to support this proposed legislation.

• (1540)

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I wanted to say that I listened to the last speech, which was given by my colleague, the hon. member for Western Arctic (Mr. Nickerson) and I enjoyed it very much. The people in the north have a peculiar problem which you and I do not face, as

Your Honour, lives in an urban area and I live in a suburban area of the national capital. This problem is not present in Toronto, but I suppose something akin to it can be found in some western ridings, and especially the northern parts of Saskatchean, Alberta and British Columbia. If one were to review the minutes of the committees, one would find that those questions and differences have all been addressed. We all hope that the short period set forth in this bill is a reasonable compromise. Therefore, I join with my friends from all over the country to say that I hope this new compromise works.

Speaking personally for a moment as a candidate in four elections, I want to say that the previous election period seemed to be very long indeed. It must be murder for party leaders who travel the country by airplane, going through time changes, time zones, hours of darkness and hours of light, adjusting eating schedules and doing all of the things they must do in order to maintain some semblance of strength and mental order so that they can carry on from place to place. The problems are tremendous. In a period of time when we seem to have the advantages, if they can be called that, of almost instantaneous communication, it is well that we consider this bill and the propositions it sets forth.

As I say, I believe the bill is a reasonable compromise. I do not think we should end our consideration of elections and representation in the House of Commons by saying that we can deal only with time, that we can merely deal with the posting of notices and the shortening of election periods. There are some other matters which are crucial to all of us who are interested in the House of Commons. I regret that some of the problems which have occurred and are likely to occur are problems which have come about by neglect, or perhaps by allowing this House to grow like Topsy. Perhaps this has created problems for members of Parliament in many ways. However, I want to deal with some of the relevant problems when we consider any change in the electoral process. The result of the present electoral process means that at least 282 men and women are sent here to represent Canadians from various parts of the country. This Parliament is a very complex institution. Its wellbeing is affected by many factors beyond the internal rules it sets for itself or the different personalities of which it is composed.

During my period of office as president of the Privy Council, I proposed many changes to the rules of the House of Commons. In the present session of Parliament, the President of the Privy Council (Mr. Pinard) has promised rules reforms, but none have yet seemed to materialize. I say that regretfully. Strangely enough, an important change is about to be made in the House. It has really been unannounced and it is unwanted by many hon. members in the House. By the next election, there will be an additional 28 members of Parliament to be elected to the House, bringing it to a total of 310 seats. By the year 2001, which is only 20 years ahead, no matter how exotic it may sound, the membership of this House could leap up to the ludicrous total of 374 or 375.

These changes may very well be made without any discussion in the House because a loophole in the legislation required a committee to look into it. This situation had its origins in the review of representation following the census in 1981. Keep it in mind that the British North America Act requires a new apportionment of seats after each decennial census. Under the law enforced to govern representation under which the size of the House of Commons was basically kept stable, Nova Scotia, Quebec, Manitoba and Newfoundland were to lose seats. This was considered to be unacceptable by members of Parliament from those provinces. Furthermore, it was unacceptable to certain MPs who were to lose their own seats under the terms of the new redistribution. One of those unahppy individuals was the present Minister of Finance (Mr. MacEachen), then the president of the Privy Council and the minister responsible for electoral reform.

So what happened? The boundary readjustment was suspended and the whole issue was referred to a committee. Eventually, a new representation act was passed, embodying what came to be called the amalgam method. It was called that because it combined three different formulae for apportioning seats to small, medium and large provinces. More important, in connection with our present problem, it legislated that in the decennial readjustment of representation, no province was to lose seats. The province of Quebec was to become the basis of calculations for all the provinces. Quebec would have 75 seats, and four more seats would be added after every decennial census. The House would therefore grow very substantially every ten years.

In the federal election of 1979, the first under the new system, 18 new seats were added. The big winners were Quebec, Ontario, Alberta and British Columbia. Despite growth in Canada's population, the population of individual ridings had been held relatively constant as a result. The members of Parliament and the minority parliament of 1972-1974 knew very well that what they were doing was temporary and that they were dealing only with their own situations and were passing the general question as to whether provinces should see their representation eroded on to a new parliament. This is a new Parliament. In fact, this specific provision was included in the new Representation Act, 1974, requiring the House of Commons of 1979 to review the whole formula for setting the number of seats and distributing them among the provinces. I would like to quote the section of the act which calls for that review. Section 7 of the said act states:

> The President of the Privy Council shall,
>
> (a) on a day not later than the twentieth sitting day of the House of Commons after the 30th day of June, 1979, if there is then an existing Parliament, or
>
> (b) if there is not then an existing Parliament, on a day not later than the twenty-fifth sitting day of the House of Commons after Parliament has been summoned,
>
> propose to the House of Commons that an order be made and referred to the appropriate committee of the House of Commons for the review by that committee of the Rules provided by subsection 51(1) of the *British North America Acts, 1867 to 1974*, as amended by the *British North America Act (No. 2), 1974*, and for the recommendations of such committee with respect to any amendments, alterations or modifications thereto that appear to the committee then to be necessary or desirable, and upon such order being referred to it the committee shall consider the matter of the order and report to the House its recommendations with respect thereto.

That is delightful draftsman's language. If Your Honour could decipher it, you would realize that the review was to be commenced in the early fall of 1979, even if an election came before the reference could be proposed to the House. I emphasize the word "proposed". A committee was then to hold a thorough review and report to the House. In other words, Parliament in 1974 wanted the House in 1979 to catch the hot potato it was passing on and figure out whether or not it was wise to let the House go on growing.

• (1550)

Unfortunately, the draftsman provided for every contingency but the one which occurred. In the fall of 1979 I, as president of the Privy Council, did propose such a motion to the House. Debate on this committee reference was indeed begun before the twenty-fifth sitting day had elapsed, on November 12, 1979. A detailed discussion paper was being prepared by my officials to assist at committee. That paper set out a number of alternatives to the unrestrained growth of the House of Commons.

Before the reference could be debated further, the House fell and the government changed. No more has been heard of a review of the 1974 Representation Act. The 1981 census has now come and gone. The redistribution that I have spoken about and the number of seats that the process commenced is pretty well fixed in stone, unless there is some other sculptor to change the etching on that stone.

In the most technical sense the requirements of the act have been met. A reference was proposed and called for debate. If the reference lapses, so do all the provisions for the committee review based on that reference. The nullification of the review provisions by a new election was not foreseen by the original draftsman of the Representation Act. Nor did they foresee that a government would happily let this House become a bloated monstrosity without any comment from its members. Rather than address the difficult questions faced and then avoided in 1974 for the reasons I have given, the government has decided to avoid them again. I hear nothing about this question now. Worse still, there is no further review of this reckless growth scheduled under the act. All the brakes now seem to be off.

The potential exists, not only for the House to grow after a few decades to the size of the British House of Commons at 635 members but to ultimately surpass it, because there is no end in sight to this growth under the formula at the moment.

What will happen to the Canadian House of Commons if every ten years it grows by about 30 members of Parliament? We are already at our physical limit. To accommodate the new 18 members in 1979, the Speaker's chair was moved right back to the press gallery wall and all the aisles between the seats were made narrower. If we have 30 more members in this House, we will have to replace the desks with benches, knock out the walls or eliminate the aisles altogether and use cranes to lower members of Parliament into their benches.

The cost would be incredible. In 1979 my officials estimated that each additional MP resulted directly in an expenditure of $140,000 in personal and staff salaries. That would be between $170,000 and $190,000 today. The indirect costs are probably more frightening. In the last 20 years the House has taken over the West Block, the Confederation Building, the Metropolitan Life Building, the East Block, and has rented floor space in a few other buildings. By the time the new Royal Bank building on Sparks Street is ready, we will have to take it as well if there are more members added to the House.

I believe the impact on the operation of the House will be devastating. It is already difficult for many backbenchers to be recognized during question period or during a major debate. More and more members of considerable talent feel that the line-up for a cabinet position or some other key role is already too long. It is too easy to waste years as an MP in waiting. It is incredible to think that a major expansion of the House with all its physical, economic and even its psychological implications will be allowed to take place without a word from those most affected.

There are very serious questions to be addressed by the House of Commons and by the government. Do we want to let the House continue to grow and, if so, by how much? Is it reasonable to try to keep constituencies at the same population level or should we expand staff and technical resources instead of the House itself? Can we allow provinces to lose seats if they lag behind in population growth?

Is Quebec, as the home of most of Canada's French-speaking population a special case? Should there be a floor below which no province can fall, and how should that floor be set? Do provinces gain much if instead of actually losing seats they merely retain a fixed representation while other provinces gain more and more seats?

The answer so far has been to solve this problem by negligence. The House will grow and the people will pay more politicians and the frustrations of parliamentary life will grow as well. I believe the government must honour the spirit of the law and refer this matter to a committee. It should stay referred there so that we can hear from the members of the House of Commons who are interested in the operation of this place. Those cabinet papers that I had should be put there so this whole matter can be considered. It has already wasted time. The census has passed. Unless this Parliament acts, we are going to start this mathematical progression to monstrous proportions in terms of the House.

I thank you, Mr. Speaker, for your indulgence in allowing me to speak to this matter. I feel it is important. It is just as important for the operation of this House of Commons that we consider how we are, how many there should be, what resources we should have, what service should be available to us in our representational capacity and how we can function, as it is to consider how many days we should take to get here. That is the contribution I want to make to this debate. I thank hon. members. I hope they will consider what I have said because it is very important to our wellbeing in the House.

May I call it four o'clock Mr. Speaker?

Mr. Deputy Speaker: Is there unanimous consent to call it four o'clock?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, someone across the aisle says he thought we had an agreement.

Mr. Cullen: I guess I was wrong.

Mr. Crouse: It would appear you are wrong.

Mr. Deputy Speaker: The hon. member should address his remarks to the Chair.

Mr. Crouse: In rising to participate in this debate, I wish to echo some of the views put on the record by the previous speaker. The question of enlarging the membership of this House is of great concern not only to the people of my constituency but to all the people of Canada. I have been here since June 10, 1957. On June 10 of this year, I will celebrate 25 years as a member of the Commons.

Some hon. Members: Hear, hear!

Mr. Crouse: During that period I witnessed many changes in the House. The previous speaker referred to changes which were recently made, including moving the front desks closer to each other. Since the prime purpose is to keep them at least the distance of two swords apart, I was beginning to wonder just where the space would be found if we added 25 or more members to the House.

An hon. Member: Shorten the swords.

• (1600)

Mr. Deputy Speaker: It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions, private bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Deputy Speaker: Shall all orders preceding No. 97 stand by unanimous consent?

Some hon. Members: Agreed.

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PUBLIC SERVICE EMPLOYMENT ACT—PUBLIC SERVICE STAFF RELATIONS ACT

AMENDMENTS RESPECTING POLITICAL RIGHTS OF PUBLIC SERVANTS

Mr. Les Benjamin (Regina West) moved that Bill C-297, to amend the Public Service Employment Act and the Public Service Staff Relations Act (political rights), be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

He said: I thank the House for the opportunity to present this bill. I have had it on the order paper for a number of years and I have been lucky in the draw, or the session of Parliament has lasted long enough, that we have reached Bill C-297. It is always appropriate to debate this kind of subject, but it is more appropriate now, since tomorrow is May Day. Around the world, workers celebrate May Day.

All of us have good intentions about the rights of people generally but these good intentions do not go for much if they are not backed up by actions. The best current example we have at the moment is the situation in Poland where people are denied the fundamental freedom of expression. Members of all parties in the House have spoken passionately and sincerely in support of those kinds of rights—for El Salvador, for Argentina—wherever human rights are denied. The Canadian situation is not as extreme but I hope members will recognize the need for political rights for federal public servants of the same kind that all other citizens of Canada have.

The Civil Service Act of 1913 contained a provision, virtually unchanged to this day, severely limiting the civil rights of federal employees. Section 32 of the Public Service Employment Act is headed "Political Partisanship". My bill changes this offensive heading to read "Political Rights".

Clause 1 of the bill would prevent discrimination in employment for political allegiance or activity.

Clause 2 of the bill sets out the political rights of employees who, under existing legislation, can be fired for political activities for or against candidates or parties seeking office. This bill would allow employees to engage in political activity on their own time, when they are off duty, or if they take holidays with pay or get leave of absence without pay. It would allow an employee to take leave of absence to be a candidate in an election—federal, provincial or municipal. An employee elected in such an election would automatically be on leave of absence for up to five years. I am talking about those who come under the Public Service Commission.

I agree that employees who are employed under orders in council or on contract are in an entirely different category. I do not expect a Liberal government to hire a Conservative or a member of the New Democratic Party to be a deputy minister or a branch head or the head of a Crown corporation. I do not expect the government in power to hire somebody to be in a position either to draft or be responsible for implementing a policy with which he does not agree. It is perfectly legitimate,

in my opinion, when governments change, for the new administration to bring in people it wants to hold the highest office in the Public Service to draft and to implement the policies of the government of that day. So I am not talking about those who are order in council employees or who work for the government under contract.

Under the existing Public Service Staff Relations Act, public service unions—even the unions—are not allowed to use membership money for political purposes, even if the membership votes overwhelmingly or unanimously to spend some of their money for political purposes. The union itself is barred from doing that. Yet all other unions can do it at any time they want, for any political party. Any organization or association can do it at any time they wish. There is a legislative prohibition against the Public Service unions. Even if they unanimously vote to spend some of their money for political purposes of whatever nature, they can be decertified. Surely that is not fair.

My bill would give Public Service unions the same rights and privileges as have all other unions in Canada—or for that matter all other organizations and associations who choose to spend money for political purposes.

Civil servants, those who are appointed by orders in council or are under contract, can still exercise their political rights; but they will have to take their chances. There will always be people in positions of high responsibility, and the secrecy of government discussions and so forth must be maintained. All the others should have the same rights as other Canadians, the same political freedom to decide whether or not they want to donate money individually or through their unions to a political party or to a candidate.

I would like to remind the House, Mr. Speaker, that when a person takes employment in the Public Service each employee takes an oath of office and secrecy which says:

> I will faithfully and honestly fulfil the duties that devolve upon me by reason of my employment in the Public Service and that I will not, without due authority in that behalf, disclose or make known any matter that comes to my knowledge by reason of such employment.

Surely, Mr. Speaker, that is a sufficient safeguard for any legislative body or government. Why, then, with the requirement that that kind of an oath be taken, would any government want to restrict the political rights of its own employees? Surely that safeguard is in place and it is sufficient?

Political rights for civil service employees have worked in practice, although five provinces in this country still deny political rights, they being Prince Edward Island, Nova Scotia, New Brunswick, Ontario and Quebec. The other five allow various larger degrees of freedom than we presently have in the federal statutes. The experiences have been good. In Saskatchewan an employee cannot be forced to engage in political work nor can he be discriminated against for taking part in political activity. British Columbia probably has the best legislation. Employees can be granted leave without pay to serve in an elective position for up to five years and can be granted leave without pay to be a candidate. There are no restrictions, other than the oath of office, for employees of the B.C. government who engage in political activities in their own time. I say that the experience has been good, Mr. Speaker.

I have worked in, or run in, about 25 elections, federal and provincial, since 1952. I have seen public servants be candidates or campaign managers or organizers or canvassers. They could just put up a sign on the lawn. They were from all political parties, no matter what government was in power in my province.

I would like to illustrate that. When Mr. Douglas brought in legislation in 1945 guaranteeing political rights for public servants, there was a great deal of worry. But the experience was good. There were civil servants who wanted leave to work on behalf of the Liberals, the Tories, the NDP, the CCF or Social Credit. They returned to their jobs and they carried out their duties conscientiously.

I do not know of a single instance where a public servant who took part in political party activity in his own time, who was not of the persuasion of the party in power in Saskatchewan, who would ever in any way either betray or work against the duties that he was required to do in his employment.

• (1610)

After we were defeated in 1964 and there were five former CCF MLAs working for Crown corporations or government departments, the new premier, Mr. Thatcher, did not fire them. He kept them working. He told them quite frankly that as long as they did their jobs conscientiously and did not do any CCFing while they were on duty, there would be no problem. Similarly, when Mr. Blakeney took power in 1971, two former Liberal candidates in the employ of the provincial government were not fired. Both of them kept working for a number of years. In fact, I think one of them is still working in a government department. They did their jobs conscientiously and properly and retained their political rights. For all I know, one or both of them might end up being candidates for the Liberal party again, although that would not be a good idea in Saskatchewan at the moment. At any event, the experience has been good.

Bill C-297 might not be the perfect solution. Even if hon. members on all sides do not agree entirely with the details of my bill, I ask the House to pass it—preferably—let it go at second reading and let it go to the appropriate committee of Parliament so that a committee of the House can examine it and come back with a recommendation. If the bill does not pass now at second reading I hope hon. members will at least let the subject matter of the bill be referred to the appropriate standing committee of Parliament because this is putting action where our words are. This is following up on what is being done in other places and what is in our Constitution. In fact, it is very possible that a federal government or a provincial government could find itself in court because of a denial of the rights and freedoms contained in the Canadian Charter of Rights and Freedoms in our new Constitution, and I do not think even this government wants to work that hard at causing trouble for itself.

Surely, what I ask for is nothing more than simple justice and propriety on the part of this Parliament and the government to ensure that the political rights within the framework

defined in my bill are enshrined in the law of this land for our public servants. I am confident that no matter what party is in power the experience will be like that which we have had in Saskatchewan and British Columbia. The experience will be good. In fact, I suspect we will get even better work and performance out of our public servants.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I want to speak about this matter for just a few moments because it is something which has troubled me a great deal and occupied some time in the House of Commons.

I will not suggest—the hon. member who has just spoken also noted this—that we might agree with every clause, every comma and every jot in his bill, but I think the bill raises some very important questions which are quite pertinent at the moment and which, I believe, should be addressed by the House of Commons. We are talking about something which is quite fundamental. As my friend, the hon. member for Regina West (Mr. Benjamin), has just mentioned, we dealt with the Constitution a few days ago. It was proclaimed by Her Majesty the Queen on April 17 when she was here in Ottawa, and the question of the rights of public servants has engaged the House, but it is likely to engage us in a new sense, a constitutional sense, as we go on to consider political rights, democratic rights, equality rights and the application of the Charter of Rights and Freedoms. We will have to find out what the Charter means, and I do not think it would hurt to begin that examination in a parliamentary committee. If the House saw fit today to refer this bill to a House committee to deal with it, I would cheer. I would cheer even if my friend were to propose—as he did—that the subject matter of the bill go to a committee. I would be quite prepared to move that kind of motion if that were acceptable to him—

Mr. Benjamin: Please do.

Mr. Baker (Nepean-Carleton): —because I think it is important.

Mr. Benjamin: I will second it.

Mr. Baker (Nepean-Carleton): I do not propose to speak at length about the bill, and I do not propose to refer to it in relation to a case which has just now been heard under the law with respect to one particular public servant. However, that case has disturbed me because it has raised some real questions in my mind about the state of the law at the moment.

Political rights of public servants are governed by Section 32 of their statute, and that section has caused me to write to the chairman of the Public Service Commission on one occasion. I wrote to him and asked him about how that section might apply. Section 32 of the Public Service Employment Act deals with the political rights of people and says that a person does not contravene the limitations by reason only of his attending a political meeting or contributing money for the funds of a candidate for election as a member or money for the funds of a political party. Then it goes on to talk about the rights of public servants to make applications. What it says, interestingly enough, is that a person can belong to a political party, he can go to a meeting, he can give money and he can do everything else everyone else in the country can do, but he does not have the right to speak. According to the chairman of the Public Service Commission, he does not have the right to speak by putting a sign on his lawn or to speak in the course of a political discussion.

Neil Fraser and another public servant in eastern Canada who headed a committee dealing with the compensation to be paid UFFI victims were told they could not speak even about matters which did not deal directly with their departments but which were political to the extent that they were programs of the government. I think we have a real problem on our hands, and I do not think the second reading stage of debate in the House of Commons is the time to consider that problem. However, I do believe it is time we faced up to things and had this subject matter before a committee of the House of Commons.

With respect to political rights, I am a member of the Standing Committee on Miscellaneous Estimates, and that committee had before it one night Mr. Edgar Gallant, the chairman of the Public Service Commission, and the next day the President of the Treasury Board (Mr. Johnston) appeared to discuss this matter. We were discussing it in terms of the fact that in Canada there is no comprehensive codified system yet developed which would apply to all situations for all public servants and employees of Crown corporations, ministers, members of Parliament and so forth. There is nothing. There is no code of ethics. There is no code of conduct. There are some old oaths around relating to one's duties to the programs in one's department, but there is nothing general.

I put a question to the chairman of the Public Service Commission when he was there. Knowing his view that codification may not be the best way, I asked him whether he thought the time had now come when we should review this matter. I asked him if he thought it is an appropriate time for this whole question to go to a parliamentary committee. The chairman, quite honestly and forthrightly, as is usual for him when he is asked questions by members in committee, said, "Yes, I do think it is time this matter was discussed". It was raised in the context of the Neil Fraser case because that was on everyone's mind. It was not pursued in that context because it goes far beyond the elements of that case.

• (1620)

Next day the President of the Treasury Board appeared before the committee and I put the same general question to him and asked how he felt about it. He said he had no objection to the parliamentary committee dealing with the question and that he would consult his colleagues. I gave him a reasonable amount of time to do that. I gather from his answer in the House a few days ago that he is still consulting them or, if he has consulted them, they have not responded yet. I think the government should respond. It could do so today if it wished.

The Prime Minister (Mr. Trudeau) said that with respect to matters political, civil servants can only talk philosophy. You know, Mr. Speaker, how profitable a discussion on matters of philosophy can be. Sometimes we think the problem with the government is that it discusses philosophy rather than practical matters.

There is no statute law that prohibits the conduct that has given rise to the debate before the committee. I wonder if in the Fraser case or perhaps the case of the employees of the Minister of Employment and Immigration (Mr. Axworthy), the government would have moved so swiftly if the issue being criticized on those occasions was not metric, bilingualism, the Constitution and a few other things but had been criticism of the slowness of the government to act on the freedom of information policy. If Neil Fraser had been criticizing the government on that, I wonder if they would have thought him an ally and done nothing about what he said.

After I put a question to the President of the Treasury Board on February 24 in the House, he admitted to reporters outside the House that the situation of public servants might not be so clear. In fact, he called it a "grey area". Yet he refused to intervene against the dismissal of one public servant who had to be left to his own devices.

The Minister of Supply and Services (Mr. Blais) has said that it is quite permissible for a public servant to speak out and advocate and market programs, even though such programs may be the subject of partisan political debate in the country. That is permissible. A public servant can speak in favour of partisan issues that the government likes but cannot speak against partisan issues that the government does not like. There is a double standard there that should be examined.

The public service of 1982 is not the public service of 1918. It may have escaped the notice of the government, but in the intervening years unions have been allowed in the public service sector, public servants can belong to political parties, and they can stand as candidates in an election. So the evolution in Canada, as in the rest of the world until this case came up, has been in favour of freedom and openness rather than restriction.

Of course a public servant cannot openly criticize the policy of his department, but is he prohibited from expressing himself in other areas of public policy which affect him personally? For instance, if his house is insulated with urea formaldehyde, can he join a group that is intent on attacking the policy of compensation of the government, with impunity? If he feels abused by the government's high interest rate policy, can he march on Parliament Hill with other Canadians, when his unions and affiliates have arranged such a march, as they did?

The example of the senior officer in a firm in the private sector that was used by the President of the Treasury Board when he answered my question on February 24 in the House, was not very helpful. Of course, if that senior person was publicly critical of his firm's policy, then I think this dismissal might be justified. But is there a reasonable case for dismissal if such a man or woman said nothing about the policy of his firm—let us assume it was a law firm—but was critical of the Law Society of Upper Canada? Or if an employee of Mitel was not critical of Mitel but had something to say about the Canadian Association of Advanced Technology?

The practice of government has changed as well. The Liberal government spends millions of dollars advertising programs and policies even before they are passed by Parliament. In 1982, then, are public servants risking dismissal if they write to their MP and urge him not to support, say, a proposal in the budget of the Minister of Finance (Mr. MacEachen) which deals with pensions? I do not think so.

Clearly, then, the case that is engaging the attention of the public, the Fraser case and the other cases that have been referred to, illustrate just how dangerous it is to accept without question the views of the government on the matter. They also illustrate just how important it is that there be some way that this issue can be examined by a parliamentary committee and how important it is that this bill receive the appropriate approval of the House and that the subject matter go to committee.

As the rules stand now, they are unclear and their enforcement is uneven. I believe it is within the capability of Parliament to at least attempt to clear up some of the confusion.

If this bill is helpful, and I believe it can be, to clear up matters that deal with the rights of unions, which are of concern to the hon. member and myself, because that atmosphere is changing as well, then it is equally important that it be used as a vehicle to deal with questions regarding employees of the government and their rights.

In today's mail I received a copy of a letter from a Mr. John L. Fryer, President of the National Union of Provincial Government Employees, which was directed to the President of the Treasury Board. It reads as follows:

Dear Mr. Johnston:

A month has passed since it was reported in the Ottawa *Citizen* that you had endorsed the proposal to give a Parliamentary Committee the job of trying to clarify the political rights of public servants.

I wrote to you on March 30th commending you on this decision and on April 7th I received acknowledgement of my letter from your Correspondence Co-ordinator.

Upon enquiring of your office and others it would appear that there is still no Committee and still no terms of reference respecting this very important issue.

Again I wish to advise you that this matter is of major importance to public service employees both in the Federal and Provincial jurisdictions. We deem it a most worth-while exercise to have these political rights clarified for the benefit of the employees themselves as well as the politicians and the public generally.

I urge you to press forward with the formation of this Parliamentary Committee so that it can get on with this most important task.

Today is the day, Mr. Speaker. If the President of the Treasury Board meant what he said, if the words and views of the Chairman of the Public Service Commission are to have life breathed into them, then the time has come for study. Today is the day. Today is the day when a former minister of this government, the hon. member for Sarnia-Lambton (Mr. Cullen), or the hon. member for Gatineau (Mr. Cousineau), can get on their feet on behalf of this government and say: "ready, aye ready; let us examine the program and use the bill of the hon. member for Regina as a vehicle to do it."

• (1630)

Mr. Benjamin: Don't talk this bill out.

Mr. Dave Nickerson (Western Arctic): I promise I will not talk the bill out, Mr. Speaker. I hope the hon. member for Sarnia-Lambton (Mr. Cullen) or the hon. member for Gatineau (Mr. Cousineau) will not either. They would certainly be doing their constituents a disfavour were they to attempt to do so.

I am pleased that the hon. member for Regina West (Mr. Benjamin) has brought this matter to our attention. I will not speak very long on this bill, but I would like to say that in principle I support the idea of having this subject referred to the Standing Committee on Miscellaneous Estimates so that it can be looked at in detail. I find a little difficulty with some of the wording, but the thought and the principle behind this bill are good. It is a matter worthy of detailed consideration and serious study in committee.

Like the hon. member for Nepean-Carleton (Mr. Baker), I represent an area where there are many public servants, both at the federal and at the more junior levels. You run up against some very funny things in areas like this. In some areas where almost all the population works directly for the public service, or they have family members who do, it is very hard to get any kind of a political discussion going. It is pretty hard to get assistance for any political party in an election because people are afraid of losing their jobs. They themselves do not know what their rights are. I ran up against an example of that a couple of elections ago when we wished to hire a band to play at an election rally. I am sure the other political parties were trying to do precisely the same thing and probably would have been quite willing to hire the same band, but band members felt that, because their full-time job was in the public service, they could not even do that. They could not play music at a political meeting because in some way their supervisor might not like what happened and they feared for their jobs. An extreme example, I am sure, but a very common problem.

In every election campaign in the area which I represent, whether it be federal, territorial or even municipal, this question always comes up. At all political meetings people want to know what the candidates feel about the matter of political rights for public servants. It has been an issue for many years. I understand that at the territorial level in the Yukon they have come up with some pretty good legislation granting certain political rights to certain classes of public servants. If this matter gets to committee I would suggest the Yukon legislation dealing with this matter be looked at because it appears to have worked reasonably well in that jurisdiction.

I have been requested by many of my constituents to have this matter discussed openly in Parliament so that they will know where they stand. By and large the opinion of public servants is that they would like more political rights. Some people who are not public servants are worried about going too far in that direction. Although they support public servants having a certain amount of political rights, they see a line across which you should not go. One of the difficulties we face in this subject is defining where public servants may get really involved in the political process and where they should not become at all involved. Obviously if you are a deputy minister you should stay away from partisan activities. In no way should he be seen as an outright supporter of one political party or another. On the other hand, take a person who happens to be a bricklayer or drives a grader for the highways department. Obviously, there is no reason why that person should not be the president of a local political organization. There is no harm done there. But where do you draw the line?

If someone is dealing continuously on important topics with members of the general public and is known to be a strong supporter of a particular party, someone of another political stripe is going to be leery of dealing with that person. People in that kind of position should control what they do. Very often it is a question of a public servant determining in his own mind how far he can or should go in his overt political activities.

The hon. member for Nepean-Carleton cited changes in the public service since confederation. At one time only a small percentage of the working population was employed in the public service. It was something of an elite group, and in those times it was understood that if you got into this type of work you were prepared to give up some of the political rights that other people enjoyed. People could understand and live with that. But now, if you take public servants at the federal, provincial and municipal levels, and include Crown corporations, you probably end up with 35 per cent or 40 per cent of the working population employed by the government in one way or another. The situation is now entirely different because government makes up so much of the modern economy and it is almost impossible not to have someone in a family working for government one way or another. Therefore, we have to change our ideas as to the propriety of people being involved in political activity when they or their relatives are employed by the government. I would not like to see some 35 per cent or 40 per cent of the population excluded from exercising political rights which other people accept as being common.

I enjoyed listening to the hon. member for Nepean-Carleton because he broadened the question somewhat. He cited some recent occurrences which make it very important that these questions be addressed and resolved in the near future. It is not something we should let slip by. We should pursue it with diligence. There is a wider case than just partisan activity that has to be examined. I hope it can be looked at simultaneously when we look at this aspect in committee.

• (1640)

I am now turning over the floor to the hon. member for Gatineau and the hon. member for Sarnia-Lambton so they can have ample opportunity to make representations without having to resort to talking out this bill. If they do not talk it out, I am sure we will have some very interesting discussions in committee.

Mr. John Evans (Ottawa Centre): Mr. Speaker, the hon. member for Western Arctic (Mr. Nickerson) obviously did not

know there were others in the House as interested in this particular reference as he is himself and as is the hon. member for Nepean-Carleton (Mr. Baker). But I can assure you that I am very interested in this subject. Perhaps surprisingly to some and perhaps surprisingly to the hon. member for Western Arctic, I have been the victim of such a policy at an earlier point. From 1975 to 1979 I was a member of the public service in a senior executive category. When I decided to seek political office I approached the Public Service Commission to see if I could obtain a leave of absence to undertake political activities involving nomination leading to elected office. I was told at that time that I could not have a leave of absence. Being at a senior level in the public service I interacted with the minister. My impartiality as a public servant would be seriously called into question. For example, had I lost in 1979—which I did not—and had I been on a leave of absence only to return to the Department of Consumer and Corporate Affairs, I would have been faced at that time with a Conservative minister. That Conservative minister was part of a cabinet that would have included the individual I had defeated in Ottawa Centre. What an extremely precarious position it would have been for me to be in as a senior public servant!

Mr. Benjamin: He would have kept you working.

Mr. Evans: Mr. de Cotret, who was the hon. member for Ottawa Centre and whom I defeated in 1979 was made a Senator. He was named to the cabinet and became a minister. The hon. member for Durham-Northumberland (Mr. Lawrence) was the minister of consumer and corporate affairs. The situation could arise where Mr. de Cotret and the minister of consumer and corporate affairs would be in a cabinet committee, which I attended from time to time as a public servant. I would be sitting across the table from a man I had defeated in Ottawa Centre.

Mr. Benjamin: What is wrong with that?

Mr. Evans: You can imagine how much credibility I, as a public servant, would have had in the eyes of the particular minister. I would not have had very much credibility. I would suggest to you that my career as a public servant would have either ended rather abruptly had I received a leave of absence only to return to the public service, or the department, out of kindness, generosity and basic good sense, would have buried me as far away from ministers as they possibly could.

Mr. Benjamin: This bill will protect you.

Mr. Evans: Should I have been allowed a leave of absence? The hon. member for Western Arctic raised that very point. At the same time as I ran for office another individual in the public service ran on behalf of the New Democratic Party against me in Ottawa Centre, but he did receive leave of absence. He works in the Public Archives and he has run as my opponent in Ottawa Centre in the last two elections. He was granted a leave of absence because he was not in a sensitive position. His position in the public service has not been affected. But that is a perfect example of the spectrum, where one person is in a position where he or she interacts with ministers and makes policy recommendations to ministers.

A public servant has to be objective, fair and impartial. Only in this manner can a minister have confidence in that person being completely politically impartial. But what about the situation of a public servant who does not interact, does not directly make policy, and who is not visible to the minister? The relationship between the minister and his or her department is not affected. I can see the need for that difference. But that raises another fundamental issue. What the hon. member for Regina East (Mr. Benjamin) is discussing is equal rights for Canadians. I suggest that my rights are as important as the rights of an individual who works in the Archives and who ran for the New Democratic Party. But under any kind of system that we can visualize where we are not going to politicize the public service, my rights would have to be different from the rights of an individual in a different category or in a different type of job in the public service. No matter what you do, you will have situations where some public servants have rights and other public servants do not.

This leads into the question of why am I entering the public service? Is it my role as a public servant to make policy and to enter into public debate on public policy, or is it my job as a public servant to implement policy which has been made by the elected representatives of the people? I suggest that the public service is a very unique type of occupation. It is different from all others. Those of us here in the House, the hon. member for Western Arctic, the hon. member for Nepean-Carleton, the hon. member for Gatineau (Mr. Cousineau) and the hon. member for Sarnia-Lambton (Mr. Cullen) were elected by the people to be their representatives in the House of Commons and to make public policy. To do that effectively we have to have a body of people to implement public policy. There is a dramatic difference in roles, and that distinction and difference has to be maintained. First, there has to be a body of people which the electorate puts in place in the House of Commons to make public policy and there has to be a body of people who have to be totally impartial, not only from the point of view of politicians perceiving those public servants as being impartial, but they have to be impartial from the public who call upon the public servant to provide those services which they have every right to expect from the public servant.

I should say at this point that I agree with the hon. member for Nepean-carleton that this subject should be debated and it should be examined carefully. I am in favour of that. The discussions that I and the hon. member for Nepean-Carleton have had with the minister indicate that the minister is interested. The chairman of the Public Service Commission has told both the hon. member for Nepean-Carleton and me that this matter should be looked at. I am confident it will be. The minister is consulting with his cabinet colleagues on the matter. I am confident he will bring forward a reference to have the matter looked at.

But I think we have to go deeper than that. Today is a good day to debate whether or not there are distinct differences between those who are elected to make policy for the people on behalf of the people, and those who are elected to deliver those policies to the people. As I mentioned, there is a confidence factor from the point of view of us, as politicians, being able to depend on that advice, or at least having the perception that we depend on that advice. We should not have a knowledge that the advice may be biased or less than objective because of political persuasion. We have to depend on the public servants and we should not ask questions about their loyalty for one political party or another. Their careers could be in jeopardy as well.

• (1650)

My own example is a case in point. My career as a public servant would have been seriously jeopardized had I remained there or returned to it. I think all members can ask the question: if we were defeated in the next election would we feel comfortable going to work for the public service? There is a curious anomaly concerning the Public Service Employment Act. This question was raised with Mr. Gallant when I was applying for my leave of absence. This anomaly is that when applying for a position in the public service, the Public Service Commission cannot look behind your current application for previous political activities or affiliations. Political affiliation cannot be taken into consideration when a public servant is hired. This means that I could have left my position at Consumer and Corporate Affairs, resigned—as I did—and if I had been defeated I could have gone back to the Public Service Commission to apply for my old job, and they could not consider the fact that I had run in an election.

Mr. Benjamin: That is the way it should be.

Mr. Evans: I agree with the hon. member. However, that raises a similar problem. I would have been in exactly the same position, sitting beside the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in a cabinet committee meeting. In that case, had the member I ran against been elected, he would be sitting across the table from me. Therefore, there are some great anomalies.

Another question, apart from our confidence in public servants who act as politicians, concerns the confidence which the public has when they talk to a public servant that they will be treated with total impartiality and will receive good service, irrespective of what political stripe they may be. There should be no question in the mind of some, when talking to a public servant that if he is recognized to be of a different political stripe he will not get good or fast service. Instances of someone who knows a public servant and has fought with him on different sides in an election campaign, and therefore does not expect to have his problem dealt with quickly is just an example of some of the problems encountered.

The hon. member for Regina West should take note because there are other dangers as well which could result from overt political activity in the public service.

One of those problems is and will be experienced in Saskatchewan. With Saskatchewan's wide open public service it has been known that many of the public servants who worked in the Blakeney government have had strong political affiliations. Now that there is a Conservative government there, how confident is that Conservative premier and his government, which was overwhelmingly elected by the people, going to be in the advice they get from the public servants?

I suggest that we should examine very carefully that very situation over the next several months because if, as I suspect may be the case, the premier of Saskatchewan says that he is not confident that he is receiving the best advice, he may simply fire a large number of public servants through some means. We will then have seen an example of a situation which is totally contrary to the parliamentary traditions of this country and of the mother Parliament where public servants are impartial and not replaced when governments change. We can see the beginning of the over-all change in the nature of the public service. When these hearings, which I believe should be called, are held I suggest that some public servants be summoned to talk about that situation. They should be asked how they percieve their political activities and whether those activities will be potentially difficult for them. They have a right to have an opinion on what the rules will be. As well, we have a right to look into that situation. Therefore, I suggest that this matter be examined before the appropriate committee because it is a matter of great concern to my constituents in Ottawa Centre.

I think that I have perhaps played the devil's advocate today in reviewing what is perhaps the downside of political activity. However, my constituents have indicated that they would like more political freedom to put signs on their lawns, for instance, something with which I do not see any great difficulty. People do that anyway. If a man who works in the public service displays a political sign he simply says that it belongs to his wife, or vice versa. If they both work in the public service they just say that the sign belongs to their son or daughter. This is an example of some of the archaic rules which exist in the Public Service Employment Act, which I do not believe have any major application.

However, there are some fundamental questions that politicians, and public servants who advise us, must deal with together in order to establish a fair set of rules which will allow the type of political activity that our constituents want. At the same time we should not put our public servants in a position where they will be victims of changes of a political party at the government level. This is an important consideration because the public service is an important part of our working environment in Canada. They are dedicated people who work long hours and have long careers. I believe we must take that into consideration as well.

Mr. Benjamin: Mr. Speaker, would the hon. member permit a question?

Mr. Evans: Mr. Speaker, I would be happy to answer a question but if I do that, the hon. member for Regina would have to talk out his own bill.

Mr. Benjamin: Mr. Speaker, I just wanted to ask the hon. member if he realizes that in Saskatchewan, and I think at least four other provinces, no new administration can fire their public servants because of their political beliefs. Only order in council appointees and employees on contracts can be dismissed.

Mr. Deputy Speaker: That is a point of argument not a question.

Mr. Evans: Mr. Speaker, I would suggest that if the new government in Saskatchewan finds that it has difficulty with the public service or lacks confidence in it, laws can be passed and public servants could be put in a position where they would be fired. I would not want to see public servants put in a position such as that as a result of some action we may take here without due consideration.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, it is rather ironic that when we are so often accused of talking out a bill, we find the opposition members using 40 minutes out of the hour on a subject for which we have a genuine concern. The chairman of the Public Service Commission has indicated that he feels it is time that this matter is studied. The President of the Treasury Board (Mr. Johnston) has also indicated that this subject should be looked into.

I commend the hon. member for Regina West (Mr. Benjamin) because I know that he honestly and sincerely believes the views expressed in this bill. However, even he has indicated that his bill is imperfect. He then suggested that we do not deal with the bill itself but rather that we deal with its subject matter. It seems to me that if we adopt that approach to a subject as important as this we will be doing a disservice to the people we want to help, namely, the civil servants.

Frankly, I would have been more inclined to support the hon. member if he had moved this particular matter by way of a motion. We could have then considered all of the issues. The hon. member for Ottawa Centre (Mr. Evans) has already indicated some of the difficulties which he envisions. He was honest enough to indicate that he was playing the devil's advocate role but he did state that he thinks it is time for the subject to be studied. I believe it should be studied in a more comprehensive way.

[*Translation*]

Mr. Deputy Speaker: Order, please. The hour provided for the consideration of private members' business has now expired.

[*English*]

It being 5 p.m., this House stands adjourned until Monday at two o'clock p.m. pursuant to Standing Order 2(1).

HOUSE OF COMMONS

Monday, May 3, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ENVIRONMENTAL AFFAIRS

LEAKAGE OF TOXIC CHEMICALS INTO LAKE ONTARIO—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, about 80,000 tonnes of toxic chemicals were left to leak into Lake Ontario under the terms of a secret agreement entered into by Hooker Chemical and Plastics Corporation with the State of New York and the United States government, which agreement is now approved by a United States district court judge, all this leaving the Environment Canada officials and citizens' groups on either side of the Niagara River in a shocked and outraged position. I therefore move, seconded by the hon. member for Perth (Mr. Jarvis):

That the Minister of the Environment initiate some positive action, even as far as taking legal proceedings, so as to protect the water quality of Lake Ontario and particularly so as to ensure that this court ruling is not a precedent for the cover-up of other chemical dump sites.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

FARMING OUT PRODUCTIONS IN VANCOUVER—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise under the provisions of Standing Order 43 concerning the production of a CBC miniseries on the life of Samuel Bronfman with a working title of the "Mr. Sam Project". This series is being filmed in Vancouver, at a cost to the CBC of approximately $1 million, by freelance personnel in independent production facilities while the CBC's salaried, award-winning production personnel and new production facilities are underutilized. This is all taking place while the CBC is cancelling editions of "The Journal" because of tight budgets and cost overruns. I therefore move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House instruct the CBC to stop squandering the public's money and the talents of its own personnel in Vancouver by farming out programs and productions when these projects could be done in the CBC's own facilities by the people who are already being paid to do such work.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

CONDEMNATION OF TWO MINISTERS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas the total destruction of the energy sector in Canada has been capped by the cancellation of the Alsands project because of the shortsighted and greedy tax policies of the Liberal government; whereas the National Energy Program has been condemned by knowledgeable businessmen, economists and analysts from coast to coast as an unmitigated disaster, and whereas the names of the Minister of Finance (Mr. MacEachen) and the Minister of Energy, Mines and Resources (Mr. Lalonde) have become synonomous with destruction and despair across Canada, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House condemn these callous, incompetent and obstinate ministers and ask them, in God's name, to resign their posts and leave this House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR RESIGNATION OF TWO MINISTERS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Alsands consortium was ready to proceed over two years ago with the development of this valuable Canadian asset until the Liberal interventionist government got its sticky hands in the process. Thousands of jobs have now been lost in Ontario and Quebec; self-sufficiency in oil is now a shattered dream. Therefore I move, seconded by the hon. member for Athabasca (Mr. Shields):

S.O. 43

That the government admit that its national energy policy is a disaster, admit that it has destroyed job opportunities in Canada, admit that oil self-sufficiency by 1990 is impossible to achieve and, further, that the creators of this disaster, the Minister of Energy, Mines and Resources and the Minister of Finance submit their resignations from the cabinet immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

DEMAND FOR MINISTERS' RESIGNATIONS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the national energy policy was thrust upon the people of Canada in spite of the warnings of disaster by Conservative MPs, knowledgeable people in the industry, and provincial governments, but the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance (Mr. MacEachen) just would not listen or heed. Now with the petroleum industry in shreds, a million unemployed, the grand hopes of thousands of Canadian families destroyed, and the grim prospect of buying foreign crude for years to come, all testify to the monumental failure of the national energy policy. Therefore I move, seconded by the hon. member for Lethbridge-Foothills (Mr. Thacker):

That this House weeps over the devastating results of the national energy policy and requests all ministers responsible for the national energy policy to follow the long-time practice of ministers whose policies and administration brought wreck and ruin to a country, to resign forthwith.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

FALKLAND ISLANDS—CONDEMNATION OF ARGENTINE ACTION—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, now that the Secretary of State for External Affairs (Mr. MacGuigan) in an interview in Windsor, Ontario, characterized the use of force by Argentina in the Falkland as aggressive, and the Secretary of State (Mr. Regan) in a speech in Windsor, Nova Scotia, is reported as characterizing the Argentinian action in that area as naked aggression, it is just possible that I can count on unanimous consent on this occasion to my motion under Standing Order 43. I therefore move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House condemns the Argentine government for failing to respond to the demand in the UN resolution of April 3 that all Argentinian forces be withdrawn from the Falkland Islands, and urges the government of that country to respond positively now to that UN resolution so as to avoid further needless conflict and loss of life, and commends the Royal Naval Task Force for the judicious manner in which it is pursuing its objective in persuading the aggressor to withdraw its troops from the Falkland, and meanwhile urges both parties to make every effort to find a solution to the problem that will recognize the legitimate aspirations of the inhabitants of the Falkland Islands.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

PENITENTIARIES

OPPOSITION TO CONSTRUCTION OF NEW PRISON IN BURNABY, B.C.—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. At a recent rally in Burnaby, over 500 people called for the closing of Oakalla prison and the honouring of the many promises by previous provincial governments to close this archaic institution in the near future. In view of the fact that the federal Solicitor General (Mr. Kaplan) has stated that he is seriously considering co-operating with the Social Credit provincial government to build a new maximum security prison for women on the Oakalla lands, despite the opposition of Burnaby municipal council and local MLAs, including James Lorimer, local MLA for Burnaby-Willingdon, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House make very clear to the Solicitor General that under no circumstances will the people of Burnaby agree to any new prison facility being located in that community and instead that they seek an early closing of the entire Oakalla prison.

Mr. Baker (Nepean-Carleton): Nit-picking again.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

CALL FOR DISCHARGE OF CLERK OF THE PRIVY COUNCIL—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, facts disclose that Canada's top bureaucrat, Michael Pitfield, has grossly misused public funds. Therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the Prime Minister discharge Pitfield forthwith, thereby paying fitting tribute to many years of investigation by the hon. member for Leeds-Grenville, the late Tom Cossitt.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

ROLE OF OFFICIAL OPPOSITION WHIP—MOTION UNDER S.O. 43

Mr. Jack Burghardt (London West): Madam Speaker, I rise under the provisions of Standing Order 43. According to recent reports many members of the Conservative caucus are not familiar with certain aspects of their caucus policy and the Tory whip is having difficulties with some of his members. I therefore move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That this House request the Liberal whip, the hon. member for London East—

And incidentally, the greatest whip ever.

Some hon. Members: Hear, hear!

Mr. Burghardt:

—to provide tutorials for the Tory whip in order to help him keep track of his fellow members and to get the Tories into the House when they are called.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

PRESS REPORTS ON APPOINTMENT OF CHAIRMAN—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 to draw to the attention of this House unimpeachable press reports that the Hon. Jack Horner will soon be appointed to the position of Chairman of CN Railways with a salary in excess of $90,000 per annum. I move, seconded by the hon. member for Lincoln (Mr. Mackasey):

That Canadians be made aware that:

Liberal Jack Horner
Is out of his corner
Collecting his spoil and debt.
He says with a grin
(Over a double-tracked chin)
"Oh, what a nice plum to get!"

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Comox-Powell River.

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HEALTH CARE

CUTBACKS IN SERVICE IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity, pursuant to Standing Order 43. Government spending cuts are severely threatening health care in British Columbia and hospitals are faced with closing down 1,200 beds and laying off 3,000 employees to make up a $100 million financing shortage. Whereas the federal government provides funding for half the cost of health care services and hospitals in the Vancouver area, Penticton, Kamloops, Cranbrook, Kelowna, Vernon, Chilliwack, Surrey and White Rock, which are now threatened with cutbacks; whereas the B.C. government's austerity drive will only lead to further reductions in health care facilities and increase the 12,000 British Columbians already on waiting lists for elective surgery; and whereas the federal government has an obligation to maintain proper health care, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House condemn the health care cuts in British Columbia and demand that the Minister of National Health and Welfare provide funding to prevent further budget slashes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

RESIGNATION OF FORMER SENATOR FROM LIBERAL PARTY—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas former senator Eugene Forsey, a man renowned for his integrity and understanding of public policy, has turned in and ripped up his Liberal membership card, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House congratulates the hon. gentleman on his perspicacity and hopes that his action will set an example to all Canadians who are generally interested in the future of the nation.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

REQUEST THAT PROGRAM BE REPLACED WITH JOB-CREATING POLICIES

Hon. Bill Jarvis (Perth): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources, whose national energy plan has directly and effectively devastated the conventional Canadian oil and gas industry. Three hundred rigs worth over a billion dollars have fled to the United States. Of course the greatest tragedy was the tens of thousands of lost Canadian jobs which went with them. With the collapse of the Alsands megaproject, the Minister of Energy, Mines and Resources and his national energy plan have now robbed 50,000 more Canadian construction and manufacturing workers of their jobs.

When will the minister scrap the national energy plan, which is a national disgrace, a national disaster, and nothing more than a massive tax grab by the government? When will the national energy plan be replaced with policies which would create jobs for Canadians instead of depriving them of their right to work?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I point out to the hon. member that at the present time the oil and gas sector is governed by agreements with the three producing provinces, the province of Alberta, the province of Saskatchewan, and the province of British Columbia. Those agreements have been welcomed by the governments of those provinces.

As far as stimulus to the industry is concerned, ever since the agreement the Government of Canada and the government of Alberta in particular have provided further improvements for the industry. The government of Alberta has announced a reduction in royalties which will total over a billion dollars this year, which is money which will go to the oil and gas industry. Analysts indicate that there will be more drilling in Canada this year than there was last year, and they expect a very active winter next year in the oil and gas sector.

With respect to activities in the past to which my hon. friend has referred, I remind him that many of those drilling rigs which moved to the United States are now not doing anything in the United States, and some of them are expected to return to this country.

Mr. Jarvis: Madam Speaker, the minister knows full well that in March of 1980 he could have had an agreement which would have guaranteed both Alsands and Cold Lake and that at this precise moment 100,000 Canadians would be working and the program would be two years down the line. Instead, those 100,000 Canadians, who could have been working at Cold Lake and at the Alsands plant, are in unemployment lines. That is the difference.

FUTURE OF MEGAPROJECT AT COLD LAKE, ALTA.

Hon. Bill Jarvis (Perth): Madam Speaker, Alsands is gone. The Alaska gas pipeline is going nowhere. Conventional oil and gas activity has gone down to the United States. The one major energy project the minister thinks he may be able to revive is the Imperial Oil megaproject at Cold Lake. What ironclad guarantee can the Minister of Energy, Mines and Resources give Canadians that that project will be saved, along with the 50,000 direct jobs it would create?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to remind the hon. member that if, as he said, an agreement could have been reached in March of 1980, that agreement could have been reached in February, 1980, in January, 1980, or at any time in the whole of 1979 when his government was in office and when he was a member of the Tory government. If what he said is true, what did he do when he was in office, and what did his government do when it was in office? That government had nine long months to reach an agreement. It did not, and I suspect there was a good reason why it was not able to reach an agreement at that time.

With respect to the other point concerning Cold Lake, that is a matter for Imperial Oil to decide. The government of Alberta and the Government of Canada together have made what has been termed a very generous offer. If Imperial Oil has plans concerning Cold Lake, no doubt Imperial Oil will be in touch with us. In the meantime we will proceed with other activities in the energy field.

Mr. Jarvis: Madam Speaker, if the former government were still in power there would be 100,000 Canadians working at those two projects, and the minister knows it. Those megaprojects were not destroyed by my party; they were destroyed by the miniminds in the government opposite.

Some hon. Members: Hear, hear!

• (1420)

REQUEST THAT MINISTER RESIGN

Hon. Bill Jarvis (Perth): Madam Speaker, the government, the Prime Minister, the Minister of Energy, Mines and Resources, and the Minister of Finance have been saying for months that the Canadian economy is at the mercy of international conditions. The one sector that is unique to Canada in the industrialized world is energy. That is the one sector in which we are supposed to have such an advantage, but now,

because of the loss of the megaprojects and the devastation of conventional oil and gas drilling, it has reduced employment by 200,000 jobs. May I ask the minister if it is not time that he submitted his resignation, given that record?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, my hon. friend certainly does not appear to take into account the reality of the situation. I would suggest to him that he should read the statement made by the president of Shell Canada last Friday in which he clearly indicated that the reasons the partners were not proceeding with those projects at the present time—

Mr. Nielsen: It is because they do not trust you.

Mr. Lalonde: —was related to the uncertain situation with regard to oil prices in the world and with regard to the rate of inflation over the next few years—

Mr. Jarvis: Not in March, 1980.

Mr. Lalonde: —and the long delay before these companies could get the return on their investment in those very expensive projects. These are the reasons given by the president of Shell Canada.

I want to remind my hon. friend that today, for instance, Exxon in the United States, which has nothing to do with the National Energy Program or this government, has cancelled a project for which it had already committed $900 million. That is one of the oil shale projects. I could mention several other projects to my hon. friend that have either been cancelled or delayed in the United States, particularly projects having to do with synthetic fuel. There is a genuine problem there which is related to the evolution of prices in the world, the rate of inflation and interest rates in North America. All these have created problems and led to the cancellation of a number of those projects in the United States. Canada is in the same situation.

CASH FLOW POSITION OF OIL COMPANIES

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It relates to the shale deposits in the United States. It is estimated that it costs five times more to produce oil from shale than from the oil sands. The minister quoted the president of Shell who also said that the investment climate in Canada is not conducive to private industry investing in the economy.

In the first full year of the National Energy Program the income of major integrated oil companies has fallen an average of 30 per cent. In the first quarter of this year the profits of Gulf Canada are down 62.6 per cent, and Shell Canada's income has dropped a disastrous 73 per cent. These are the two companies that the minister wanted to develop the Alsands project at Fort McMurray on a risk basis. I want to ask the minister how stupid he thinks these oil companies are. When is he going to change the disastrous policy that is robbing these oil companies of their cash flow so that they cannot invest in projects of this nature?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would refer my hon. friend again to the statements made by the president of Shell. He did not refer to the current cash flow problems as the reason that led to their decision. The decision they have taken is related to medium and long-term problems having to do with uncertainty with regard to oil prices and with the rate of inflation.

My hon. friend mentioned the decline in profits of some of the oil firms in Canada. I would remind him that Texaco just announced a 44 per cent decline in profits in the United States, Occidental Petroleum announced a 70 per cent decline in profits in the United States, and the Ashland corporation announced a loss of $11 million in the last few weeks.

Mr. Baker (Nepean-Carleton): What about Canada?

Mr. Lalonde: The oil industry in North America is meeting difficulties at the present time which result from lower sales and the fact the price of oil has not increased as rapidly as had been anticipated in the world markets. We are living in a world economy in this regard, and I would invite my hon. friend to reflect upon the statements made by the president of Shell Oil.

• (1425)

PRICE OF PETROLEUM PRODUCTS

Mr. Jack Shields (Athabasca): Madam Speaker, my supplementary question is also for the Minister of Energy, Mines and Resources. Before tying this sector of the industry in Canada to that of the United States, can the minister tell me why the price of petroleum products is going down in the United States whereas the price of petroleum products is going up in Canada because of the massive tax grab by the Liberal government, amounting to $1.60 for every gallon going through the pumps? Can the minister answer that question?

Why, and what will it take for him to realize the disaster that his national energy policy is causing this country? When will the minister address the following facts, first, that the investment climate is no longer looked upon as stable by the major oil companies and, second, that the majors will not invest in these kinds of projects as long as this Liberal government remains in power?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as far as the question raised by my hon. friend is concerned, I have already indicated in this House that the price of a barrel of oil in Canada is still significantly lower than it is in the United States. Today the blended price for oil is only 70.4 per cent of the international prices. What happens is that you have a large provincial sales tax in most provinces—

Some hon. Members: Oh, oh!

Mr. McDermid: Come on, Marc.

Mr. Baker (Nepean-Carleton): Keep your face straight.

Mr. Lalonde: I remind my hon. friend that the price of a litre of oil in Calgary today is cheaper than it is in the United States because there are no provincial taxes there. The provincial taxes vary from 20 per cent to 40 per cent in some provinces. Those taxes are much higher than they are in the United States. That is the explanation for the difference. The best evidence of this is that a litre of heating oil today is as much as seven cents to nine cents cheaper in Canada than it is in the United States.

JOB CREATION STRATEGY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. He will be aware that both the throne speech and the budget papers state that the government's general economic strategy is to provide jobs from spin-offs of the major energy projects. In the November, 1981, budget paper under the heading "The Development Opportunities" we find this sentence:

> The leading opportunity lies in the development of Canada's rich bounty of natural resources.

In the next paragraph we find this sentence:

> Major projects task force, for example, identifies $440 billion of potential projects, predominantly in the energy and resource sectors.

The minister has seen the collapse of Alsands, and the Cold Lake project is on hold. The Alaska pipeline is on hold at best, and is perhaps dead. I do not hold any brief for the oil companies, but I am concerned about jobs for ordinary Canadians. What is left of the government's economic strategy in the way of jobs from these energy megaprojects now that we are seeing them fall one by one?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to draw to the attention of my hon. friend the number of projects in the energy field that are still in progress and under active construction. I could refer him to Dome Petroleum's Beaufort Sea oil and gas exploration project for $500 million, the Norman Wells oil fields development for $600 million; the Revelstoke hydro project in B.C. for over $1 billion—

Mr. Siddon: You are grasping at straws. That has nothing to do with you.

Mr. Lalonde: —the Trans Quebec and Maritime PipeLine for over $1 billion, the Quintette coal development project for $700 million, the Ridley Island and the grain terminals in B.C. with an investment of over $400 million. I could go on and mention to the hon. member other projects in the energy field that are under active consideration at the present time by provincial and federal governments and by private industry.

Mr. McDermid: Why are there so many unemployed?

Mr. Lalonde: There is still a lot of activity taking place in spite of the fact, regrettably, that the Alsands project is not proceeding.

PIPELINES

FINANCING OF ALASKA GAS PIPELINE

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, before hon. members opposite applaud, those figures amount to $4.2 billion. Alsands is worth $13.5 billion, and the Alaska pipeline is worth $40 billion. The minister is on the hot seat and he has some explaining to do. I want to give him some explanation about the Alaska Highway pipeline project.

Mr. Nielsen: Which you voted against.

Mr. Waddell: As the minister knows, we opposed the prebuild of the line because, without the financial guarantees, there was no way the whole project could be completed. Now we are left with one quarter of the job completed. We are left with no Dempster lateral and we are left with an export pipeline to the United States. Does the minister still have the naiveté or the gall to stand up in this House and to say that this project can still be financed in the immediate future?

• (1430)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, with regard to the first project to which the hon. member referred, again I would have to tell him that his party should make up its mind. Last week that party objected to the offer which we made to the private companies and found it excessive and too generous; today it is deploring the fact that the project is not going ahead. Make up your minds, my friends.

As far as the Alaska gas pipeline is concerned, I can only refer my friend to the statements issued by the partners in the Alaska gas pipeline in which they quite clearly and specifically declared that their plan is still to proceed with the project and that they wanted to use the next while to arrange for the financing of the project, since the detailed engineering was sufficiently advanced to proceed. That was the statement of the partners in the project on the weekend, and I refer my hon. friend to it.

Mr. Waddell: While the Alsands matter is serious enough for the minister, the minister should, under British parliamentary tradition, offer his resignation forthwith since he stuck out his neck on the pre-build.

STATEMENT MADE BY PIPELINE COMMISSIONER

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, Mr. Mitchell Sharp, the pipeline commissioner, was quoted this weekend as saying that the sponsors of the project must "provide solid evidence this project is not just being put on hold" and that without such evidence Canadian support, which

is crucial to the project, could not be guaranteed. Considering that Canada has no power to bargain at all—we have given it away; the minister knew that and said it when he was in opposition—will the minister be offering his resignation on this matter? Could he explain what Mr. Sharp was talking about in this statement?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I will be very happy to ask the question of Mr. Sharp and to report to my hon. friend. However, I must remind him quite clearly that if, for any reason, the partners were to abandon the project for the time being, even, and not demonstrate a clear commitment to the particular project, there is no assurance once we have wound down our operations here that Canada could wind them up again expeditiously and meet the United States commitment.

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HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF ONTARIO SOLICITOR GENERAL, HON. GEORGE TAYLOR

Madam Speaker: May I draw the attention of the House to the presence in our gallery of the Hon. George Taylor, Solicitor General for the province of Ontario.

Some hon. Members: Hear, hear!

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NATIONAL ENERGY PROGRAM

DEVELOPMENT OF EAST COAST OFFSHORE RESOURCES

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the symptoms of energy disaster are as prevalent today on the Atlantic coast as they have been in Canada's west. All offshore explorers in Atlantic Canada have repeatedly announced slowdowns and delays as they tried to cope with the pernicious inertia of the government's energy policy. Having learned a lesson in western Canada at the expense of all Canadians, would the Minister of Energy, Mines and Resources now recognize that his policies are on a collision course with economic disaster for Canada? Would he immediately change his tax and royalty terms and Petro-Canada's expropriation rights, and would he thereafter immediately endeavour to negotiate viable energy development programs for all potential offshore resources in Atlantic Canada and negotiate with Atlantic Canada premiers and researchers in the oil fields?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I remind the hon. member that we have been negotiating with the maritime premiers. As a matter of fact, we recently signed an agreement with the Premier of Nova Scotia, an agreement which the government of Nova Scotia and the people of Nova Scotia have hailed as very positive and constructive and as one which augurs extremely well for development in offshore Nova Scotia. Also I advise my colleague that there has already been a meeting between Nova Scotia and Government of Canada officials and that a new agreement was arrived at and several issues were dealt with at that meeting. As a matter of fact, the Premier of Nova Scotia indicated that he was looking forward to very dynamic development in offshore Nova Scotia. I advise my friend that we have received a number of applications for further exploration offshore Nova Scotia. This is only one example among many. I suggest my hon. friend should get his facts straight as to what is happening in the maritimes.

Mr. McCain: Madam Speaker, all Canada, except apparently the Minister of Energy, Mines and Resources, is aware that the provinces submitted to inexorable pressure by the federal government to submit to rules, regulations and taxation which they knew full well would deter, if not destroy, the development of oil resources in the nation of Canada. The west is our example, and all the rhetoric of the minister is a waste of time.

Some hon. Members: Question!

Mr. McCain: Last year Canada spent—

Some hon. Members: Question!

Mr. McCain: I would ask hon. members opposite—

Madam Speaker: Order. Hon. Members are quite correct in asking the hon. member to put his question. I was about to rise to ask the same thing.

Mr. McCain: I will be very brief, Madam Speaker. I only wish they had as much patience with the questioner as we have with the answerer.

Madam Speaker: Order.

REQUEST FOR INTRODUCTION OF INCENTIVES PROGRAM

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, last year we imported almost $7 billion worth of oil, at a time when our balance of payments was very unfavourable. Would the minister now swallow his pride, his jealousy, his greed, and come up with a realistic, dynamic, incentive-loaded, petrochemical oil and gas developmental program which would not extract from Canadians all the money he wants and would put fuel in the hands of Canadians at a price which they can afford?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I suppose I would need a lot of time to go through all that rhetoric, but I will try to limit myself to telling the hon. member that the subsidiaries of American companies investing in Canada in the oil and gas field will increase their expenditures in Canada this year by 28 per cent.

Mr. McCain: Over what?

Mr. Lalonde: This is well over the increase in expenditures in other countries by United States subsidiaries.

Mr. McCain: That is over last year. What about five years ago?

Mr. Lalonde: Second, I remind my friend that offshore expenditures in the Atlantic provinces, which are of concern to him, will increase very significantly this year. We have taken steps to encourage development in the oil and gas industry. These are taking place at the present time. If my hon. friend takes the trouble of inquiring as to what is happening offshore in his own province, he will find out what is happening in eastern Canada at the present time.

DEVELOPMENT OF HIBERNIA FIELD

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the Minister of Energy, Mines and Resources. He will know that last March the government of Newfoundland submitted a very reasonable compromise proposal to which the minister has not yet responded. The proposal called for revenue-sharing, management-sharing, and joint ownership, to get on with the development of the important Hibernia field and was approved in the provincial election by the people of Newfoundland.

Now that the SIU question of jurisdiction has been set aside and now that the Alsands deal has been shattered, will the minister sit down with the government of Newfoundland to discuss this very reasonable compromise proposal so that Canada can get on with developing the very important Hibernia field?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, obviously the Government of Canada is very interested in developing the Hibernia field, an area which is the property of all Canadians. On January 25 the government of Newfoundland put forward a proposal. We let our views be known on that proposal. There were meetings of officials on February 3 and February 4 in Montreal, at which time we gave a reaction and also enunciated a number of views on the subject as far as we were concerned.

We also indicated on February 15 to the government of Newfoundland that we would come up very soon with a full-fledged, fully-developed counteroffer as far as we were concerned. The government of Newfoundland preferred to walk away from the negotiating table at the time, took us to court, and then decided to hold an election. We did not walk away from the negotiating table. We have been there ever since, but no one showed up from the other side. We are not that touchy on these issues.

• (1440)

Some hon. Members: Oh, oh!

Mr. Lalonde: Today my office has been in touch with the office of the minister of energy for Newfoundland. I suggested that we should hold a meeting within the next few days.

LABOUR CONDITIONS

CLOSURE OF FISH PLANT AT PRINCE RUPERT, B.C.

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Employment and Immigration and concerns the closure of the B.C. Packers' Seal Cove facility at Prince Rupert. I think the minister is aware that over the last 70 years the facility has operated both viably and profitably. The question of the closure was raised by my colleague, the hon. member for Nanaimo-Alberni, on April 7. The minister indicated at that time that he would meet with representatives of the workers from that plant on April 23 while he was in British Columbia. That meeting never took place despite the fact the workers asked for it.

Since it is fairly clear that the operation is economically viable and increased from one million pounds in 1974 to nine million pounds last year, would the minister do two things? Number one, would he instruct that there be a marketing analysis of the groundfish operation and, number two, would he at least keep that plant in operation until such time as that marketing analysis is completed?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member suggests that I was to meet with the workers. I indicated that if we had an invitation, we would do so. When I was in Vancouver, I did meet with many of the organizers of the B.C. Federation of Labour and discussed a wide range of items. At the time, we were meeting in an open, public forum.

However, I would say in answer to his request that we are certainly prepared to help and work within the limits of our department within a variety of labour adjustment areas, but we are not in a position to offer the kind of support the hon. member is recommending. That is something which would have to be negotiated with the provincial government and others in terms of considering what kind of assistance might be available. We have a wide variety of programs at the federal level. We can offer them. However, in some cases there are serious problems in markets, and we would have to look to see what they possibly could be. Therefore, I will ask my department to continue to meet with the employees and employers to see what might be done, but I am not so sure that the hon. member's suggestion is an appropriate one.

SUPPORT FOR INDUSTRY

Mr. Jim Fulton (Skeena): My supplementary question, Madam Speaker, is directed to the Acting Prime Minister. It concerns the philosophy, which seems to be predominant on that side of the House, involved in supporting industries which are bankrupt or are not able to stay afloat, whether the industry is Consolidated Computers or something else. The fish plant in Prince Rupert has operated for 70 years, it employs 250 people and provides $7 million a year to the local economy. This year B.C. Packers has written off or deferred $8.5 million in taxes, and has two $10 million deals going on right now with the cabinet in British Columbia. I wonder if the

Acting Prime Minister would comment on the political philosophy and the nature of supporting only those industries which are going bankrupt while no support is being given to one which is economically viable and is providing very important jobs in an area which is currently suffering a 40 per cent increase in unemployment from last year. Would he tell the House—

Madam Speaker: Order.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, of all the hon. members in this House, my hon. friend should be the last to complain. The port of Prince Rupert has been the object of great attention on the part of the federal government in recent years. Three major developments are now taking place there in terms of the grain elevator and the coal facility, and in terms of the petro-chemical facility in future months. The federal government contribution to each one of those is really very substantial.

Concerning the particular point the hon. member raises with respect to the fish plant, unfortunately, or fortunately, it does not come under my jurisdiction. I will take responsibility for bringing it to the attention of the responsible minister and providing an answer to the hon. member as soon as possible.

* * *

ENERGY

DEVELOPMENT OF ALTERNATIVES TO ALSANDS PROJECT

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the recent statements and announcements with regard to the Alsands project, could the minister tell the House which projects the federal government envisages to replace the kind of investment and employment that the Alsands project was intended to provide?

Mr. Nielsen: He read his list already.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all I would like to point out that, contrary to what one hon. member said a minute ago, the Exxon project in Colorado would not cost five times the cost in Canada. As a matter of fact, it would cost $5 billion to produce 47,000 barrels of oil, while Alsands would cost about $14 billion or $13 billion to produce 130,000 barrels of oil. Therefore, I suggest that the mathematics were all wrong.

As far as the question asked by my hon. friend is concerned, I would like to point out to him that Canada can still reach self-sufficiency by 1990 by concentrating its efforts and money on the exploration and development offshore, the Atlantic coast and the Beaufort, and also by constructing upgraders in Montreal and Saskatchewan and by accelerating the activities with regard to heavy oil and enhanced oil recovery in the prairies, in the western provinces. We are confident that those activities will enable Canada to meet all of its needs by 1990.

PIPELINES

ALASKA GAS PIPELINE—QUERY RESPECTING START OF CONSTRUCTION

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is also directed to the Minister of Energy, Mines and Resources. Last week, and even earlier today, he was unable to give us any straight answers concerning the Alaska gas pipeline, and I am now giving him the opportunity to redeem himself. Will he tell us when this project will start, or has he completely botched it?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as I indicated earlier, I would like to refer my hon. colleague to the statement made by the Alaska pipeline project partners. In their statement, the partners made it quite clear that they remained entirely committed to carrying out this project, and that in the coming months they would be developing an appropriate financing formula, in view of the fact that they had already completed the necessary engineering work.

[*English*]

Mr. Nickerson: Let me remind the minister of what he said on July 17, 1980. At that time he said that "the government of Canada has accepted the United States' commitment, assuring timely completion of the whole project". I repeat the words, "timely completion of the whole project".

REQUEST FOR MEETING WITH UNITED STATES AUTHORITIES

Mr. Dave Nickerson (Western Arctic): If the minister is serious about the thousands of Canadian jobs that this project would generate, and if he is concerned with the billions of dollars of spin-off benefits, would he undertake, either personally or through the Prime Minister, to meet with his United States counterparts so that we are not faced with another Liberal Alsands disaster?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, meetings have taken place with the U.S. administration concerning this matter. I am sure there will be further meetings. However, I want to point out to my hon. friend that the problem is not with the U.S. administration at the present time. The problem is that the private sponsors have had difficulty amongst themselves. The pipeline commissioner, Mr. Sharp, has been in touch with them on a regular basis. We will continue the pressure with regard to that matter.

I refer my hon. friend to the statement made by Foothills over the weekend, which indicated, and I quote, "The companies have, as a group, reconfirmed their commitment to the project". It went on to state, "Pre-construction work for Phase Two will be maintained in both Canada and the United States, funded by the companies in today's meeting and fitting to this schedule". That is the statement by the companies.

Oral Questions

NATIONAL ENERGY PROGRAM

STATEMENTS MADE BY MINISTER

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is also directed to the Minister of Energy, Mines and Resources. A total of 18,230 direct jobs would have been created in Alberta if the Alsands project had proceeded, including over 1,000 electricians, 1,860 pipefitters, 1,890 operating engineers, and I could continue, not to mention the thousands of jobs which would have been created in the rest of the country, especially in Ontario and Quebec, which would have supplied over 50 per cent of the major equipment to the project. Since the National Energy Program has been a disaster and has not produced the jobs promised by the government, could the minister explain why the people of Canada should believe anything he says, especially when he says that future jobs will be created by his pie in the sky programs?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as far as the Alsands project is concerned, I may remind my hon. colleague that the government of Alberta and the Government of Canada made an extremely generous offer which was, in fact, considered as such by the other partners. The latter decided, however, considering the international oil price situation at the present time and the prevailing uncertainty about inflation rates over the next ten years, that they were not ready to embark on a project that would involve tremendous expenditures on their part. I may point out that, throughout these negotiations, both governments said there was a limit to what the taxpayer and the consumer should be asked to pay or to contribute toward the realization of such projects. I suggest that both governments went as far as they could, within reason, in making concessions to these companies. The companies decided that the concessions were no longer adequate. Well, that is unfortunate, and we are going to proceed with other projects which, I hope, will be less costly, both to the taxpayer and to the consumer.

• (1450)

[*English*]

REQUEST THAT MINISTER RESIGN

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, if the minister had been as generous a couple of years ago as he thinks he is now, the project would have been 75 per cent completed today and Alsands would have a permanent work force of some 5,000 Canadians. That is all gone. "Black Friday", April 30, 1982, will be known as the day the minister lay down and pulled the coffin closed. Will the minister now admit that most of the NEP is faulty, is wrong for Canada, and will he resign before he eliminates any more jobs for Canadians?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as I said before, our present energy policy is guided by agreements concluded by the Government of Canada with the governments of Alberta, British Columbia and Saskatchewan. The agreements were adjusted during the last few months to benefit the industry. A number of substantial concessions were made. Here again, there is a limit to the concessions that Canadian taxpayers should be prepared to make to the oil industry. As far as we are concerned, we are going to make sure that all reasonable projects that can be carried out, are carried out. However, we are not going to ask the Canadian taxpayer to pay whatever the oil companies care to ask. We are not going to do that, because we take the interests of the Canadian public to heart.

* * *

[*English*]

ENERGY

INCREASE IN NUMBER OF DEPARTMENTAL EMPLOYEES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is also for the Minister of Energy, Mines and Resources. We have heard today in this House how the loss of the Alsands and Cold Lake projects, plus the delay of the Alaska gas pipeline, will mean the loss of about 100,000 man-years of direct and indirect jobs during the construction phase alone. In fact, Madam Speaker, the only employment opportunities created by the minister's National Energy Program are in his own department, which has increased by 160 per cent in the last two years and 300 per cent in the last three years—according to the estimates 717 additional people in the first two years, and 873 over the last three years. Is the minister preparing to cut back on his own staffing requirements, or is his NEP geared only to promoting public sector rather than private sector employment?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in previous answers I already indicated that activity in the oil industry during 1982 is expected to be greater than it was in 1981, and an even higher level of activity is expected for 1983. I may say that our energy policy had two objectives with respect to energy supply, namely, to increase supplies and to reduce consumption through conservation and by substituting other forms of energy for oil. Both approaches are working since, at the present time, there is heightened activity in the search for new oil in Canada, while oil consumption dropped 7 per cent last year. Both achievements are a result of the National Energy Program, and we intend to continue stressing these two aspects, namely, to increase oil exploration in Canada and reduce consumption through programs intended to help consumers conserve oil or substitute other forms of energy for oil.

[*English*]

Miss Carney: Madam Speaker, the minister has failed to explain why his departmental staffing has increased over 300 per cent when we have lost $50 billion in direct capital investment.

PROPOSALS TO INCREASE ENERGY SUPPLY

Miss Pat Carney (Vancouver Centre): Madam Speaker, the minister says he plans to accelerate the Beaufort Sea and east coast developments, both of which are years from on-line production. Since the industry says Hibernia production is at least ten years away, and there are as yet no commercial oil finds reported in the Beaufort Sea, and major technical problems prohibit the immediate transportation of natural gas, is the minister planning to command the oil to gush forth and the waves to part, or does he have some practical proposals in mind?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have indeed very practical proposals in mind, and that is to work with the oil companies to make sure these projects are going to—

Some hon. Members: Oh, oh!

Mr. Shields: When? When?

Mr. Lalonde: —come into production. We will work with the government of Newfoundland to that effect. I would say my hon. friend is completely at sea when she says Hibernia production is at least ten years away. She must be the only one who believes that.

* * *

AGRICULTURE

LIVESTOCK STABILIZATION PROGRAMS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is for the Minister of Agriculture about stabilization programs. After the hog stabilization payment in 1981 and the piggy-back arguments which followed, the minister promised to bring in a new federal-provincial agreement for these programs. Last week's announcement on lambs, which ruled out payments to producers covered by provincial plans, points up the fact that the minister has not completed his promise to have a new program in place by March or April of 1982.

Since it appears that the main impediment to a new agreement is money, can the minister tell the House what financial proposals are being made to offset the drastic drop in returns for livestock producers, particularly in light of the fact that the old formula, based on 90 per cent of the previous five years' market price, is totally inadequate with the current rate of inflation?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that we recognize that program was inadequate in 1978, and we proposed a new program at that time guaranteeing 100 per cent of income assurance for farmers. That was turned down by the Canadian Federation of Agriculture, the Canadian Cattlemen's Association, and by every province including his own. Now they are asking for pretty near the same thing.

We are proposing a new plan for them and I hope to be able to do that shortly. The pork producers talked about bringing forward a plan for four years; they submitted one just in the last few weeks and want me to adopt it immediately. The Canadian Cattlemen's Association have adopted one along the lines we proposed in 1977-78. I have some different thoughts on that.

We are proposing a plan, and we will be discussing it with the organizations and the provinces when it is presented. But they have run ahead with helter-skelter programs; the rich provinces with rich programs, the poor provinces with hardly any programs at all, hoping that we are going to piggy-back their programs. We made it pretty plain to them that there would be no piggy-backing of those programs any more. And we are doing what we said we would with the stabilization program for lamb.

FEDERAL-PROVINCIAL MEETINGS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, the minister mentions that piggy-backing will not be allowed in any future agreement. What other principles is his department taking into the discussions, and will he outline these to the House? How many meetings have been held at the officials' level and at the ministerial level?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, there have been many meetings and I do not have a list in front of me. There has been a lot of consultation over a period of time and some of these officials are saying now that I refused to have my officials involved in any other meeting until the final proposal is presented. That is true; I said, "Quit wasting your time, get on with preparing the paper I suggested to you; bring it forward. We have had a two-person committee, we have had the Senate report and other studies; put them together and bring forward a paper." That is what we are doing at the present time.

* * *

MINES AND MINING

LAY-OFFS IN NORTHERN ONTARIO

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Mines who will know that 100 per cent of iron ore production from northern Ontario mines, particularly in the Timiskaming and Wawa areas, goes to the Ontario steel industry. She also

knows that the budget has had a very negative impact on that industry to date, and with the announced shutdown of the Alsands project and the delay in the Arctic gas pipeline project we are likely to see substantial increases in the number of lay-offs. The minister knows there are over 2,000 lay-offs in the northern Ontario area scheduled for this summer alone, and I want to ask her what she is going to do when these thousands of mine and steel workers are faced with permanent unemployment as a consequence of the Alsands and Arctic gas pipeline decisions.

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the hon. member knows quite well that the reduction in the consumption of iron ore is not due to termination of these projects, but to a worldwide decline in the use of iron ore. He knows very well that this government has a number of projects under way to accommodate those men who are unemployed. As a matter of fact the Minister of Employment and Immigration, the minister in Ontario, and I are working very closely to ensure that there is work for these unemployed miners by invoking Section 38. A great deal is being done.

• (1500)

QUERY RESPECTING PLANS FOR UNEMPLOYED MINE WORKERS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, Algoma Steel, Dofasco and Stelco all draw their iron ore supplies almost exclusively from northern Ontario and the United States. I might point out that the steel orders for the northern gas pipeline were already placed and were to be filled this summer, 55 per cent by Stelco's mill in Welland, Ontario, and 45 per cent from IPSCO using Canadian-mined iron ore. With the shutdowns and lay-offs that are already prevalent in the iron ore industry, what does the minister propose to do now when thousands more mine workers are likely to be faced with permanent unemployment this winter because of the termination of these two very important projects?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, as I indicated to the hon. member earlier, the iron ore industry across the world is in great trouble. To attribute all these problems to the cancellation of these projects is totally unfair. I suggest the hon. member examine those programs that we have in place to ensure that we have work for the unemployed miners.

* * *

PETITIONS

MR. FRETZ—EMPLOYER CONTRIBUTIONS TO HEALTH CARE PLANS

Mr. Girve Fretz (Erie): Madam Speaker, I wish to present the petition of the undersigned citizens of Canada and the Niagara Peninsula, including the riding of Erie, Ontario, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy.

We the undersigned, a group of 77 concerned Canadian citizens, declare our opposition to the proposed budgetary legislation that would make employer contributions to health, dental and vision care plans taxable income to the plan participants. Wherefore we the undersigned, your petitioners, humbly pray and call upon Parliament to instruct the hon. Minister of Finance (Mr. MacEachen) to withdraw this proposed legislation which would deny organized labour the benefit and indeed a right to which they are justly entitled.

Madam Speaker: Order. I must remind hon. members that a statement concerning the petition has to be extremely short, just sufficient to tell the House the substance of the petition. The petition itself may not be read.

Mr. Fretz: And as in duty bound your petitioners will ever pray.

MR. HALLIDAY—POLAND—CALL FOR FREE ELECTIONS

Mr. Bruce Halliday (Oxford): Madam Speaker, it is my privilege today to present a petition to the House of Commons signed by a large number of citizens of the constituency of Oxford together with other Canadians from the surrounding area. These Canadians have endorsed the petition sponsored by The Canadian-Polish Mutual Benefit Society which laments the forcible rule of Poland by the Soviet Union and supports the call for free elections in Poland to be supervised by the United Nations. The petitioners urge the Secretary of State for External Affairs (Mr. MacGuigan) to bring their views to the attention of the appropriate officials.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,727 and 4,225.

[*Text*]

Question No. 3,727—**Mr. Herbert:**

What percentage of public servants working in the Department of Regional Economic Expansion in Quebec indicate English as their first official language?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: On a total of 616 employees working in Quebec, 213 (35 per cent) indicated English as their first official language. The distribution is as follows: Hull, 198 of 397, regional and provincial offices, 15 of 219.

NORMALIZING OF LEGAL STATUS

Question No. 4,225—**Mr. MacKay:**

According to the decision by the government of the Czechoslovak Socialist Republic on March 16, 1977, can Canadian residents, formerly citizens of Czechoslovakia, "normalize" their legal status with their former country by making an application to the Czechoslovak Consulate in Montreal and must the application be accompanied by other personal documents and, if so (a) what role, if any, does the Bureau of Legal Affairs of the Department of External Affairs assume in the process of Canadian residents presenting such applications to the consulate (b) is it the policy of the department to keep records of all the cases involving such applications?

Hon. Mark MacGuigan (Secretary of State for External Affairs): As a matter of general practice, the Bureau of Legal Affairs of the Department of External Affairs is often requested to authenticate the signatures on official Canadian documents such as birth certificates, marriage certificates or citizenship certificates. However, in doing so, it is not necessary for the Bureau of Legal Affairs to be told of the reason(s) why such authentication is requested. It is therefore not possible to determine whether the person requesting the authentication is in the process of normalizing his or her legal status with his or her country of origin. The mandate of the Bureau of Legal Affairs in this respect is primarily to provide the service in question.

[*Translation*]

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

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

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

PIPELINES

POSTPONEMENT OF ALASKA HIGHWAY NATURAL GAS PROJECT

Madam Speaker: I have a notice of an emergency debate from the hon. member for Vancouver-Kingsway (Mr. Waddell).

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, for the serious reasons I made clear to Your Honour in a letter which I sent to your office earlier today on the important subject of the postponement, due to lack of financing, of the Alaska highway natural gas pipeline, the biggest construction project to be undertaken in Canada since the CPR, I seek leave to move, seconded by the hon. member for Skeena (Mr. Fulton), the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the failure to find financing for the Alaska highway gas pipeline and its effects on the Canadian economy and energy export policy.

The reasons in the letter include the treaty with the United States, the validity of existing legislation—

Mr. Nielsen: Madam Speaker, I have a point of order. I realize that technically an opposition day, designated as it has been by the government and concerning which a motion was tabled last Friday around two o'clock, is normally an item of government business, but traditionally since this practice has been extant, it has been an opposition day. We now have a member of an opposition party, at a time when an order of business has been put down on behalf of the opposition, moving a motion which, if granted, would displace that opposition's right to debate the subject of their choice during the supply period.

I question the right of the hon. member to do that at this stage when the motion is on the table and the House is seized of that motion. Under the circumstances I question, with great respect, the freedom of the Chair even to consider accepting a Standing Order 26 motion from a member of the opposition.

Madam Speaker: The point made by the hon. member is noted. However, I do not believe there is anything in the Standing Orders to prevent that. I will deal with the matter of the urgent debate if the hon. member will continue his very brief presentation.

Mr. Waddell: Madam Speaker, it will just take seconds. Let me say for the record that we heard about this at 5.30 on Friday. Suppose Canada had gone to war over the weekend, does the hon. member for Yukon (Mr. Nielsen) say that we could not have an emergency debate on Monday? His point of order is absolute nonsense. Let me continue. Before I was so sillily interrupted—

An hon. Member: "Adroitly".

Mr. Waddell: Stupidly interrupted. I will start all over again.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member is trying to get more time. I urge him to continue from where he left off.

Mr. Waddell: As I was saying, the important matter requiring consideration is the financing of the Alaska highway gas pipeline. I sent a letter to Your Honour stating the reasons, including the treaty with the United States, the validity of existing legislation, the Dempster lateral problem, the future of gas exports and the fact that it is a most complicated matter to deal with, as question period today showed.

I would like to add that I was not able to include in that letter that Bill C-93, which we will be debating this week, does not really give us the opportunity to debate what I set out in my letter and the issues herein involved, because that bill deals with taxation. Your Honour has all my arguments set out in detail in the letter.

Madam Speaker: In his notice the hon. member raised two points to try to convince the House that he did have the substance of an emergency debate. The announcement of a delay of two years or more of the Alaska highway natural gas pipeline was the first point he made. The second point was the possible collapse of what he believes to be the largest construction project in our history. Neither seems to me to constitute a matter that requires immediate and urgent consideration. If the hon. member feels that the subject requires early consideration, it could be dealt with on a supply day, of which there are nine remaining.

For these reasons, it is not possible for me to set aside the normal business of the House today, which, by the way, is a supply opposition motion, to consider the matter referred to in the hon. member's notice.

• (1510)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—GOVERNMENT ADVERTISING

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe) moved:

That this House condemns the government for its increasing use of Canadian taxpayers' dollars for self-serving advertising and public opinion surveying, and in particular, for spending millions of tax dollars for unnecessary advertising at a time when it demands financial sacrifices from ordinary Canadians.

He said: Madam Speaker, as hon. members were coming to work over the course of the last month or so, they would have noticed just two blocks south of Parliament Hill a billboard which featured in recent days a picture of a woman who was apparently a mechanic working on some heavy equipment. The Caption on the large billboard was simply "Making Canada Work". Underneath that, in small letters were the words "Employment and Immigration Canada".

Previously, there was another advertisement there which showed a man in front of three computer screens with again the same caption "Making Canada Work" and in small letters "Employment and Immigration Canada".

Anyone who was coming to work, Mr. Speaker, and saw that billboard, after the announcement that there are a million and a quarter Canadians who cannot find a job, must have marvelled at what it was that the Minister of Employment and Immigration (Mr. Axworthy) was trying to get at. If you read that billboard, would you know anything about any government programs? Would it help to put any Canadian to work? Would it do anything to inform Canadians about their rights or about the need that there be full employment? No, it would not. What we find, Mr. Speaker, is that at a time of massive unemployment, unprecedented unemployment, when we have a million and a quarter unemployed, the government does not have the money it needs to create jobs, to give Canadian workers an opportunity to have a job of their own. But somehow the government has been able to find the money for self-serving advertising on billboards across Canada, to rent promotional campaigns in the media across Canada designed to enhance the image of the Minister of Employment and Immigration.

The government itself says that the total cost of the advertising campaign, for Phases I and II, will be some $4.6 million. Any unemployed Canadian who sees those advertisements must ask himself this first question: How can the government justify its priorities in spending $4.6 million on advertising to promote the government's corporate image, instead of putting that money where it is necessary, to get Canadians back to work?

Mr. Speaker, there is no more graphic example of what is wrong with the government's advertising programs than that particular campaign which ended at the end of last month with the billboards. But there is more to come. We will be seeing them on television and in the media across the country. We simply do not know what the exact total is for federal advertising spending. The available figures that we have do not include Crown corporations such as Canadian National. We see the CN advertisements every night on television. The figures do not include advertising by Air Canada or by the CBC. Yet the government, in its own estimates for this year, projects that federal advertising spending will go to a total of $70 million. That is only for advertising which is handled through the Department of Supply and Services. It does not include the Crown corporations to which I referred earlier, nor does it include a wide range of other agencies which were exempt from having to place their advertisements through Supply and Services.

That $70 million figure, Mr. Speaker, is likely to grow by another $10 million; it is far more likely that the Department of Supply and Services this year will be responsible for placing some $80 million worth of advertising. Why do I say that? Because the projection in the blue book for last year was that the federal government would spend some $60 million. Now they concede that that figure was up to $70 million by the time the fiscal year came to an end. Mr. Speaker. It is far more likely, then, that this year federal spending through the Department of Supply and Services will total more than $80 million. By the time we have added in advertising by Crown corporations and other government agencies, the figure will be well in excess of $100 million in this fiscal year, 1982-83.

That money, that $100 million to which I have referred, does not include, for example, the close to $200 million which the government intends to spend this year on government publications. If we want to see the government's true promotional budget, we have to go beyond even that $100 million.

While figures for previous years are not available, we simply do not know exactly how much was spent by governments going back over the years. I put a question on the Order Paper about a year and a half ago but the information has not been forthcoming. It appears as if we can divide growth in federal government spending over two periods. The first began, Mr. Speaker, in 1972 when the Liberal Party lost its majority and

slipped into minority government. Then there was a major increase in that year in federal advertising. The second major increase occurred following the 1980 election.

If you look at the figures produced by the government itself in the estimates, Mr. Speaker, the government indicates that in the year in which the Clark government was in office, federal spending on advertising was less than $40 million. The federal government projects for this year that it will be over $70 million. What that indicates, Mr. Speaker, is that in three years a massive explosion has occurred in federal advertising with the return of this government to office.

The federal government is the largest advertiser in Canada today. If you look at the private sector, perhaps the best example to make a comparison with would be General Foods. Yet General Foods' total budget to promote all of the goods and services they produce in Canada is less than half of what the federal government will be spending this year.

The government will say that it is unfair to make a comparison with a private sector corporation, but what about the situation in the United States, in contrast to the situation in Canada? The *Wall Street Journal* of March 4 of this year reported that the American federal government ranked twenty-fourth among advertisers in fiscal year 1981. Their expenditures were $173 million. That means that on a per capita basis the federal government in Canada is outspending the federal government of the United States for each citizen by four times; that is, spending four times as much per citizen in Canada for federal government advertising than is spent in the United States by the American government.

When these figures are pointed out to members on the government side, Mr. Speaker, they say that the provinces are doing it. This is a new standard of political situation ethics, Mr. Speaker. It is said that other people are doing it so it is all right for Ottawa to do it. There is no question of morality there; there is no question whether the government can be justified in spending that sum of money. Yet the most valid reason that can be made, in comparison with the United States, shows that our federal government on a per capita basis outspends the federal government by a ratio of some four to one.

I think it is worth making the point, Mr. Speaker, that government is different from the private sector. If you were running a corporation in the private sector—for example, General Motor or General Foods—you would have a responsibility to sell your product, to get out and hustle in the marketplace, to develop a good corporate image to convince Canadians that your product was better than the competition. Your job would be to sell and to promote a particular product. By contrast, the prime responsibility of the federal government should not be to sell a product but rather to inform Canadians about the law, about changes in the law, about their rights, about health programs and about how programs work so that services can be provided.

Yet we find, Mr. Speaker, that since the 1980 election there has been a dramatic change in the philosophy behind federal advertising. We find that today the federal government sees its job as selling federal policies and promoting the policies of one political party, the party in power, the Liberal Party. This is a dramatic change from the policies that have been followed by all governments of any stripe in the past. Yet now we find this government feels that it can take public funds and convert them to the private use of the Liberal Party.

Members opposite probably would like to have examples of how this is done. The best example, of course, is the bill board notice which appeared two blocks from Parliament Hill, the Employment and Immigration advertisement. It was not designed to inform Canadians about a program or about their rights but to promote the corporate image of the Liberal Party and the corporate image of the Minister of Employment and Immigration.

There are other examples, Mr. Speaker. You will remember when the federal government called out the Canada geese in support of the Prime Minister's (Mr. Trudeau's) constitutional policy.

Mr. Baker (Nepean-Carleton): "Goose Canada".

Mr. Beatty: They proposed a second advertising campaign, a hard-sell campaign, to follow which even Mr. Michael Kirby, in the infamous leaked Kirby memorandum, said would raise serious doubts about the morality of the federal government in promoting such spending.

The minister then responsible for federal advertising, the Minister of State for Multiculturalism (Mr. Fleming), when he was questioned about it, said this was all right because Parliament had approved in principle the concept of changing the Constitution. He said that as long as he was the minister responsible for federal advertising the federal government would not be involved in the promotion of ideas and policy until after Parliament has at least expressed itself in principle.

Mr. Fleming: Read the whole thing.

Mr. Beatty: That is a policy which he maintained on behalf of the government. Now apparently the minister does not believe he made that statement.

Mr. Fleming: I did not say that. Read the whole thing.

• (1520)

Mr. Beatty: If the minister does not want to be associated with that statement, he should think again because that statement was infinitely preferable to a statement made last fall by the Secretary of State (Mr. Regan). After the Minister of State for Multiculturalism made that statement about not advertising until Parliament had made a statement in principle on a policy, he was stripped of his responsibility for government advertising, and that responsibility was transferred to the Secretary of State.

At a conference on advocacy advertising sponsored by the Conference Board of Canada, the Secretary of State spoke, on November 25, about advocacy advertising and said that there now was a policy of the federal government that the federal government would use public funds to promote federal policies

prior to Parliament's taking a position. We see that there is a striking break with the past, even in terms of the policy stated by previous ministers.

What was so striking about the speech given by the Secretary of State, who has responsibility for federal advertising, was that in one breath he condemned private sector advertisers who engaged in advocacy advertising. He said to them and bluntly, "We want you to know that advocacy advertising cuts no ice with the Government of Canada." Then in the next breath he said that the government sees its responsibility as promoting policies even before Parliament has passed judgment and at a time when they are only the policies of the Liberal Party, and the government feels free to use tax dollars to do that.

As another example of self-serving government advertising, on Remembrance Day, the day before the federal budget, the Government of Canada spent over $130,000 to put ads in over 100 daily newspapers across Canada which had the headline: "In the past 18 months the Government of Canada has resolved over 200 items dealing with our economic development." In the copy the ad gave a long list of programs. It was not designed to tell people how to apply for the programs; it simply listed them and said this:

> We all know there is no one answer to the economic problems that confront Canada and the rest of the world, but here is a selection of projects that, taken together, are promoting sound economic development.

That was on Remembrance Day, November 11. The next day the Minister of Finance (Mr. MacEachen) stood before us in the House of Commons and introduced his "tighten your belts" budget which demanded that ordinary Canadians show restraint and give up their jobs, their homes, their businesses and their farms because, the government said, this was what was necessary in the war against inflation. What sort of restraint is there when public funds are used in this way to promote the policies of one political party and when on the next day the Minister of Finance makes a statement like the one he made?

Let me cite another example of advertising which is highly suspect. On Monday, November 16, just a few days later, in the "Report on Business" there was a full page ad showing a beautiful scenic picture of the Rockies and the prairies. The headline was "Canada—we have a lot to offer each other".

Mr. Peterson: That is true.

Mr. Beatty: It was part of a series. These full-page, full-colour ads ran at $16,000 apiece, and there was a series of seven. Each one in the series ended with this statement:

> Canadians, working together. On the land, in industry, in the mines, on the seas. Working together, and with the help of government—
>
> Which government?
>
> —helping Canada grow. Canada. We have a lot to be thankful for.
>
> To whom, one might wonder.
>
> And a lot to offer each other.

Indeed. When I questioned the Parliamentary Secretary to the Minister of Justice (Mr. Peterson) on this a few weeks ago, he said this was designed to defeat separatism. The government was fighting separatism on Bay Street with $16,000 ads in the "Report on Business". Does anyone seriously believe that separatists will somehow be miraculously converted to supporting Canada because of this ad? Surely not. I suggest instead that when ordinary Canadians find that this government's policies are costing them dearly, this sort of frivolous, dangerous and self-serving advertising on the part of the federal government can only embitter Canadians and destroy support for the federal system in Canada.

As a further example, hon. members will remember the energy ads which were run a couple of years ago by the Minister of Energy, Mines and Resources (Mr. Lalonde). At the time those ads were begun there was the infamous leaked memorandum from Mr. D. C. Hanright, director-general of information services for the Department of Energy, Mines and Resources, Mr. Hanright described what he saw as the purpose of this advertising campaign. He said this:

> Federal "control" will be suddenly, forcefully gained with announcement of the "package". This, however, will be a lumpy, almost indigestible mass of policy.

He was referring to the National Energy Program.

> Unless that initiative is retained by merchandising both the package and its individual elements, and existing programs in the fields of supply, allocation and conservation, that initiative will go by default to the inevitable detractors (including a largely hostile media, the producing provinces, the foreign-owned multinationals, and the Opposition).

"Opposition" was spelled with a capital "O". To whom was Mr. Hanright referring when he spelled "Opposition" with a capital "O"? He was referring to the opposition in Parliament. The purpose of the advertising was to take energy off the list of pressing public concerns and to convince Canadians that the Liberal government had energy matters under control. If the federal government did not spend federal funds to do that, according to Mr. Hanright, the inevitable detractors—the opposition in Parliament, a "hostile" media, the multinationals and the producing provinces—would convince Canadians that there were serious problems in relation to energy. That was the purpose of that campaign. Surely no one can look at that statement and say that the federal government was not designing to use public funds, taxpayers' dollars, to promote the policies of one political party to the disadvantage of other political parties in Canada.

I am sorry the Minister of Supply and Services (Mr. Blais) is not here at the present time. Last May he gave a speech, and in that speech he likened the federal government to a multi-product corporation. In his speech he said:

> Government is too complex nowadays to rely on "policy by press release". Programs must be explained—and not by reporters, but rather by the people who created them.

This is what he said to the Association of Canadian Advertisers in Toronto:

> Imagine in your own companies if you had a $60 billion product and the only advertising you relied upon was word of mouth, reports in the media or comments by your competitors.

The "competitor", again, is the opposition in Parliament. According to the Minister of Supply and Services the role of

federal government advertising should be to sell federal policies, to overcome opposition from Members of Parliament, to overcome a hostile media and to ensure that there is public acceptance of the good works of the government and that public funds will be coerced from the taxpayers of Canada to pay for this. What does this say about the morality of the government in federal advertising? What does it say about the claim that this federal advertising is not designed to promote one political party?

But even if one sets aside for a minute the issue of whether the federal government should be advertising to promote the views of one partisan political party, there comes the question of truth in advertising. At the time those Department of Energy, Mines and Resources ads began showing up in our media, Mr. Murray Coolican of the Canadian Arctic Resources Committee wrote to the Department of Consumer and Corporate Affairs to ask for an investigation into false and misleading claims made in those ads. He felt that much of the content of that advertising was simply untrue and, because the Department of Consumer and Corporate Affairs goes to great pains to police the private sector and can lay charges against any corporation involved in false and misleading advertising, Mr. Coolican wrote under the Combines Investigation Act to the director of investigation and research of the Department of Consumer and Corporate Affairs and, on September 10, 1980, Mr. K. G. Decker, director of the marketing practices branch, wrote back to Mr. Coolican in this way:

> As you know, a necessary element of an offence under Section 36 of the act is that a misrepresentation must have been made for the purposes of promoting the sale of a product or a business interest. Since the advertisement was placed by the Department of Energy, Mines and Resources it is in my opinion, unlikely that a court of criminal law would consider that this element would be present. In addition, there have been some cases in law which appear to have established that agents of the Crown, which would include most government departments, cannot be prosecuted.

There are two standards when it comes to the truth. There is one standard for the private sector. Criminal charges can be laid against a corporation engaged in false and misleading advertising, and these charges are laid regularly by the federal government. However, there is complete carte blanche and freedom for the federal government to advertise however it sees fit, and there is no check upon it whatsoever. When Mr. Coolican wrote to the federal government he was told, "Well, you see, we cannot police this because the Crown is exempt from standards of truth in advertising."

Let me discuss another aspect of federal government activities. The Canadian Unity Information Office is fast becoming the tax-funded propaganda arm of the Liberal Party. At the time the Clark government left office there was a budget for the CUIO to fight the Quebec referendum. If hon. members want to check the main estimates for that year they will find that the budget was $10.6 million. The referendum is over, yet last year the budget for CUIO was $32 million, or roughly three times what it was when the Clark government left office and roughly three times the budget for Information Canada at its peak. You will remember, Mr. Speaker, the concern that Canadians expressed about Information Canada.

• (1530)

CUIO is engaged in massive tax-funded advertising campaigns which are designed to promote the image of the Liberal Party. In addition, it commissions polls in the private sector, the results of which are made available only to the Liberal Party and the Liberal government, not to the people of Canada. Quite recently a great deal of publicity attended the the leak of a poll in Quebec which indicated that since the last Quebec election, the Lévesque government had fallen dramatically in public esteem. The reports were selective, however. The Liberal government gloated over the result of that poll but it did not mention other elements of it. Indeed, when I asked the Minister of Justice (Mr. Chrétien) to table the results of the poll in Parliament, he refused.

I have a copy of that poll, Mr. Speaker, and I think it would be useful for Members of Parliament to know what was contained in it. The poll found that people felt that in the ability of the two levels of government to deal with economic problems, there was more dissatisfaction than satisfaction. In the case of the Quebec government those polled indicated dissatisfaction over the satisfaction by two to one. In the case of the federal government, dissatisfaction over the handling of the economy was three times as high as satisfaction. That is the opinion of the people of Quebec according to a tax-funded federal government poll which is being withheld from the people of Canada and from the Parliament of Canada.

The poll found that the majority of people were unhappy with both governments. You will remember the publicity to the effect that the majority of Quebecers were dissatisfied with the Quebec government. It was pointed out that some 55 per cent of Quebec electors who responded indicated that they were unhappy with the Parti Québécois government while 39 per cent were happy with it. What the government neglected to mention to the Canadian people was that the poll showed that some 54 per cent were also unhappy with Ottawa; that is, 1 per cent less was unhappy with the Trudeau government than was unhappy with the Lévesque government and 1 per cent more was satisfied with the actions of the Trudeau government. But that information was withheld from us.

I invite members of the House to call the office of the Minister of Justice or CUIO to ask for a copy of this poll which was funded by tax dollars. No doubt they will receive the same response I did, which was that it was not available. It is secret. It is information that is to be made available for Liberal Party and Liberal government use but is to be withheld from Parliament and from the people of Canada.

Every single poll that was commissioned during the tenure of the Clark government has been made public. That was at the insistence and urging of my leader and members of that former government. Every poll commissioned during the tenure of the Clark government was on the understanding that the results would be made public. But the number of polls commissioned by the present government since the last election is secret. When I questioned the executive director of the Canadian Unity Information Office about this matter in December, he refused to tell a parliamentary committee how

many polls it had commissioned which were paid for out of public funds. Shortly after that, the executive director of CUIO left and went to work for the new leader of the Liberal Party of Ontario.

Surely an agency such as the Canadian Unity Information Office must not be allowed to have a budget of up to $30 million which is designed to promote the image of one political party and to gain intelligence only for one political party. When one questions this sort of advertising, the response from the government is that it is essential that the federal government explain to Canadians what their rights are, what services are available and what can be done for them. If it was serious about all that, surely in two years we would have seen a tough and comprehensive freedom of information act such as that which was introduced by my colleague just a few days after Parliament met during the Clark regime.

What we have today is the most secretive government in the history of Canada. It is secretive about how it spends taxpayers' dollars, it is secretive about public opinion polling, it is secretive about its activities and it is secretive about how decisions are made.

According to officials in the Privy Council Office when this party was in government, the cost of a comprehensive freedom of information act would have been about $10 million per year. Mr. Speaker, the cost of federal advertising this year will be about $80 million. I think Canadians are entitled to ask if the $10 million would not be better spent. Surely it would be infinitely preferable to open up this information for Canadians so that they can get the information they want instead of being propagandized with their own tax dollars and a message promoted by the Liberal Party.

A number of things can and should be done to clean up the federal government's advertising. The first thing would be to wind up the Canadian Unity Information Office. Massive savings could be made in that way. It is becoming a dangerous rogue elephant which operates on behalf of the Liberal Party. Those elements of its publications which are non-partisan or beneficial could be provided elsewhere. We should not have a central agency doing public opinion polling on behalf of the Liberal Party and financing advertising which is designed to promote the image of one political party.

Second, we should scrap federal advocacy advertising. The time has come to draw the line and to say that this must stop.

Third, we could save money for Canadian taxpayers by reducing the level of federal advertising by at least one third. A good place to begin would be to scrap CUIO and advocacy advertising.

Fourth, every public opinion poll commissioned by the Government of Canada should be made public. It should be commissioned only on the understanding that when the results are in they will be made available to Parliament and the people of Canada. We must do away with the secrecy that attends public opinion polling in Canada.

Fifth, when individual Canadians have concerns about the truthfulness of government advertising there should be an independent body whose decision would be binding on the federal government. Complaints could be made to it and claims adjudicated and it could decide whether the federal government is using tax dollars to disseminate information that is plainly false. There is no such body today.

Sixth, what we need desperately in Canada is a tough and comprehensive freedom of information act. The time is long past when government can claim that information about how it acts and handles tax dollars is its own property and not that of the people of Canada.

If the present situation is allowed to continue unchecked we will find that the essential equilibrium between government and opposition which has existed over the centuries of parliamentary democracy will be destroyed. Instead, we will have one political party with a slush fund of $70 million or $80 million with which to promote its own policies and interests. It will be able to reach into the taxpayer's pocket to promote those interests and gain support while other political parties do not have similar funds to promote their point of view. I do not argue that the opposition parties should be funded from tax funds; it is the responsibility of those parties themselves to raise the money. I say, however, that this abuse must stop if our system of parliamentary government is to remain healthy.

If this trend continues we will find that it is yet another attack on the press in Canada. What we see now is that when the federal government cannot earn good publicity it uses tax dollars to buy good publicity. It simply drowns out competing points of view by purchasing as much time or space as is necessary to get its message across.

This is just one example of a series of attacks on freedom of the press, which includes the Kent commission report, the raid on *The Toronto Sun* under the Official Secrets Act and threats by cabinet ministers, including the Prime Minister, against Radio-Canada because they did not like its political coverage. It is essential that this trend not be allowed to continue.

In his book "The Government Party", Reginald Whitaker quotes from a memorandum that was sent to the Liberal Party in 1948 by Walsh Advertising Agency entitled "A Formula for Liberal Victory". I think it sums up the message that the Liberal Party believes in. On page 217 of that book there appears the following:

> —we stripped away all the mysticism of political campaigns and "sold" Liberalism as we would sell any other product or service—by modern merchandising methods ... Walsh has always approached its political assignments with the same techniques that it employs successfully to sell automobiles, fountain pens, hosiery, etc. for other clients ... Given a free hand, Walsh proceeded to formulate a plan that would sell a government to a people, just as we would sell any other product or service to people ... Inferior products can annihilate superior ones, if shrewdly, consistently and heavily impressed upon the public.

• (1540)

That was in 1948, Mr. Speaker, before I was born. In the intervening 34 years the Liberal Party has learned that lesson well. They have discovered that by using massive amounts of tax dollars, they can convert those dollars to the use of the Liberal Party and sell inferior policies and get their point of view across in a way no other Canadian can do. This represents

a dangerous trend in our government, one that must stop, and a good place to begin to draw the line is on this motion today.

Hon. Gerald Regan (Secretary of State): Mr. Speaker, it is my belief that the essence of responsible government is that government informs the public of its initiatives, policies and laws. We cannot have a responsible government if we do not have an informed electorate. I do not believe it is possible for any government to discharge its responsibility of informing the public without utilizing advertising as a very important tool in the process. So I guess you could mark me down as one who rather strongly believes not only that it is responsible for governments to advertise, but that governments have the responsibility to advertise.

In a country as vast as Canada, with our scattered population and the proliferation of television channels, many of them carrying American programs, it is not a very easy task for any government to reach all of the public and get a message across on important policies or laws. It is a very difficult task which requires a variety of approaches to reach a far-flung public. A suggestion has been made to report on laws, policies and programs available to taxpayers. I know that immediately a lot of people will say that that is the job of the media. However, on reflection I think almost any fair-minded person will come quickly to the conclusion that it is not the responsibility of the media, and it is not something they are well equipped to do. The media is equipped to select the most newsworthy items which occur in government, and depending on the type of media, whether it be print, radio, television or whatever, they are often able to highlight the major features of a particular program in only a relatively superficial way. They do not have a responsibility to report on every government program or its details. It is not their job to tell a person exactly how to qualify for a home insulation grant. That is not what they are about at all. Therefore, we must immediately conclude that the media cannot perform the task, nor should they be expected to, of informing all Canadians in relation to government programs. That is not the way you are going to do it.

The question then is, are there ways in which the public can be reached other than by advertising? Well, there may be a variety depending on how broad a construction one were to put on the word "advertising". But I believe most would recognize that a public well-informed by factual advertising is better able to utilize existing government programs, better able to judge the wisdom of the programs, and is better able to make its representations through elected members or in whatever manner they desire. So I think that is a pretty good argument in support of the idea that governments have the responsibility to advertise.

I think the message of the young hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) is not a very constructive one.

Some hon. Members: Oh, oh!

Mr. Regan: What bothers me about it, Mr. Speaker, and what bothers me sometimes in this House, is those who think we are here with the task of carrying on a political election for all the time we are elected members. I do not believe that is the case. I think the parties should fight each other for election at election time with great vigour, and that the responsibility of a Member of Parliament at other times is somewhat higher.

Mr. Blaikie: You are a real democrat.

Mr. Regan: I am glad to have that endorsement. What bothers me about this particular subject is those people who say one thing when they are in government, and something totally opposite when they are in opposition. I say this in relation to the young member who has just spoken, because he had some responsibility in relation to advertising during the interim government, which government did not stop advertising. That government gave no indication that it did not feel government should advertise. It continued to advertise. So what does he do? He comes here and tries to pick out individual ads and how they are applied, and use that as a reason to say that this government is different from his government and other governments with respect to advertising.

He says these are hard times and therefore government should not be advertising. Does he feel, for instance, with the tremendous amount of money spent advertising tourism in this country by the Government of Canada, which brings immense returns to the economy and employment, that if times are difficult we should shut down the advertising? I am not sure that that is his position, but it seems to be the one he expresses.

Then, of course, on the basis of having had some responsibility in government for advertising—for eight months—he sets himself up as an advertising expert. I am far from being an expert—

Some hon. Members: Agreed.

Mr. Regan: —but I happen to believe that the job of the person responsible is to use the advice of experts in that field as in other fields. The hon. member comes in here and says: My goodness, I have discovered that there is a billboard which just says "Making Canada Work" and it shows a woman working and says "Employment Canada" down below. Therefore, he says, that is all this ad is conveying. The hon. member shows his absolute ignorance of the subject of advertising. He does not look at the entire program. Any man who has been in the advertising business for any period of time will tell him that a comprehensive program using a slogan ties together the radio, newspaper and television ads with the billboard. The billboard plays a very important role of jogging a person's memory about a message conveyed by television in more detail, or in newspapers.

Mr. McDermid: The land is strong.

Mr. Regan: Either he does not know that or he does not care, because he thinks the game is to come into Parliament and when in opposition to scream about advertising. I want to say, Mr. Speaker, I think we have a lot of pretty serious

problems in this country, and if the hon. member was able to convince his caucus to use an opposition day in these times to talk about the slight difference between the advertising when this government is in office compared with when his government was in office, then they were either feeling sorry for him because he has not had an opportunity to put forward anything in recent times, or they were pretty hard up for something to talk about.

Mr. Beatty: What is $40 million to you, Gerry?

Mr. Regan: Mr. Speaker, I talked about the fact that when they were in government, they advertised, but they take a different stand in opposition. What do their friends do in the provinces? The province of Ontario, according to the best information I can find, is spending $18.6 million a year on advertising. How would you like to apply that per capita as against the Government of Canada reaching a public that is spread across the entire country and is, therefore, much more expensive to reach on each subject with which the government has to deal? Or would the hon. member like to talk about—

• (1550)

Mr. McDermid: Mr. Speaker, I rise on a point or order. I do not think the minister would like to mislead the House when he mentions government advertising by the province of Ontario. I think he would find a good portion is tourist advertising—

The Acting Speaker (Mr. Ethier): Order, please. Corrections can be made when the hon. member is recognized in the debate.

Mr. Regan: Mr. Speaker, if the hon. member had been paying attention, he would have heard me talk about the fact that the Government of Canada is spending a lot of money on advertising for tourists. Not only in Ontario but in all of the provinces, substantial advertising programs are undertaken.

The other quarrel I have with the hon. member, before I move on to some other matters, is that he keeps talking about advertising being done for the advantage of one political party. Advertising done by a government is not done for a political purpose. It is not done for the advantage of one party.

Some hon. Members: Oh, oh!

Mr. Regan: The hon. member's problem is that he cannot accept the fact his candy was snatched from him after only eight months in office. It is not a question of two political parties; it is a question of government having responsibility to the public while it is in an elected position, quite apart from political responsibilities. The government has the responsibility to advertise those programs which the public needs and about which it wants to be informed. Frankly, based on my experience, I doubt whether we advertise enough. I doubt whether any government advertises enough. I find again and again, not only while this government is in office but under other governments that a tremendous number of people do not know about government programs which they should know about. Does the hon. member feel that it is enough that we pass a program to provide assistance to people who apply for insulation grants?

Miss MacDonald: Look at what you did with UFFI.

Mr. Regan: Is it enough to allow it to be reported by the media despite the fact that many people in the country do not get a daily newspaper? Or is there a responsibility to sell that program and have all Canadians know about it? A government that is not visible is not answerable. A program that is not visible will not be fully used. Government functions better if people are well informed. I believe that electoral decisions, when they come, should be based on solid information and that a government has its opportunity, its right and its responsibility to place factually—and I stress factually—before the public its policies and laws.

The hon. member says that government should not in any way be placing any adversarial information before the public. I suppose he recognizes that both opposition members and government members are allowed to send out householders at government expense. If you want to start looking at truth in advertising, the first thing to look at would be some of the householders compiled by backbenchers of the Conservative party—the real redneckers—and read some of the things which have been put in their householders over the past two years.

Mr. Huntington: Read Ken Robinson's householders. They make good reading.

Mr. Regan: Political parties at election time are given funds for advertising that are certainly adversarial in nature. Those are the sort of exceptions to adversarial advertising, and I think they are probably justified. All parties have supported them in the past.

What sort of things do we advertise as a government? Let us talk about the fact that 75 per cent to 80 per cent of government campaigns are informational, that examples of such campaigns are aimed at attitude changing. Should we advertise water safety as the Department of Transport does? What about anti-smoking? Should we advertise that as we do? What about Hire-a-Student which is advertised by the Department of Employment and Immigration? What about the advertising of seat belt use by the Department of Transport? What about RCMP recruitment? What about the advert for moderation in drinking? What about the availability of government services? What about nutrition? What about the Department of Public Works tender calls? What about armed forces recruitment and what about public service recruitment? What about those sorts of things?

I think what the hon. member is doing is thrashing old straw. If he took the time to find out, he would see that advertising by this government is of the nature I have already outlined.

Let us discuss the self-serving nature of some of the more important government investments in advertising. A little while ago I used the example of the government office of

tourism. Travel and tourism represent 5 per cent of Canada's gross national product. Tourism generates 1,130,000 jobs in Canada annually. There are well over 100,000 small businesses whose livelihood and profitability depend on tourism. Total receipts last year were $16.5 billion. When you use the most accepted multiplier effect formula, you are talking about total personal incomes of $28.2 billion last year. To support that important industry and to make it grow, we will invest a total of $11,838,000 this year in advertising that works. That is a pretty tiny investment in such a vast industry which brings such returns.

What about energy? Do hon. members think that we should be advertising the importance of conserving energy and the various government programs that exist? That is something else that is done. I have talked about the Canadian Armed Forces. To honour our commitments to our allies we have to maintain our shelled manpower strength at appropriate levels. To do this, armed forces recruiters have to interview a considerable number of young men and women before one recruit is accepted and processed.

Mr. Huntington: Right now it is the only place they can find a job.

Mr. Regan: What about public works? Is it fair that Canadians in every part of the country have an equal opportunity to tender? Or is it only those who happen to be in the immediate Ottawa area or the immediate area of an undertaking who have that opportunity?

Mr. Beatty: Or friends of the Liberal Party.

Mr. Regan: For this government, it is a matter of considerable pride and achievement that the Canadian Unity Information Office is able to perform as effectively as it does in the service of this complex and sometimes difficult confederation of provinces. Keep in mind that threats to our unity continue to exist. Indeed, hon. members opposite will tell us on certain days that they consider the Western Canada Concept to be a threat similar to the Parti Québécois. Unity is certainly a subject which needs to be pursued in our advertising.

I could talk about other areas, but I want to outline clearly and rather proudly the principles that I adhere to and which I think are important in relation to communications by a government. There are principles which will guide the government's communications policies and activities, and which we have conveyed to the public service so that it can understand its role in the non-partisan provision of information.

The first principle has to do with the basic reason for good communications, which is that Canadians have the right to full, accurate and timely information, in compliance with the Official Languages Act, about their government so that they can exercise their rights of citizenship and take part in the democratic process fully, responsibly and in an informed manner.

The second is an expression of the government's policy on open government. Canadians have a right of access to government records, with exceptions to be legally defined and interpreted by the courts, designed to protect essential public and private interests.

• (1600)

The third principle makes clear that in addition to explaining programs and legislation which have been approved by Parliament, the government has a duty to inform the public of its proposals before they are decided by Parliament. This confirms my position which caused the charge of the hon. member that this principle was wrong. I think it was the right principle. It recognizes that without factual information about government proposals and the issues being addressed, the public does not have the opportunity to make its views fully known to legislators, based on good information, to write to their members and to effect through public opinion the shape of changes which may be made to bills. The government has the responsibility to provide the public with full, accurate and timely information about the policies, programs and legislation approved by Parliament. It also has the responsibility to inform the public of the factual content of its policy proposals and of facts, as it is aware of them regarding the public issues addressed by its policies.

The fourth principle emphasizes the duty of government to pay attention to the public in every region. It reads:

> Government has a corresponding responsibility to make every reasonable effort to learn of the concerns and views of Canadians, with particular attention to difference of views in different regions of the country, so as better to inform itself in establishing priorities, in developing policies, and in implementing programs which serve the interests of Canada.

Let me say that I think this last one touches a bit upon the subject of polling. It is highly justifiable for government to undertake to know public attitudes on matters so that policy can reflect public attitudes. If we are to have a democratic, responsible government then that is quite important. I agree with the hon. member opposite that the result of those polls should be made public. That is the policy, as outlined by the Minister of Justice (Mr. Chrétien).

Mr. Beatty: When?

Mr. Regan: The policy is that these are used and then made available to the public.

Mr. Munro (Esquimalt-Saanich): What about the McDonald commission?

Mr. Regan: I will come to the points of hon. members opposite later. The fifth and last basic principle recognizes that good government and good citizenship require earnest effort. Effective communications between citizens and government imply a reasonable effort on the part of citizens to seek the information they require to exercise their rights of citizenship and an obligation on the part of government to make every reasonable effort to provide access to information on an equal basis in all regions of Canada.

I believe we have approached the subject of advertising in the best way. I do not like to be critical, but I would tend to be

critical of what the Conservative Party did during its eight months in office. It set up one private company to handle all advertising business. It really amounted to a conflict of interest when it set up its friends in ultimate centralized patronage.

An hon. Member: Shame!

Mr. Regan: That was shameful. I am glad we in this government have followed a very different course.

Mr. Beatty: You hired the Canadian Media Corporation which did not exist before.

Mr. Regan: The hon. member is not well informed. To the best of my knowledge the Canadian Media Corporation was only hired by the Conservatives after they came into office in my province.

Mr. Beatty: It is a Liberal agency which was created after you took office.

Mr. Regan: Not at all. Perhaps the hon. member could talk about that at another time.

The hon. member made a comparison between the amount being spent in Canada on advertising and the amount spent in the United States. He should keep in mind the basic difference between the Canadian government and the American government. This is a government which has very, very important social programs which do not exist in the United States. Thank heavens we have them. I know that he and some of his colleagues would like to see those programs done away with, but that people on this side of the House believe those programs are important and they carry with them the responsibility that they be communicated. It is a very different situation as between the Government of Canada and the government of the United States.

When it comes to the contents of individual ads, of how one gets one's message across in the best way, we must keep in mind that it should not be decided by amateurs but by experts. I hope the hon. member will take the lesson of talking with people who are in the business and recognizing that in a co-ordinated program we do not judge the billboard alone but determine the impact of the entire co-ordinated message.

We can well be proud of our approach to advertising. I assure the House that we have no intention of having advertising used for narrow partisan purposes or of allowing public dollars to be used for that purpose.

Some hon. Members: Oh, oh!

Mr. Regan: We are determined to see to it that the public has the facts before it through factual advertising. I notice the hon. member did not mention the Constitution. He did not go on record as saying whether it was wrong or right to advertise the Constitution. As a result of ads being placed with mail-in coupons for further information on the Constitution, there was a demand in the short days for which the Constitution ad ran of something in the vicinity of 120,000 replies. Any advertising man will tell us that that was a phenomenal response. It indicated a vast level of interest on the part of the Canadian public and that the advertising was well justified because the public responded and wanted additional information.

Those of us who are so close to matters in the House of Commons, because we come here every day, tend sometimes to think that everyone in Canada is leaning on their television sets, turning to the channels carrying the debates of the House of Commons, and living and dying on the basis of every witty exchange across the floor. That is not how the real world is at all. Out there the people are preoccupied with a great number of problems of their own. A great number of the people know little about government programs. I believe we are fulfilling our responsibility by advertising those programs so that all Canadians benefit from them.

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. Would the minister confirm to the House that all polls taken in the province of Quebec will be released when they are made, as soon and as promptly as possible?

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I should like to begin by thanking the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) for providing us with the opportunity to debate this issue. I disagree with the hon. Secretary of State (Mr. Regan) about the importance of this issue; I think it is about time we had the opportunity to debate the role of polls and the role of advocacy advertising in Canadian politics.

The Secretary of State went to a great deal of trouble to avoid the issue. I do not think, if I understood the mover of the motion correctly, that anyone was taking issue with the government's making information available to Canadians about social programs or the promotion of tourism. We are talking about the increasing role which advocacy advertising and the taking of public opinion polls are playing in Canadian politics. We are really talking, as in so many other areas of life in the late twentieth century, about our morals and self-understanding—in this case the morality and self-understanding of politics—catching up with available technology at this particular time in history.

• (1610)

One of the things we have available to us now which we did not have when many of our political standards were first established is the availability of mass-media advertising, and the explosion of scientific ways of measuring public opinion. I think it is about time that we did have this kind of debate, because how we handle this at the early stages of what I consider to be a dangerous trend will determine the future course of Canadian politics.

Government polling is becoming more and more significant as a vehicle of determining government policy and advocacy advertising is becoming more and more significant as a way of selling government policy. After his re-election in 1974, the

Prime Minister (Mr. Trudeau) is said to have jokingly remarked that all he had to do was what Martin Goldfarb told him to do. He was referring to how he won the election. During the Conservative interregnum, we switched from government by Goldfarb to government by Gregg of Decima Research. There was still some evidence that the ruling party felt it was wise to use polling as "the creative arm of government", which is how the Gallup people describe themselves.

As I move into the debate, I want to say that I think this is an issue which all parties and all governments, provincial, federal, Liberal, Progressive Conservative and NDP, must wrestle with in that none of us is pristine pure when it comes to this particular technology and politics. Therefore, I do not think that any great self-righteousness on the part of anyone is justified. I like to think, however, and I think it could be established, that the Liberal Party has in fact pioneered many of the dangers to which I will refer over the course of my remarks.

I would have felt better about the speech of the hon. member for Wellington-Dufferin-Simcoe had he seen fit to mention the "Preserve it, Conserve it" campaign in Ontario which was clearly a subliminal way of implanting within the Ontario population a positive identification with the words "Progressive Conservative". So let us not kid ourselves. This is an issue which all of us need to be thinking about because all of us, when we are in government, are tempted to use these kinds of instruments.

In 1980, the polls released by the Liberals cost an estimated $5.2 million. The budget for advertising that year was $60 million. It would appear that the government spent about $5 million-plus to take our pulse and about 15 times that much telling us what our pulse was and how they would go about fixing it up. It was expected that advertising costs in 1981 would increase by 8 per cent to 20 per cent. The size of the increase in advertising expenditure, however, was much higher. It is estimated that 1981 spending was up in the neighbourhood of $100 million, a 66.6 per cent increase in spending. The size of this outlay is responsible for the federal government's leap in position from the seventeenth major advertiser in the country in 1970 to the largest major advertiser in the country in 1980.

Typical of government attitudes to this expenditure of tax dollars is Frank Miller's observation. I am referring to a Progressive Conservative cabinet minister in Ontario, I believe. He was quoted as saying, "You do not always follow the polls, but at least you know what is saleable". This theme of saleability also appears in federal documents which point out that public relations campaigns "will be an ideal environment in which to begin to sell and keep selling the legitimate notions of our own policy initiatives."

There are a number of issues involved when we discuss the role of polls and the role of advertising. First, of course, there is the considerable waste of public spending to influence public opinion, a spending which is not only criminal when one contrasts it with the more useful ways in which this money could often be spent, but which in the long run also emasculates the concept of parliamentary democracy. The use of public opinion polls and advertising was particularly evident in the constitutional debate. However, as horrible as the constitutional advertising was, it may have done us the long-term favour of stimulating the debate about government and advocacy advertising, because what we saw was an attempt on the part of the government to circumvent Parliament.

I will not go into this area in my speech on the role of polls and advertising, but I think that this discussion goes along with the discussion of parliamentary reform and reform on the part of the fourth estate, the media. We must do a great deal of work to make Canadian politics more alive, more relevant and more human so as not to concede to the trends which the increase in polling and advertising represents. What polling and advertising does to our parliamentary system of government and politics is to make political organizations redundant, in a way. That is why we have Members of Parliament and constituency organizations. That is what we are supposed to have in grass roots movements which keep in touch with the people. The job of everyone here is to try to take as good a reading as possible of the opinions of the people, however diverse, because the opinions of the people are never homogeneous. We must bring that back and give fair voice to the opinions of the people. We do not always have to agree with the people, and I will refer to that later. But what we are seeing here is an increasing redundancy of our traditional party system and it is not a good thing. The cabinet should not be able to circumvent its own caucus, its own government backbenchers and find out public opinion from Goldfarb. Surely, that is why there are Liberal backbenchers. If they do not provide that particular function, then what good are they?

The second concern is the threat to free speech which is represented by this trend when so much media time and space is devoted to advocacy advertising by the government, spending public money frequently for very partisan purposes. Many groups do not have the money to go on prime time TV to sell their particular points of view. These are groups with opinions which are different from those of the government, groups with different opinions about the environment, groups with different opinions about the validity of megaprojects, and groups concerned about the way in which Crown corporations, such as CN, go about the business of economic development. These groups do not have the money. Where is the justice in this? Where is the free exchange of ideas in that, I ask Your Honour? We see a very serious threat to the ability of all Canadians to make their ideas known and have them debated. The Canadian public should have equality of access to the media.

The third concern is the moral dishonesty of spending money in the first place to detect biases and then spending more money to feed them, first through polling and then through advertising. This is very vividly demonstrated in the way in which the government advertises it is changing unemployment insurance legislation to curb abuses when what it is in fact doing is setting up the climate for further emasculation of the unemployment insurance program. That is what is really

going on. So what we see is that in the same way as we hear arguments about the marketplace, arguments that people are able to make free choices and that this collection of free individual decisions is the way the world unfolds, we hear the same fallacy here. In the same way as the marketing people in the private sector go out and attempt to create a want, in order to meet that want and obtain a profit the government is doing the same sort of thing. Both the government and the private sector are claiming that they are simply responding to public opinion. They say they are neutral and are simply trying to meet the needs of the people. This argument, given 30 seconds' thought, falls to pieces. Nevertheless it is employed by the government.

• (1620)

The other thing, and here the Liberal Party is particularly culpable, is the void of leadership created when politics bears so little relationship to principle. I remind my Conservative friends, who often fall into the trap of wanting Members of Parliament to respond to a sort of delegatory view of democracy as opposed to a representative one and have Members of Parliament do whatever it is the majority of their constituents want them to do, regardless of the issue, of a quote by Edmund Burke, a Tory of some renown, who said:

> Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

This is a way to introduce into this debate the appalling lack of principle which people have come to accept from the Liberal Party in this country. It has done immense damage to the quality of political debate and political life in this country.

What we have here when we talk about government by poll and by advertising is the death of policy, the death of debate around issues and the death of ideas. This is something which cannot continue for very long—indeed it has continued far too long already—without doing serious damage to the ability of Parliament to be properly seen as a place in which ideas are held, held firmly, are debated independently and for which people are prepared to defend their ideas by doing something more than quoting a poll.

We saw enough of that sort of politics on both sides of the constitutional debate. It was particularly regrettable when people wanted to defend their position, whatever it happened to be, by citing the latest Gallup poll. It got to be sickening after a while.

The fifth point I would like to mention is the abuse by the advertisers, and I talk here about Liberal advertisers, of the legitimate symbols of a country. Note for example the Liberal use of the advertising consortium known as Red Leaf Communications and the co-opting of other Canadian symbols in Liberal ads. Hon. members will recall Bob Rae, the former member for Broadview-Greenwood, who remarked following a series of ads on the Constitution in which Canada geese were depicted, and I quote:

> I'll never be able to look at Canada geese or a beaver in quite the same way again, I'll see them as Liberals in disguise.

I said this in my first speech on the Constitution, but I will say it again because nobody paid attention. The Liberal Party did a disservice to this country by co-opting a lot of our symbols. One day I wore a maple leaf here, but only for one day, because so many people came up to me and said, "Blaikie, why are you wearing a Liberal pin?".

Some hon. Members: Hear, hear!

Mr. Blaikie: The Liberals think that is funny. That is a terrible thing the Liberal government has done to the maple leaves. You can hardly pick up a Liberal pamphlet without being blinded by the red maple leaves. Members opposite may laugh. They see it as a good political strategy in the short run. In the long run, however, if all our symbols are associated with one political party, when we finally need to talk about unity, there will be nothing left to give the people which transcends the various political parties in this House. Thank God for the Queen. She is the one thing the Liberals have not yet contaminated, although they are probably trying.

Mr. Peterson: She is on government stamps.

Mr. Blaikie: There are other issues which the increasing use of polls and advertising touch upon. I will not have time to go into all of them. However, I want to deal for a moment with constitutional advertising. It was really bad that the Liberals were advertising their views of the Constitution before it was even passed in this House. As far as I am concerned, that broke all the barriers of political morality as far as advertising is concerned. I guess they were trying to equal their record in all other aspects of political life.

An advertising campaign will now be conducted on the Constitution. The people will not fall for that crap, this stuff they must watch on television. But there is one practical part of the ad, and that is that people may send in for information on the Constitution. That is the one useful part of the ad, and as the Secretary of State said, thousands have sent in requests.

People are amused by the advertising, but it does not do anything for national unity. When will the Liberal Party see that national unity is something you build from the ground up with a substantial sense of community and nationhood? It is not something you can foster through corny Canada Day celebrations and all sorts of other advertising that is amusing and nothing else. The stuff that passes for patriotism when it comes to the Liberal party is something to behold.

I think they are still feeling guilty about the whole constitutional process. Perhaps we should all feel guilty about the constitutional process. I do not think any of us were that great in that process. If we have to go out now and sell the thing through an advertising campaign, then we have really done a number! We now need a multimillion dollar advertising campaign to convince the Canadian people that what happened in the last two years was a good thing. That is really something!

It is up to Members of Parliament and all political parties to discuss the implications of the Constitution and the changes

which it represents for our country, not to rely on the equivalent of a political Kellogg's cornflakes routine to sell something as important as the Constitution. Indeed, we should not be selling the Constitution at this stage because so much remains to be done. What we should be doing is carrying on the debate about further changes that are needed to make the House of Commons more relevant and representative, to give voice to the legitimate perceptions of the regions of Canada that they do not have enough clout at the centre.

We should get on with reform of the Senate, change it from being a sort of lawn bowling club, making it more politically viable and representative. These are the sorts of things to which the government should give its attention. It should also give attention to the way it now spends money on advertising. That money could be put in the hands of the 75 per cent of Canadian women over the age of 65 who now live below the poverty line. That is one example of what could be done with the money rather than spending it in this way.

There is the other issue of secrecy. Not only do they conduct polls, but they keep the information to themselves, releasing them after they are out of date so that they are of no use to anyone but themselves. That is what happened to the polls on the Constitution. It is what you call Liberal generosity. They give out the information after it is of no more use. This is just part of the whole cloud of secrecy which hangs over the Canadian government and our whole political process.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Gaspe (Mr. Cyr)—Hazardous substances—Inquiry whether government will aid Gaspe ureaformaldehyde foam insulation victims; the hon. member for Athabasca (Mr. Shields)—National Energy Program—Alsands project—tax and royalty structures; the hon. member for Esquimalt-Saanich (Mr. Munro)—External Affairs—French claims to St. Pierre and Miquelon.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—GOVERNMENT ADVERTISING

The House resumed consideration of the motion of Mr. Beatty:

That this House condemns the government for its increasing use of Canadian taxpayers' dollars for self-serving advertising and public opinion surveying, and in particular, for spending millions of tax dollars for unnecessary advertising at a time when it demands financial sacrifices from ordinary Canadians.

The Acting Speaker (Mr. Ethier): The hon. member for Capilano (Mr. Huntington). Order. Usually we alternate from opposition to government benches. I was given a name. The hon. member was standing. I will recognize the hon. member for Welland (Mr. Parent).

• (1630)

I just want to correct something, with the permission of the House. If I do recognize the hon. member for Capilano, I want the house to know that the Chair will have the liberty, and will take the liberty, to recognize one, two, three or four members of the same party—from the government benches or from the opposition. I wish to explain that we always have gone alternately from government benches to opposition benches. In following that tradition I would have to go to the hon. member for Welland. I did recognize the hon. member for Capilano. If the House thinks, and if the hon. member thinks, that he should be recognized now, that will be breaking the tradition. I want the House to know that then the Chair will feel free to recognize two, three, four, five members in a row from the opposition or from the government benches. I leave that in your hands. I do recognize the hon. member for Capilano.

Mr. Huntington: Mr. Speaker, I am not aware that it is a hard and fast rule that the speakers alternate in the way you have described. However, if it is your wish to recognize the second Liberal member in this debate—the minister has spoken—as long as I am recognized following him, I will yield.

The Acting Speaker (Mr. Ethier): You will be recognized following him. The hon. member for Welland.

Mr. Gilbert Parent (Welland): Mr. Speaker, I thank you for recognizing me; and I thank the hon. member for recognizing that which we have considered to be a tradition for some time, to recognize speakers from side to side.

I find it somewhat, if not amusing, at least strange that the hon. member who preceded me from the New Democratic Party is belittling the fact that the Government of Canada, which represents all the people of Canada, should take its time, talent and money to let the people of Canada know exactly what it is doing in different programs. That is especially so, Mr. Speaker, when I see in the Ottawa *Citizen* of May 1, 1982, an article written by Mr. Bert Hill, *The Citizen* staff writer:

The Canadian Labour Congress will launch a $500,000 television advertising blitz next week to encourage Canadians to fight the government's economic policies.

I was in the House some time ago when Mr. McDermott, the leader of the CLC, said that he was really the leader of the New Democratic Party. Perhaps they should get their acts together. Mr. Hill continues:

In place of the exhortations to remember past Canadian achievements, Canadians will see a tumbling house of cards and hear the message that "high interest rates threaten all you've worked for: your home, your job, your security."

Some hon. Members: Oh, oh!

Mr. Parent: He goes on:

The month-long advertising campaign, which the CLC says will rival campaigns to introduce new commercial products, is the latest effort to build on last November's big demonstration on Parliament Hill.

It will all end in a public relations crescendo later this month when the CLC convention in Winnipeg will provide a major focus for opposition to government economic policy.

It seems all right for these members of the New Democratic Party to go ahead and have all their advertising as they go along, but when it comes to the people of Canada, when it comes to the Government of Canada to advertise, to use the legitimate ways that we have of disseminating information, that does not seem to be right at all.

The Member of Parliament for Wellington-Dufferin-Simcoe (Mr. Beatty), in speaking about the Canadian Unity Information Office, questioned the use of evaluations and surveys. It is an ongoing activity for CUIO, through the advertising management group and other advertising agencies, to perform pre and post-evaluations of advertising campaigns in line with approved Treasury Board regulations. It also conducts surveys to evaluate its program's effectiveness, that is, federal government participation at major fairs, such as the CNE, in accordance with cabinet decisions. With regard to surveys, the member for Wellington-Dufferin-Simcoe has criticized CUIO for conducting and keeping public opinion polls secret from Parliament and the public. He has placed several questions on the Order Paper requesting the costs and full disclosure of information about all government public opinion research.

The fact is, as was said here a little while ago by the minister, that this is part of the government's ongoing monitoring of public attitudes on issues related to national unity. There is nothing new there. Opinion surveys are a long accepted method in the formulation of government policy, supplementary to other expressions of public opinion. Contrary to what the New Democratic Party member said, we on this side are not guided by polls as some parties are; we do listen to our backbenchers and the backbenchers in this party and will continue to do so in the months and years head.

The government's policy and practice with respect to release of such polls has been stated in this House by the Minister of Justice (Mr. Chrétien), who said: "Our policy is very clear: when we are through using these polls for policy development purposes, we shall make them public." Someone asked when that is going to be and there is the answer right there.

With regard to the constitutional information program, the member for Wellington-Dufferin-Simcoe through media interviews—and I guess that is a form of advertising—has said that the CUIO is not stating the exact cost for its recent information program on the Constitution. He believes that the full $8.9 million supplementary budget approved by a committee of Parliament in December, 1981, is being spent, rather than the $7 million recently quoted by the CUIO official. He also believes that this $7 million figure is strictly for advertising.

I would like to point out two facts, Mr. Speaker. First, CUIO's estimate is that the cost of this special project will be less than the previously budgeted amount of $8.9 million. Secondly, CUIO approximates that the total cost will be closer to $7 million, which includes $3.5 million devoted strictly to advertising in print, in radio, in television and in bus shelter posters. There is $3.5 million for publications available free of charge, such as the December, 1981, resolution and its highlights, "A Canadian's Guide to the Charter", and a household mailer. Others include copies of the charter, small and large format, as well as three travelling exhibits beginning in May.

With respect to the information campaign which the hon. member said is secret, all advertising was supported by a mail-in coupon or an address to which the public could write for further information. What is so secret about that, Mr. Speaker? The advertising campaign quoted earlier, as well as the return coupon, has had overwhelming response from all across Canada. We have had approximately 150,000 requests since the week of April 13. The average response is 10,000 to 15,000 requests per day. Numerous requests have also been received for special exhibition material to be used for Canada's birthday, displays in shopping malls, and so on.

The New Democratic Party member referred to Canada Day and said something to the effect that it was another circus.

[*Translation*]

And, Mr. Speaker, when it pleases an hon. member to call our national holiday a circus, I wonder what is going through his mind when we want to talk about Canadian unity across this country. I wonder what he can be thinking of when he says that all the members in this House are like performers in a circus, and that we, Canadians, do not have the right to celebrate our country's holiday and, this time, our Constitution. This is the first time in our entire history that we shall have had an opportunity to celebrate in this way, and the hon. member is telling us we should not celebrate that day. Mr. Speaker, is that what we want to hear hon. members say? Is that going to bring us closer to unity throughout Canada?

Mr. Tousignant: Shame!

Mr. Parent: Shame, indeed, as my colleague just said. I hope we are not going to hear anything like that again in this House, since we have only one holiday, Canada Day, and we shall all be together, not just the western provinces, or the

eastern provinces, but the North and all the other regions, will be together to celebrate that day.

Mr. Speaker, we referred earlier to information sent out to our fellow citizens across Canada, and I would like to say a few words about the campaign launched by the Canada Unity Information Office.

• (1640)

[*English*]

Most of the advertising of the Canadian Unity Information Office has been utilized by the opposition as a means to develop criticisms about federal government advertising and also to imply that the Canadian Unity Information Office is rapidly being transformed into the propaganda arm of the Liberal Party.

Mr. Blenkarn: It is.

Mr. Parent: I reject that completely. I wish my hon. colleagues opposite would listen to me relating some of the things we have been doing, rather than criticizing without even listening.

Mr. Blenkarn: We watched your geese.

Mr. Parent: Examples of some advertising in the last year included television advertising aired at different times during the year describing federal government programs and services. That is going to be an arm of the Liberal Party, is it? Those are services the Government of Canada provides to all the people of Canada. One of the commercials in that campaign was entitled "The Environment", and it described areas in which the federal government is actively involved, including the management of national parks, the management of forest resources and water management. Do those belong only to the Liberal Party? I hear no answer from hon. members opposite. No, they belong to all of us. They belong to Canadians. It is a shame hon. members opposite would even suggest otherwise.

Another example of a television campaign was the national unity message entitled "Contributions". This commercial described the wealth and potential of Canada and gave examples of each province's contributions to our national wealth. So much for the propaganda arm of the Liberal Party.

Probably the most controversial campaign to which the hon. member referred was the series of ads run last year in the "Report on Business" section of *The Globe and Mail*. The theme of the campaign was "Canada—we have a lot to offer each other", and the ads described the wealth and potential of Canada. The hon. member's argument was that there was no service and no program being sold in those ads except the image of the Liberal government. I must say that as a Member of Parliament I take strong exception to such allegations.

The following quotation might help to refute allegations. It is a quotation from the Breau report, the report of the all-party committee on fiscal arrangements in 1981:

> Federal spending without federal presence or participation in provincial programs without visibility in the provinces, is not just frustration for the politician, it is also a denial of the citizen's right to see the government's work and to judge it. When the federal role is not evident, it cannot be assessed.

Therefore:

> —government that is not visible cannot be answerable.

In addition, the need to achieve understanding of Canada's evolution, the integrity of the federal system of government, the realization of Canada's vast potential and the future security and wellbeing of its citizens may ultimately depend on the government's ability to communicate its role, policies, programs and services.

Advertising is but one means of communicating to the public. Its intent is not to replace the traditional information role of the media or that of Members of Parliament but to complement it. To quote the hon. member for Willowdale (Mr. Peterson) during a media interview:

> We have to use twentieth century techniques for communicating with Canadians to try to show the advantages of staying together. The threat of separation in Quebec has not yet gone away. We now see separatism rearing its head in the west with the Western Canada Concept. We are also in the business of delivering services to Canadians and if Canadians are not aware of what those services are, what is available to them, then we have failed as a government. Unless the people know what we're doing, they won't know where to hold accountable.

There are 57 different publications currently produced by the Canadian Unity Information Office, and over 7.6 million copies have been distributed since May of 1981, mostly in response to requests from parliamentarians, the general public and order forms from our counter-top displays in post offices. For example, in a one-week period from March 14 to March 19, 1982, we received 1,611 letters from the general public, for a total of 19,378 items distributed. Over 2,200 requests for materials were received by members of Parliament and senators last year, and approximately 32 per cent of responses from our post offices countertop displays are from the western provinces.

Since the Canadian Unity Information Office was established in 1977 we have distributed well over 80 million brochures. Examples of some of these include brochures such as "The Government of Canada and the Construction Industry," "How Canadians Govern Themselves" and "The Government of Canada at Your Service." And still hon. members opposite say this is a propaganda arm of the Liberal government!

Mr. Blenkarn: It is.

Mr. Parent: Was it the propaganda arm of the Conservative government when hon. members opposite were in power and the former minister advertised the things his government was doing at that time? Was it ever said at that time that the Canadian Unity Information Office was the propaganda arm of the Conservative government? No, and I will tell the House why. At that time the Conservative Party made up the Government of Canada. Hon. members opposite were the Canadian government, just as we are today. It is true they did not like to govern very much because at the end of nine months they simply packed it up and went off and hid their tails someplace.

Miss MacDonald: Look at what went on.

Mr. Parent: The former secretary of state for external affairs says we should look at what went on. Let us recall some of the things that went on when she was a minister. Well, the people of Canada passed their judgment in the election of 1980. Hon. members opposite will have their chance again a few years down the road. I just hope they are all still around then.

Publications on government programs and services are available. They constitute the major part of publications requested by the public. There are publications on the nature of our political system and facts on Canada.

One way by which we are able to explain to the people to let them know what their government is doing is through exhibitions. Thirteen exhibits are travelling across Canada, mostly to communities which do not always have easy access to federal government departments.

Mr. McDermid: Brampton? You are crazy.

Mr. Parent: We offer information on various subjects including, first, programs and services available to Canadians through their federal government. This exhibit is entitled "Self-Service". A second exhibit is on the subject of energy and resources and is entitled "A Resource-full Country". A third exhibit is called "Canada's Far North".

Mr. Baker (Nepean-Carleton): You have a freak show called the Liberal caucus.

Mr. Parent: There is a freak show going on across the floor.

The following are statistics on the number of locations to which our exhibits travelled in Canada last year as well as the number of visitors. The exhibit entitled "Self-Service" was viewed by 105,000 visitors at 46 sites in British Columbia. There were 90,000 visitors in Alberta at 48 sites. In Saskatchewan there were 65,000 visitors at 57 sites. I could go on and on with these, but it should be noted that since the inception of our exhibits program in 1979 close to three million people have seen the exhibits. These are exhibits of our government, the Government of Canada. I see an hon. member nodding in agreement. Even today this is his government.

Mr. McDermid: That isn't what the editorial in the Brampton *Daily Times* says.

Mr. Parent: I cannot wait for whatever it is the hon. member has coming.

Our evaluations indicate that over 90 per cent of the visitors appreciate this type of doorstep information and find it very useful. That is contrary to the baying we hear from across the floor right now.

There are other matters to which we should address ourselves. Just last week there was a press release about the type of program we want to advertise and the type of program for which we as the Government of Canada are being criticized. I refer specifically to the expansion of the Katimavik program to provide work opportunities for 1,650 young people across Canada. Are they opposed to young people getting jobs? Are they opposed to knowing where these jobs are?

• (1650)

Mr. McDermid: Tell that to the 600,000 young unemployed.

Mr. Parent: Conservative members on the other side laugh because we want to have jobs for our young people. They make fun of us because we want our young people to experience the good things in Canada. That is the way they look at it but we think it is important.

Miss MacDonald: What are you doing about it?

Mr. Parent: I will tell the hon. member what we are doing about it. The Government of Canada will provide $17.6 million in 1982-83 for the program, which will now be funded on an ongoing basis for a period of five years rather than on a year to year basis. The number of work opportunities for younth in 1982-83 has been increased by 25 per cent over 1981 when there were 1,287 participants in the Katimavik program, involving 117 community projects across Canada.

Hon. members laugh at this type of program but we make known what is going on across Canada. I submit to you, Mr. Speaker, that if they were more interested in Canada they would not try to hide the good things we are doing in this country.

Some hon. Members: Hear, hear!

Hon. Ron Huntington (Capilano): Mr. Speaker, I am going to skip over the speech of the hon. member for Welland (Mr. Parent) now that the Secretary of State (Mr. Regan) is back in the House. I am glad he is here because something is happening in this chamber, particularly on the frontbenches of the Liberal government. Every time members there find themselves without answers they seem to move to a personal attack on an individual. In the House today the minister referred to the "young member for Wellington-Dufferin-Simcoe". This young member, who informed us he was born in 1948, is my benchmate and I want to tell hon. members that he is a very bright and able young man.

Some hon. Members: Hear, hear!

Mr. Huntington: When he was minister of state for the Crown he was one of the most able we had. He did a magnificent job and is still doing a magnificent job in the area of information.

Mr. Chrétien: Minister of nothing.

Mr. Huntington: He has expressed our concern about advocacy advertising, which is an extremely serious matter to many people in this country. Even the bidding practices that have been historically built in to the federal government system are being totally ignored by the government.

Today the Secretary of State referred to the Canadian Media Corporation. I would remind him that the Liberal government created this by putting together four Liberal advertising agencies. The information that he put on the record in his speech today certainly needs to be corrected. If he wants a further reference he should read the testimony in issue No. 66 of the proceedings of the Standing Committee on Miscellaneous Estimates. His colleague the Minister of Supply and Services (Mr. Blais) appeared before that committee and put that information on the record. The minister should not shake his head at me but should go and talk to his colleague about this.

When the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) was in office and was responsible for advertising, he did everything he could to bring the $60 million budget down to $45 million. There was a retrenchment of advertising, particularly in the advocacy area. Every time a request was received from Treasury Board, two questions were asked. The first was whether the project was necessary, and if that could not be answered satisfactorily the project was disallowed. The other question was whether the PC Party should be carrying out the project. That is one of the great differences between what happened in the short period of time this party was in government and what is happening today with the quarter billion dollar information service. Advocacy advertising is running up to $70 million and this year, with the supplementary estimates, it may hit $100 million.

Some government advertising campaigns are designed to take control of energy debates, to take control away from what we do in the House in terms of getting information out to the public and retain that control through action, leadership and advertising. That is what the government is trying to do with the National Energy Program. The advertising says that it wants to remove energy from the list of high-ranking national concerns. It gets value for its money, Mr. Speaker. That is why we get all these full-page advertisements about energy, how marvellous the government is and the great things it is doing. I do not know why it cannot use the TV cameras, *Hansard* and the press gallery that is full every day. But that is not good enough for the government. People hear and see and read what these geniuses do with their tax dollars and it is creating anger. The government thinks it can put that anger down with advocacy advertising that is about as dishonest as the rhetoric it gives us in this House.

The former president of the Canadian Chamber of Commerce—he has now resigned that post—is a very great Canadian and a very great Liberal. He used to be an old-fashioned kind of Liberal but now I believe he fits into the neo-Conservative slot. Mr. Stanley Roberts has been in the riding of Capilano making speeches, trying to see if Capilano might be available to him as a Liberal candidate. I hear that he has now gone to Lachine and that the hon. member for Lachine (Mr. Blaker) is rather concerned that he has a nomination battle on his hands now because Mr. Stanley Roberts wants to be the new leader of the Liberal Party of Canada. Referring to the advocacy advertising of the Department of Employment and Immigration, he said that the money should have been used for manpower training and added that the Minister of Employment and Immigration (Mr. Axworthy) claims that he does not have enough money for job training but then spends this kind of money on advertising. One has to wonder about his priorities, he said. That is the opinion of Mr. Stanley Roberts, the potential new leader of the Liberal Party of Canada.

Mr. Regan: He has as much chance as you have of being the leader of the Conservative Party.

Mr. Huntington: My colleague the hon. member for Wellington-Dufferin-Simcoe told the House that Crown corporations are spending over and above the $70 million on advocacy advertising and that we have no control over it. The advertisements tell us what a wonderful country this is, what a great job Petro-Canada is doing with all the new oil it has brought into being, and how the national energy reserve has been expanded. It is all hogwash, Mr. Speaker. Yet these Crown corporations that now have agency status are outside the purview of the law. They are untouchable. A whole subgovernment has been created and it is beyond our touch, purview and control. There is no control over it by Parliament.

The government will not bring in a Crown corporations act or an information act. It wants secrecy. It wants to impose its propaganda on an apathetic Canadian public. That is what advocacy advertising is—it is propaganda.

Last Thursday I had the unpleasant task of completing my income tax reform—I mean my return. After completing my return I want income tax reform, Mr. Speaker. It made me so angry that I could no longer stay on the Hill and had to go for a long walk to get free of this environment. I am paying for these full-colour advertisements which cost $16,000 every time they are printed. And what do they tell me? They do not tell me anything. That is your advocacy advertising, Mr. Speaker.

• (1700)

[*Translation*]

The Acting Speaker (Mr. Tousignant): Order, please. The hon. member for Shefford (Mr. Lapierre) on a point of order.

Mr. Lapierre: Mr. Speaker, I am sure that our hon. colleague, with his experience and during his long walks outside the Parliament buildings, reflect on the rules of the House which are preventing him from taking undue advantage of this instrument we call a camera and from trying to exhibit all kinds of documents.

[*English*]

Mr. Huntington: Mr. Speaker, I understand what the hon. member is saying, I think, but is it not interesting that they spend $16,000 each time this is printed to show it to the people of the country, and you cannot show it in the House?

The Acting Speaker (Mr. Ethier): I have just come into the chair, but I heard the point raised and I hope the hon. member will abide by the rules of the House.

Mr. Huntington: It just shows you how sincere and how proud they are about all this advocacy advertising. I think I have made my point. Taxpayers have to stand there and see their money dribbled away on this garbage. It does not buy them anything out there, believe me. I have a list of advertising which has come to me from constituents in Vancouver who are absolutely furious every time this kind of stuff comes out.

An hon. Member: Junk mail.

Mr. Huntington: These are ads which say that if you are searching far and wide for markets, there is help near at hand.

Some hon. Members: Hear, hear!

Mr. Huntington: What do we do? We build monuments in Algeria for maybe $90 million. Now the Minister of State for International Trade (Mr. Lumley) is announcing a megaproject in Algeria for hotels. What about convention centres and job-creating activities right here at home?

Some hon. Members: Hear, hear!

Mr. Huntington: All this nonsense is being fed to the nation. I know we cannot show this stuff, Mr. Speaker, but there is this beautiful little thing on the Constitution. This stuff is being fed out with things like this backing it up. At last we have a charter of rights! There are countries all over the world with a charter of rights—

Mr. Munro (Esquimalt-Saanich): And lots of wrongs, too.

Mr. Huntington: —and they would like to see some of those rights allowed. So why the need for this $9 million to condition the Canadian public, which really has not been awake?

Mr. Chrétien: Why did you vote for it?

Mr. Baker (Nepean-Carleton): Here he comes!

Mr. Huntington: I did not, Mr. Minister. I contested it and I am sure I will be shown to be right in the long run. Mr. Speaker, that advocacy advertising is there to support and justify the worst government in the history of Canada.

Some hon. Members: Hear, hear!

Mr. Huntington: Millions and millions of our tax dollars are spent to justify and advertise the worst government and the worst budget in our history, the nationalization of industry without a mandate, the stopping of all wealth and job-creating activity in the country. Advocacy advertising is used to buy and control the press and media of the country, to support interventionist policies and programs of grants for industry which would turn the business community into a jungle of prostitutes who sell their souls for the favours and grants of this Liberal government. We have the bureaucratic slaves who say yes, you may have this; no, you may not have that. And the people in the wealth-creating sector who are trying to get decisions from this government will wait six, seven, eight, nine, ten months, and then they will have to call a minister even to get a reply to a simple request on a national revenue matter.

That is what is going on in this country. I agreed with the former leader of the NDP, Mr. Speaker, when he referred to "corporate rip-off bums", because that is what government grant policy—

Mr. Tousignant: Through you, Mr. Speaker, I would ask the hon. member if he would accept a question.

Mr. Huntington: Mr. Speaker, I hope you are adding the time of these interruptions to the time I am allowed because they are not fair, they are not right, and they are not points of order.

Some hon. Members: Oh, oh!

Mr. Huntington: I will answer any questions at the end of my speech. We have to remember, Mr. Speaker, that at the bottom of this issue is the fact that this country is in a deep philosophical struggle between those who want to intervene in everything, do all the planning and make all the decisions, and those of us who believe that the wealth we have to create to sustain this country and the welfare system can best be created by people working in widely diverse activities, under the rule of law, in something like a free marketplace. This government is burying the forces, the ideals, the dreams and the work ethic which made this country and delivered us into the era of affluence which we have so abused. Those values made this country the envy of the world because of its freedoms, because of the compassion we have shown to people at home and abroad, because of the wealth we have been able to create. People have come to share that with us and they have given Canada its multicultural mosaic.

People have come to Canada, Mr. Speaker, from oppressed countries around the world. They overcame prejudice, they worked and acquired property, educated their children, and a sense of wellbeing was their reward. That is what being Canadian meant to most of us. We are a blend of cultures and have been able to blend in with the more rugged melting pot culture of the great country to the south. We had a feeling of pride in our nation, we worked away at addressing the lack of equity, and we made progress which we were proud of. We achieved the rank of third in our standard of living among the industrialized countries, in spite of our national problems, and there were a lot of them. We overcame them all the way through the 1950s and 1960s but now, Mr. Speaker, we have slipped to thirteenth position.

If you really examine the policies of this government, Mr. Speaker, it is obvious that they want to be "numero uno" of the Third World, because that is where we are slipping, right into the Third World. The Liberals have used a political party which had the respect of most Canadians as a vehicle to implement a leadership democracy over its people, and that is what is happening. This country has been changed from a representative democracy to a leadership democracy, and that

is what the struggle is. It was back in the eighteenth century that David Hume said all government rests finally on public opinion. This government knows that; that is why it is into such an extensive and rapidly accelerating use of advocacy advertising.

I would like to remind hon. members that central Europe, particularly the German states, in the early 1900s was ruled by highly interventionist and socialist governments. They were elitists who believed their education and brilliance could make better decisions than a body of people working in widely diverse activity under the rule of law, and subject to the discipline of supply and demand, which is the natural law of the marketplace. It was government intervention which cost the people of those countries their freedom and led to the fascist dictatorships of the 1930s.

You had to live through those dictatorship regimes. I was born in 1921, not 1948, and the third most powerful man in the Nazi regime of Germany, Mr. Speaker, was a man by the name of Goebbels, the propaganda minister. It was his job to feed out the advocacy advertising of the government to keep the people unaware of the key issues and the tragedy that whole area was. That is why I am speaking in this debate, Mr. Speaker; that is starting to happen in Canada as we allow this government, in a leadership democracy, to move to advocacy advertising at the rate and to the extent it is.

• (1710)

It is very hard to swallow that 37 years later the same development is taking place in this country. I remind you, Mr. Speaker, that Robert Hutchins, an educator in the United States, said "The death of the democracy is not likely to be an assassination from ambush; it will be a slow extinction from apathy, indifference and undernourishment."

The degree of rape by government intervention in the Canadian marketplace is indeed frightening to me. We are no longer talking about a mixed economy made up of half government and half private sector. The government sector has too many privileges and powers. These is too much exclusion from Canadian law, particularly from Canadian advertising law. With agency status there are guarantees. These agencies do not have to earn their capital; they just have to rape and pillage the Consolidated Revenue Fund.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but I must advise him that his allotted time has expired. I did allow the hon. member the two minutes that were taken from him.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, this is a very important debate. In order that we can put in on a much more rational and sane basis than I have heard coming from the opposition side today, I would like to set forth what this advertising campaign is about. I refer specifically to the Canadian Unity Information Office.

The Canadian Unity Information Office has three major purposes. The first is to make known to Canadians the services available from the federal government. By government, we are not talking about the Liberal Party; we are talking about what this House has dealt with—what Canadians from every province and every political party have a right to expect from their government. I am speaking of the programs on which we have spent a lot of time working.

The second purpose is to make Canadians more aware of their own country, to make them more aware of their north, their peoples, their resources and of the potential and great future that we can have.

The third purpose of the Canadian Unity Information Office is to explain to Canadians the principles of our federalism, of our political system—

Mr. Blenkarn: And to sell the Liberal Party.

Mr. Peterson: —of our political heritage and the role played by the various levels of government in our country. In listening to the debate today, I am more convinced than ever that this type of information must be made available to all Canadians, but I think we should start with the opposition.

I recall the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) saying that some people in his riding thought that the maple leaf symbol was the symbol of the Liberal Party of Canada. What a travesty it is that Canadians do not understand their country better. I think we should all hang our heads in shame. This shows there is a need to educate and a need to make every Canadian aware of the fundamental symbols of our country and what they stand for. I am more convinced after having listened to the opposition of the job we have to do.

Let me talk briefly about some of the points made by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), the lead-off attacker for the Tory party who has clothed himself in a mantle of righteousness. He failed to tell us that when he was in the Clark government as the minister responsible for advertising his government carried on this type of program as well.

The fact is that we have elevated certain aspects of our advertising needs in the two years since we were elected. I do not apologize for those, Mr. Speaker. During the course of that time we have had a referendum campaign in Quebec which was aimed at splitting our country apart. I do not apologize for one minute for this government, under the leadership of the Prime Minister (Mr. Trudeau) and our Minister of Justice (Mr. Chrétien), having gone to the province of Quebec to counter separation.

The hon. member for Wellington-Dufferin-Simcoe said that we advertise more than the biggest private sector corporation in Canada. That is true. But why did he not use the figures to show the true level? He did not talk about the percentage of expenses that go to advertising. The percentage of our government expenses that go to advertising are a mere fraction of what they are for General Foods. I am advocating that in some areas we have to do a far bigger job of educating Canadians about the future that we can have. If the hon. member is going to use figures, let him use ones that are just, rather than

tainted ones to make a partisan political point, because otherwise we are playing with the future of our country.

We do far more than just advertise with the few dollars that go into this type of program. The Canadian Unity Information Office is a co-ordinating body for all government publicity campaigns. For example, we have numerous publications. General Foods, when it advertises, does not have to have numerous publications; it just has to have a few TV ads. We have 57 different publications that are put forth by the Canadian Unity Information Office. More than 6.6 million copies have been distributed throughout Canada. The CUIO has held exhibitions right across this country in the smaller communities where people might not have the access to information that they would in the big cities. Over the past short while the CUIO exhibit has visited 1,289 communities throughout Canada and attracted over three million visitors. The exhibits show Canada's north, its resources and explain its different peoples to everyone across the nation. There are as well documentation kits. More than 52,000 of them have been sent to Canada's schools at their request. Special events have been arranged from the west coast to the east coast; including the Canadian Pacific Exhibition, the CNE in Toronto and the Quebec Exhibition. Government programs are set forth in booths so that people can see what their government is doing for them, what rights they have as people and what they should expect from their government.

We have other programs. Surely hon. members do not object to the Government of Canada publishing our national anthem and sending copies out to various people. As far as the Constitution goes, we have had increased expenditures over the past short while to fight the referendum campaign in Quebec and to explain certain of our programs.

[*Translation*]

Mr. Speaker, how do we acquaint new arrivals to Canada with their duties and privileges as Canadians? I am very proud that we fought against the PQ and its systematic plans for separation. Remember the publicity campaign against federalism, launched by the Parti Québécois. There were huge signs throughout the province of Quebec, showing the hand of an English Canadian grasping the flag of the province of Quebec. What does one do against threats of this kind? What should have been our response to this threat to Canadian unity? No one, except perhaps the separatists, can criticize our attempts to protect Canadian unity. We have a duty to do everything we can to fight separatism and to fight for a united and strong country, because without Canadian unity, and I mean unity—

• (1720)

[*English*]

I am speaking not only against separatism in Quebec but about unity right across the country. If we as Canadians do not come to believe that we will never be as strong as our potential dictates if we break up, until that message is indelibly written in the hearts of every Canadian, and until we realize that only by standing and working together can we achieve our true economic potential, we will never attain what it means and can mean to be Canadian.

The hon. member for Wellington-Dufferin-Simcoe attacked us in respect of the policies we have implemented. Here again I refer to his hypocrisy. He said that the Tories made all their polls public. This is not true. In October, 1980, the Liberal government, in an unprecedented move, made public 129 polls, among which were a number of Tory polls. We made some of the polls public for which he is taking credit. Also I refer to the policy adopted by the hon. member for Perth (Mr. Jarvis) when he was the minister responsible for federal-provincial relations. When the Tories were in government their policy, as articulated by the hon. member, was that polls would be made public when their policy formulation objectives were met. That was a good policy; it is one to which we adhere and have adhered.

Another objection of the hon. member was that a number of our ads and publications were simply to advertise the Liberal government. He did not once show an advertisement with the name of any Liberal on it or an advertisement which talked about the Liberal Party or the Government of Canada. For example, I show an ad which was put out just before the patriation of the Constitution.

The Acting Speaker (Mr. Ethier): Order, please. The Chair asked hon. members not to exhibit any materials during their speeches; this applies to all hon. members.

Mr. Peterson: I merely exhibit a colour ad which was put out by the government of Ontario under the names of Premier Davis and Thomas L. Wells. This was the use of taxpayers' money to promote the idea of Canadian unity and the patriation of the Constitution. I support that step. We used that step, and I am proud of it, but we did not put our names on it. The government of Saskatchewan did the same type of thing in another ad. It was not bashful and shy; it was not afraid to stand up and be proudly Canadian.

If this program were aimed strictly at Liberals, I am sure it would have been utilized more by Liberal Members of Parliament than by other Members of Parliament. I am sure it would have been used more by provinces wherein a majority of Liberals have been elected than by other provinces of Canada. The facts are not true.

Mr. Beatty: "The facts are not true!"

Mr. Peterson: The facts indicate that these programs were utilized equally in every province of Canada. Accordingly, our information programs have been made available to Canadians throughout the country and have been utilized in every part of the country. There has been flexibility in the program. In the budget next year we will be cutting the costs. I am not sure whether this is a good idea when I learn of the ignorance and misinformation which is being expressed across the aisle and across Canada. I am referring to misinformation about who pays for education and health plans. Very few people know

that the federal government pays for 60 per cent of these programs which are completely administered by the provinces. I am shocked to think that hon. members opposite would object to our programs which deal with helping small business. What does the hon. member have against helping small business and setting forth federal government programs so that Canadians can make themselves aware? What does the hon. member have against senior citizens making themselves aware of programs affecting them? What about young Canadians and job opportunities which are available to them? What about farmers and what they can do? What about the Constitution? Since patriation more than 200,000 Canadians have written in requesting copies of the Constitution and the Charter of Rights and Freedoms.

The hon. member for Capilano (Mr. Huntington) talked about an advertisement concerning the rights given to Canadians in the Charter of Rights and Freedoms; he threw it on the floor and stepped on it. I do not share that approach. Perhaps there are hon. members on that side of the House who voted against the charter, who were not fighting for it or were not proud of it, but I am very proud of it. Canadians will find new ways to protect their equality and dignity. They will not have to supplicate to governments. Governments have put the people of Canada and their fundamental rights and freedoms above the rights of government. The charter means that people will have the right to fight against discrimination and intolerance. Canadians have responded in kind.

In my riding a week ago Saturday, more than 1,000 Canadians came out to celebrate the patriation of the Constitution. They were proud to be there; the look of pride was upon their faces. They were proud to sing "O Canada" and to take away with them copies of the charter. We ran out of them; I wish we had had more. I was positively thrilled to see the pride of Canadians for what was done in that area. I want more Canadians to write in for copies of the Constitution and for the booklet on the Charter of Rights and Freedoms and what it means to Canadians.

What does the hon. member have against the book which outlines the great advantages of the programs available to the construction industry in Canada? If people do not know about these programs, how can they respond? He said that it was the obligation of Members of Parliament to tell their electorate everything they should know. Does he expect the people to know about every one of the programs of the federal government simply by Members of Parliament talking to them individually and sending out householders? Members of Parliament are the biggest users of our publications to inform their electorate. This is what the program is about.

Mr. Chrétien: One Conservative member requested 40,000 copies.

Mr. Peterson: The Minister of Justice is informing me that one Conservative member asked for 40,000 copies of the Charter of Rights and Freedoms. Is that not pride? Is that not what we should be doing?

The hon. member for Wellington-Dufferin-Simcoe said that he was against advertising. If there was a way to do it without advertising, I should like to know what it is. Does he think that we can just issue press releases, drop them in the press gallery and that the press will pick them up? Does he honestly believe that the press in Canada will advertise national programs? How many national press media are there? He objected to an ad on Canadian unity which appeared in *The Globe and Mail.* How many truly national newspapers do we have?

If he wants to cut off all government advertising in newspapers and on television, what alternatives does he offer? If he has reasonable alternatives to inform Canadians about their rights and to help them make more use of governments and their programs, he has not told us what they are. What are his alternatives? Is it more billboards? Is it greater access to householders? We welcome any comments he would have on constructive ways in which to make Canadians more aware of their rights. Having heard his comments today, I am more and more convinced that Canadians do not know their rights. We must consider very seriously what we can do to make them more aware of their rights in terms of government.

• (1730)

I do not apologize. I make no excuses for the efforts by this government to bring to the attention of Canadians what their government is doing for them. I make no excuse for the programs that we have undertaken across this country to inform Canadians about the advantages of remaining united and strong. I make no excuses for the efforts we undertook in the province of Quebec at the time of the referendum, for the efforts that were undertaken by the Minister of Justice and the Prime Minister to fight the separatists on their own territory and beat them, because I, as a Member of Parliament, would have been ashamed had we stood back at that time and not done everything possible to ensure the outcome which resulted. I would only ask the hon. members opposite, individually, what were they doing during that period of time?

Mr. Baker (Nepean-Carleton): You know damned well what we were doing!

Mr. Peterson: Were they in the province of Quebec fighting that fight individually?

Mr. Baker (Nepean-Carleton): I rise on a point of order, Mr. Speaker.

Mr. Peterson: I simply ask the question.

Mr. Baker (Nepean-Carleton): A point of order, Mr. Speaker.

Mr. Beatty: Pretty disreputable, Jim, casting slurs.

The Acting Speaker (Mr. Ethier): The hon. member for Nepean-Carleton (Mr. Baker) is rising on a point of order.

Mr. Baker (Nepean-Carleton): Mr. Speaker, if the hon. gentleman wishes to complain about the quality of the debate, I do not believe he should debase it even further by those remarks.

Mr. Peterson: I mentioned, Mr. Speaker, that opposition members have been criticizing advertising, a large part of which goes toward the Canadian unity issue. I asked them what their alternatives are.

Mr. Baker (Nepean-Carleton): Now, that is different.

Mr. Peterson: I asked them their alternatives, and whether they had done their fighting. Do they think this is reasonable? Were they down there fighting? Advertising is a fundamental portion of our fight. They can answer to their own consciences. If they want to come back and give us some alternatives for keeping this country together, I would welcome that. In the meantime, I do not apologize for our efforts on behalf of the—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, there are those who will go to great lengths to conceal their sins. When one tries to extol patriotism, and I think we are all patriots in this House, as an excuse for advertising costing bundles of billions of dollars, then I submit to Your Honour that the House is being abused and the public is being deceived by the effort to make excuses for something which should not have been necessary in the first place.

It was rather interesting to note that the hon. member for Welland (Mr. Parent) and the hon. member for Willowdale (Mr. Peterson) were reading from the same script for the first five minutes or so. Someone must have got their wires crossed. However, that is the repetitive nature of the structure to Your Honour's right. I presume that the hon. member for Welland will probably want to apologize for his script when he gets back home. I do not think it is one which he will put into his weekly paper for public surveillance because it is certainly built on a foundation of sand. There is no stone to hold him up on that one.

I think we are seeing a situation where the government is trying to defend its own misdeeds. If ever there was anything which created disunity in this nation, it was the confrontation between this Liberal government and the province of Quebec. There is no time in 20 minutes to enunciate the total confrontation policies which have taken place.

Mr. Lapierre: When was the last time you were in Quebec? Tell us.

Mr. McCain: I have probably been in Quebec more recently than the hon. member has been in New Brunswick. I have probably read more Quebec press than the hon. member has ever thought to read of Atlantic press. Perhaps the hon. member would like to know about some of the divisionary feelings which exist in Atlantic Canada and in western Canada. Perhaps the hon. member should come out of Quebec and take a look at all of Canada, which all hon. members of the House of Commons are supposed to do.

Some hon. Members: Hear, hear!

Mr. McCain: Let us not become closeted in Quebec, in New Brunswick, in Ontario or in the prairies. Let us take a look at Canada as a whole. It is falling apart, province by province, as it is confronted with unrealistic situations caused by this government which does not seem to give a damn. I do not think there is any justification for this happening, and I would like to read a few little comments on government advertising which are dated as early as 1980. An article in *The Citizen* dated September 23, 1980, states:

> The constitutional debate has convinced the government to quadruple the Canadian Unity Information Office budget to $35 million.

It goes on to state:

> This year alone, it has tendered advertising contracts worth close to $9 million in an effort to sell the federal government to the people of Canada.
>
> About $6 million worth of these contracts were directly related to promoting the federal viewpoint on the Constitution.

Our opinion from this side of the House, from both opposition parties, was expressed clearly and well. It had such an impact upon the people's minds that the Government of Canada, as was suggested by the gentleman from Vancouver a few minutes ago, began to find that it required some assistance in advertising because its press releases, speeches, legislation, fund-raising dinners and political meetings were not serving its purpose. Therefore, in 1980 the government resorted to $9 million worth of advertising to sell to the people of Canada what the people could not understand.

The government's theory was stated in an article in the *Winnipeg Free Press* dated August 2, 1980. The article stated:

> The government's theory is: when you can't solve a problem, advertise. And when the government spends our money to convince us that everything is alright, we can be certain that everything is not.

Let us take another little look at an article from *The Winnipeg Tribune* dated August 2, 1980 which states:

> Its almost incredible. In the midst of a worldwide energy crisis, the Canadian government is spending $4 million on an advertising campaign to tell citizens there is no energy crisis. The campaign, which is under way and will run until next April, stresses that the country's energy future "is manageable and is being managed".

We have seen how it has been managed. The article continues:

> Why should the federal government spend $4 million of the people's money on a campaign to tell them something which just isn't so?
>
> The fact is that this country's energy future isn't being managed, its being mismanaged.

Do not forget, Mr. Speaker, that we are not talking about today. We are talking about 1980. At the moment we are discussing a program, which has been evolving in an insidious fashion, to brainwash the people of Canada, as I think it is quite clearly charged in the *Tribune* when it stated:

The fact is that this country's energy future isn't being managed, its being mismanaged.

Thus, the government found the necessity to spend $4 million on an advertising program to try to convince the Canadian people to the contrary. Again, from the Halifax *Chronicle-Herald*, dated August 1, 1980, it is stated:

According to the federal government there is no energy crisis in Canada, and Ottawa is undertaking to spend $4 million between now and next April to convince Canadians of the fact.

"Its part of a long-term reorientation of people's thinking", exclaims Peter Craske, director of communications for the energy department.

Please, Mr. Speaker, let me read that to you again to substantiate a statement which really does not need substantiation, on behalf of the hon. member for Capilano (Mr. Huntington). The article stated:

"It's part of a long-term reorientation of people's thinking," explains Peter Craske, director of communications for the energy department.

That was a pretty potent statement by a pretty authoritative individual as to the objective of this kind of advertising. Further on in the article it states:

The federal government has a great deal of explaining to do. Perhaps we are about to see the institution of a new propaganda department to be known, no doubt, as Propaganda Canada or, for short, as PropCan. With $4 million, it ought to be possible to prop something up. Dare one hope that it will be done in a proper fashion?

I submit to Your Honour that the accusations, the charges which have been made by hon. members on this side of the House are rather mild as compared with the interpretation which the press put on this propaganda structure as early as 1980.

Mr. Lapierre: It's their life.

Mr. McCain: Call the press liars. You cannot call me one, because it would not be parliamentary. But you can call the press liars. They will appreciate it.

Mr. Lapierre: I did not say that. I said that is what makes them alive.

• (1740)

Mr. McCain: That is the mentality that some people would apply to a structure such as this. I will return to the *Kitchener-Waterloo Record* of April 23, 1982. It goes on to read:

Apparently assuming that if you repeat something often enough folks may actually believe it, the Trudeau government has launched a $5 million ad campaign proclaiming it is "Helping Canada Work"—

Somehow, Canada's 1.2 million unemployed, its struggling businessmen and farmers and its consumers trying to make ends meet, have trouble seeing a humming economy. What they see, instead, is a tired old government devoid of ideas, pouring out tax dollars as a screen for inaction and incompetence.

It is funny how quickly members opposite are so anxious to take issue with statements by members on this side of the House but are silent when one reads from the press of this nation. I now quote from the April 15, 1982, edition of *The Globe and Mail*:

The federal government is spending $5 million on an advertising campaign—the message being proclaimed is Helping Canada Work—at a time when unemployment is at the highest level since 1940 and more than 1.2 million people are unable to find jobs.

Business, labour and consumer representatives have reacted angrily to the ads, condemning the campaign as a complete waste of taxpayer's money and an insult to those who are unemployed.

Shirley Northrup, policy director for the Consumers Association of Canada, said in an interview yesterday that "we are appalled and outraged that the federal government is spending more money on yet another advertising campaign . . . The funds could have been put to better use."

Going to 1981, I will quote from the Ottawa *Citizen* of Wednesday, March 11:

Federal officials are sketching in the details of a proposed $3.25 million advertising campaign aimed at promoting the National Energy Program, despite the controversy sparked by a similar proposal last year.

Obviously the writer, Jim Travers of Southam News, does not approve of this. He writes:

Energy advertising became controversial last year when a leaked memo revealed the government was planning a very aggressive campaign to sell the NEP.

The memo indicated that the government intended to use the campaign for politics as well as policy.

It pointed out that Canadians were more concerned about energy problems than the Constitution and that the government would have to deal with the oil problem quickly if it hoped to win public support for patriation.

I now quote from an article by Lindsay Scotton of the Toronto *Star*. This clipping does not bear a date. It is headlined "Drop in the bucket". It reads:

And this lavish display of a government congratulating itself at taxpayers' expense is just a drop in the bucket in terms of the Liberals' ongoing romance with "concept" advertising. . . . the government has plans to spend more than $70 million on advertising within fiscal 1982-83. The minister responsible for government advertising, Gerald Regan, says this will allow the government "to see to it that the public knows of government programs, of government proposals and of government policies."

His boss, Prime Minister Pierre Trudeau, put it more succintly when he said that governments use advertising to promote the "policies, advantages and glories" of their jurisdictions.

The traditional role of government advertising is to provide information on services or to advise of changes in regulations. But the current thinking of the ruling Liberals on advertising and its uses is somewhat more sophisticated. Its publicity compaigns have taken on the noxious odour of propaganda—

"I don't think that the government should have to wait until a bill is passed in the House," says Gerald Regan, chairman of the cabinet communications committee that assesses the need for advertising in a particular area.

Does that mean the government is indulging in advocacy advertising, by pushing a single, and often controversial, point of view on the public? "I don't think I could define it with any degree of exactitude," says Regan, "What's unacceptable is advertising that is obviously politically partisan."

That is the end of Mr. Regan's quotes. The article continues:

That must mean that subtle political partisanship is okay, because that is exactly what is going on. The Liberal government has decided that advertising is the best way to keep and expand its market share of voter support, and is as determined as any soft-drink manufacturer to keep 'em coming back for more.

It sounds like a Ringling Brothers-Barnum & Bailey production about all those suckers. You get a new one every day. Let us hope the public of this nation will not be sucked in.

I wish I had the time to go through the committee reports and report on some of the questions which have been asked of the minister responsible for the program. It seems to come under the budget of the Minister of Supply and Services (Mr.

Blais). However, time will not permit that. There are points which came out of that report. First, the Minister of Supply and Services has no control whatsoever over the moneys which he has to spend for advertising. He will be advised by his client, a department of government, as to what is to be spent, what the program is to be for and who is to be used. That means the Minister of Supply and Services has no latitude in seeking competence or economy in the administration of the budget approaching $70 million. That is something to be frightened of as well. We find ourselves in the position where he does not know how much we will spend this year. At the moment it is approaching $70 million—$66 million, $67 million, something like that. In his answers to questions he acknowledges that he has no idea what may come down the pipe to him from the advertising wishes of the department promoting our Constitution.

The problem is that the government has ignored its responsibilities. The place to do this kind of work is on the hustings. It should be done before the Chamber of Commerce, the Rotary Club, the political meeting, the fund-raising dinner. It should be done by means of press conferences and press releases. There should be good relations with the press and the electronic media. That is the way this must be done. The hon. member for Welland quoted from a document which, I believe, although I am not sure, was presented to the minister in the other place, Senator Olson, whereby the government was advised that it should be very careful in how it spent its money and should attempt to achieve the highest possible profile. There should be as few as possible cost-sharing ideas. That was when the hon. member across the way suggested we were not getting any credit for the money we spend. I suppose we will have to advertise to get that credit. It is probably because the profile is not there that the Government of Canada is reducing its payments to the provinces for health, welfare education and social services. Are we now going to see advertising in which the Government of Canada says it just paid 50 per cent of your last tonsillectomy? Is that the next thing to come down the pipe because the government thinks it is not getting enough publicity?

• (1750)

I fear, Mr. Speaker, and I fear seriously, for the wellbeing of the total political structure of this nation, if this government can get away scotfree with using as a propaganda weapon the advertising facilities of this nation, whether they be printed or electronic. No one has found any quarrel with the advertising for the promotion of business abroad; no one has found any quarrel with the advertising of business in exhibitions, worldwide or otherwise; no one has found any fault with the advertising for the armed services; no one has found any fault with calling for tenders or advertising positions. The criticism by the press as read in the House today, and the fault that is being found by members of this House in both opposition parties lies in the propaganda aspect of trying to sell to the people of Canada what they know would not otherwise be bought.

An hon. Member: Right on!

Mr. McCain: You are taking advantage of a democratic structure to propagandize the people of Canada. You are using the press to do things that neither of the opposition parties can do. One member had the unadulterated nerve to say that because a union spent a sum of money for advertising its particular cause, the government must respond. Are we then to assume, Mr. Speaker, that every time an alien or a dissident or a provocative or proposition type of advertisement appears in the papers of Canada the Government of Canada is going to spend public money to oppose a union advertisement?

It is incredible, Mr. Speaker, that the conscience of this government would drop to a level even to imply that a union advertisement must be answered by a government advertisement.

The Acting Speaker (Mr. Ethier): Order, please. I have to inform the hon. gentleman that his time has expired. He may continue, if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker: There is not unanimous consent.

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Secretary of State): Mr. Speaker, after listening to a few opposition speeches, I must admit that I am frankly shocked at the narrow-mindedness and shortsighted attitude shown by the member for Wellington-Dufferin-Simcoe (Mr. Beatty) in asking to have the Canadian Unity Information Office dismantled. He seems to think that after the Quebec referendum results and the defeat of the Western Canada Concept in Saskatchewan, all our national unity problems are over. While the opposition is suggesting that we phase out the office, the Premier of Quebec has announced that the next election will be tantamount to a referendum settling the separation question once and for all.

It seems obvious then that the Government of Canada has an obligation to publicize the advantages of the Canadian federation, and at the same time, to inform Canadian citizens of their rights and programs available to them. I have seldom heard a proposal as devoid of common sense as the one voiced by the member for Wellington-Dufferin-Simcoe. His proposal is so laughable that he is the only member who has dared formulate it. I do not know whether that party has a common position, but we have heard three or four hon. members, and they all had different requests to make. The hon. member's insistence on dismantling the Canadian Unity Information Office is part of their craze for abolishing. Earlier, my colleague for Welland (Mr. Parent), in referring to the Katimavik

program, caused great hilarity among the Progressive Conservatives. Let them laugh. When they were in power, they wanted to phase out the program. They wanted to prevent young Canadians from taking part in community projects, from learning to know their country and thus consolidating Canadian unity, because Katimavik does, in fact, help young Canadians to know more about their country, to go and work in three provinces and to become better citizens.

They did the same thing with Loto Canada and Petro-Canada. One gets the impression that to them when you are in doubt you abolish. They are also asking us not to indulge in advocacy advertising or advertising with a favourable bias. What about our ads against smoking, on the use of seatbelts, on Canada and tourism? There is certainly nothing more advocating than a travel ad which tells people: Come to Canada, spend your money in Canada, visit your own country! This is very advocating and certainly not merely factual. And this kind of advertising is looked on favourably by all Canadians, by all private businesses whose interests the hon. members opposite are supposed to represent and defend. The Canadian tourist industry is very pleased with the efforts made by the Canadian Government Office of Tourism.

We are being asked to reduce advertising expenditures by one third. In other words, the Progressive Conservative Party opposite feels that Canadian citizens are too well informed, that the amount of information they get should be limited, that, for instance, they should not be told that they can save up to 30 per cent under a program for home repairs and improvements, that they should not be told that they can get grants from the Department of the Secretary of State to help them celebrate Canada Day on July 1, or that if they are having problems with urea formaldehyde foam insulation, they should apply for government assistance, or, for instance, about physical fitness and amateur sport programs, in fact, a whole series of programs that would otherwise be available only to those who are well-off, the friends of our neighbours on the opposite side. It is all very well to say that it is the member's responsibility, but it is perfectly true that hon. members do not have a propaganda machine like the members opposite, so that they can contact every citizen on the subject of government programs. Four bulk mailings are hardly adequate to inform everyone about what is going on.

And what about people who cannot read? I see here in the House a member from the Calgary area where there are 70,000 people who have reading problems. Do we tell these people: You cannot have access to information, you cannot have access to government programs? There is a case where television should be used to give people access to the government, because they may not have had the privilege of an education, like so many others. And that is what the Progressive Conservatives are asking us to abolish. Do not talk to those people, make it a very elitist proposition for people who are going to read *Hansard* or who can afford cablevision to watch today's proceedings. Frankly, I find it shameful that the Progressive Conservatives should be pressing for that. And once again, we know theirs is the party of the privileged, theirs is the party of the elite, and they do not want us to be accessible to one and all. I am sorry but I cannot go along with these attempts at trying to make the government accessible only to a privileged minority, a minority which in many cases they represent. Obviously, the big oil companies are not going to have any problems getting information on legislation, but I am not so sure my constituents in St. Joachim can afford a trip to Ottawa to get information on the home insulation program or get to know about the Farm Credit Corporation's programs. I really think it is tantamount to asking the government to renege on its responsibilities in a democratic participatory system.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock.

At 6 o'clock, the House took recess.

AFTER RECESS

The House resumed at 8:00 p.m.

Mr. Deputy Speaker: When the House rose at 6 o'clock, the hon. member for Shefford had the floor.

Mr. Lapierre: Mr. Speaker, when the House took recess at six o'clock, I was saying how inconsistent, meaningless and above all harmful the Progressive Conservatives' proposals are in this debate, for the ordinary citizen who, in these difficult times, should be able to avail himself fully of government services and programs. This points to the value of and need for large-scale advertising which will give Canadians the opportunity to keep abreast of and fully benefit from government services. The hon. member for Wellington-Dufferin-Simcoe has suggested the government should, at this time, reduce its advertising expenditures by a third or so or, according to his estimates, by some $20 million. I then pointed out that the effect of his proposal would be that the less privileged citizen, who does not necessarily have direct access to the government, or read all the press clippings, and may not know his Member of Parliament personally, would not be in a position to know about government programs if they were not advertised.

Again, the hon. member asked that the government make opinion polls public. As you are aware, Mr. Speaker, for having witnessed this a number of times, the Minister of Justice or other ministers in charge have tabled government opinion polls in this House, and hon. members have made abundant use of them. The hon. member for Wellington-Dufferin-Simcoe is requesting that we make them public immediately. It is my view that in the policymaking process it may be important for the government to refer to a poll to establish its policies, and table it afterward, as is now the

practice in Parliament. This in turn should provide this House with all existing data on public opinion available in Canada. He seemed to be somewhat critical of opinion polls being taken, although his own party, when they were the government, also made surveys.

• (2010)

Yet, members on both sides of the House use public funds made available to them, for householder mailings to conduct polls. They do so with the taxpayers' money, and they do not have to release the results of each one of these polls. On the other hand, the government has agreed as a rule, to make such polls public. There is nothing secret or magical about all these polls. The hon. member is asking us to set up an independent body to hear complaints about government advertising. Frankly, if he has any complaint about government advertising, he just has to refer them to the minister responsible. At this time, each minister is responsible for the publicity of his own department and I am aware of no case of fraudulent publicity by the federal government. Hon. members opposite would be the first to get worked up and to denounce us in the House if this occurred. In fact, if our publicity is improper, they have a privileged forum to denounce us.

I do not see why we should set up other independent bodies to do something or other. It goes somewhat against the principles of the members opposite to increase the size of the public service and I really believe that it is not necessary to have an independent body. If the hon. member is aware of cases of fraudulent publicity, the Secretary of State and the minister responsible will be glad to analyse the problem and revise such advertising if mistakes have been made. Finally, the hon. member objected to government advertising on the basis of morality. Let us talk about morality! How can the hon. member dare say that the government shows a lack of morality in its publicity when his own party was really guilty of fraudulent advertising on all the campuses during the negotiations on post-secondary education? And I can see the hon. member for Kingston and the Islands (Miss MacDonald), who not only supported this fraudulent publicity, but also repeated at every possible opportunity that there would be major cutbacks which would affect the students when we know that the minister of Finance (Mr. MacEachen) has increased post-secondary education financing by 13 per cent. I think that this is really a case of fraudulent advertising, and if the hon. member is really interested in morality, he should complain to his own party for making such statements for several weeks in all the student newspapers of Canada. How can they speak about ethics? If we had to rely on their own ethical standards, we would dream up all kinds of things.

Mr. Speaker, I am convinced that any responsible government has the duty to make the people aware of what it does for them. I believe that any responsible government has the duty to tell the public: Your tax money goes to pay for such and such a program and you can use it. If only a small group of people knows about the programs and can use them, this means that we have a useless government of the conservative type. That is just about what the members opposite are now suggesting in their motion. They are asking us to inform the people as little as possible: To economize, do not tell the people what you are doing, because you could be showing partisanship.

First of all, the hon. member's argument to the effect that this whole advertising campaign of some $60 million is used only to promote the Liberal Party or the party in power is not really valid, and it is somewhat self-defeating. Let him just reflect upon the recent Gallup poll on the popularity of political parties in Canada, and he will see that we do not use this instrument as a propaganda vehicle, as he is trying to suggest. I believe that to carry out its mandate, a government must follow certain principles in advertising. First of all, it must be recognized that the Canadian public is entitled to full and complete information, in accordance, of course, with the Official Languages Act. I know that members opposite find this somewhat disturbing, but it allows people to exercise their rights as citizens and to participate fully in the democratic process, because without information, democracy becomes something of a farce, and I am convinced that information given to the public by the government through advertising promotes democracy.

A short while ago, the hon. member went so far as to say that in a way publicity does restrict the freedom of the press; I say to him that the contrary is true because thanks to publicity, the press can write even more, radio and television stations can survive. If that is suppressing the freedom of the press, then I think the hon. member and his friends opposite know absolutely nothing about how the press gets to be financed in Canada. They have so few ideas that when they were in government—we all know Canada has an ethnic press representing quite a few groups who depend on government publicity to survive, whether it be the francophone press outside Quebec, or that of the the various ethnic groups in Canada—as I was saying at the time when they were in government they applied those infamous principles to such an extent that the decrease in their demands on the ethnic press threatened the means of survival of several ethnic newspapers in Canada. By chance, after nine months, we managed to get rid of them. Several ethnic publications would have gone down the drain had we followed the example set by that government.

Mr. Speaker, surely it is the government's responsibility to give Canadians information pertaining to its proposed policies. In many cases, we are able to submit proposals through advertising to the Canadian people, who, in their turn, provide some feedback not only for Liberal MPs, but for members of the opposition as well. The reason why I contend this government advertising is not an instrument of partisan politics, is

that it can just as well provide the opposition with ammunitions against us. I suggest the government can fulfil its responsibility better this way than through "surprise" legislation, and that Canadians are better represented and have more input in the decision-making process.

Speaking of surveys, Mr. Speaker, certainly the government has the responsibility to do its utmost to identify the expectations, concerns and views of Canadians. The scientific means to achieve this aim today is through surveys, and any government really dedicated to the welfare of its people should avail itself of scientific surveys as privileged instruments. I am sure that the use of this technique is now recognized by all western democratic governments, and poll taking is something this government, as well as Progressive Conservative Party governments, both at the provincial and municipal levels, are relying on. I admit this is a new technique, and even the Progressive Conservative Party depends on it. I am advised that the only mistake our NDP friends made in Saskatchewan recently was to ignore surveys which could have warned them of their imminent downfall. That was their mistake. I feel that surveys can serve to pinpoint regional differences, and that it is really our government's duty to understand and assess the concerns of the people. In addition, there are many other means, including representations by hon. members within their respective caucuses; surveys are really excellent instruments, and their results are released to the public as soon as the government feels they have served their purpose in its policy-making decisions.

Finally, Mr. Speaker, I suggest that there must be excellent means of communication between a government and the people in our present-day democracies. Through their opposition, hon. members of the Progressive Conservative Party apparently want to hamper our communicating with the Canadian people but I can assure them that they will never succeed. How glad I am for the sake of my fellow Canadians that they are not in power today, as it seems the only people they would deal with are privileged pressure groups who are well acquainted with this or that elected representative, and can afford to post vice-presidents in Ottawa in charge of government relations, while the grassroots in my constituency who are anxious to communicate with their government need an elected representative who is always available! But if there are 60,000 people in a constituency, I suggest a little advertising can go a long way to help them understand government programs better, that is why the government believes in communicating with people and is eager to know their views. I submit that the opposition's proposals are totally unacceptable and only demonstrate the narrow-mindedness of the hon. members opposite.

• (2020)

[*English*]

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, the hon. member who has just taken his seat has got so far off the track that I think it might be an idea if we put not only him but the debate back into perspective. The motion we are debating tonight is a simple one. It says:

> That this House condemns the government for its increasing use of Canadian taxpayers' dollars for self-serving advertising and public opinion surveying, and in particular, for spending millions of tax dollars for uncecessary advertising at a time when it demands financial sacrifices from ordinary Canadians.

I want to say to my friend, in case he has forgotten about the significance of the amount spent in each year, that the spending in the advertising field for those departments which come under the Department of Supply and Services has been estimated at $70 million. If you add Crown corporations, Crown agencies and others engaged in self-serving advertising—by that I do not mean the peddling of products that they produce—you are probably closer to $100 million a year. So the amounts are very significant indeed.

When he spoke just before the dinner break, the hon. member for Willowdale (Mr. Peterson) said no excuse should be made for informing Canadians of what their government is doing for them. If by that he meant that the first objective he mentioned should be served, then there is no argument on this side. The first of three objectives he mentioned was that government should make known services that Canadians can receive from the federal government. No one is arguing with that. That is not self-serving advertising; it is legitimate information. His second objective is that Canadians should be made more aware of their own country. He is right, but there is a difference in making Canadians aware of their own country on the one hand, and making them aware of what the government has done to this country on the other. That is where I begin my theme about the necessity that must apply with respect to advertising in the public field as it does in the private field. That is where this government has failed.

The government has run some magnificent ads. The ad agencies salivate every time they think of those ads and the revenues which this government produces for certain agencies; the loyal, the tested and the true ones. The hon. member for Willowdale then said that the third objective was to explain to Canadians the principles of our federalism. So the ads talk about sharing and co-operation. But when the Canadians who read the ads, Mr. Speaker, watch the Prime Minister's Thursday or Friday press conference on TV, they see him sitting there in the shadow of the Canadian flag and hear him say that co-operative federalism is dead. That is what I mean by truth in advertising, Mr. Speaker.

If they were being truthful with respect to advertising, they should say that the sharing which was promulgated by Lester Pearson, the concern that was Louis St. Laurent's, the sense of belonging that was Sir Wilfrid Laurier's, has disappeared under the waves of the Trudeau government which has declared that the things those men stood for are dead. Co-operative federalism is dead. Now, that would be truth in advertising. But we do not get that; oh, no.

I was on the banks of the mighty St. Lawrence River on the weekend, Mr. Speaker, and I heard a honking in the sky. It was not my friend, the hon. member for Willowdale, it was a Canada goose. It was literally thousands of Canada geese

flying overhead. Real live geese, not the geese in the advertising, and they were honking a much more interesting speech than my friend made. Then I thought for a moment: if there was to be truth in advertising, then we would have to say how this government goosed Canada, because that is what happened to Canada.

Anywhere you go, Mr. Speaker, there are great publications for small businesses and other things, but if there was truth in advertising, why wouldn't there be an ad campaign with Canada geese flying overhead, with trumpeters playing, with the hon. member for Lincoln (Mr. Mackasey) running ahead with a bottle of wine in his hands to advertise a great industry in his riding? There would be the Minister of Finance (Mr. MacEachen) with a copy of his November 12 budget—what a great thing that has been for Canada. It has driven investment out, it is beginning to tax medical insurance payments, it has destroyed investor confidence in the country. Why don't you advertise that?

Mr. Beatty: The geese would be flying south.

Mr. Baker (Nepean-Carleton): As my friend says, the geese would be turning around and going south with the oil-drilling rigs, with Canadian dollars. Now, mount an advertising campaign from that point of view; that would be some advertising, as the hon. member for Willowdale says, of what the government is doing for them.

That would be the first one. Then let us have another advertising campaign. What it will show, Mr. Speaker, is a great oil sand extractor, that gigantic piece of machinery, sitting idle in a storage shed in northern Alberta. It will show a plan of the townsite for the Alsands project; just the plan, it will not show it built. It will also show lines of unemployed in the country. It will thereby herald the success of the national energy policy.

If this government, Mr. Speaker, had been an enemy of the state and had consciously tried to damage Canada with a national energy policy, no government which was an enemy of the state, let alone one which is sworn to uphold it, could have done a better job than the Minister of Energy, Mines and Resources (Mr. Lalonde) and his colleagues have done. None!

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): They have succeeded in one fell swoop in driving 300 drilling rigs out of Canada. Now, that is performance, Mr. Speaker.

I talked on the weekend to a young man from my constituency who brought to me a reply to a letter of application he made to a drilling company in western Canada. He was a geology student and he had been accepted for summer employment. He has another letter which says: "No, don't bother coming out". If you go to western Canada, Mr. Speaker, you will find there are unemployment lines, unheard of in western Canada. The manpower offices are now having the same problem out there that they have had for some time in eastern Canada, in the province of Quebec, the province of my friend who has just spoken. That would be truth in advertising, to tell the Canadian people what these policies have done. It would be equally truthful to say what the Lalonde triumph in terms of national energy has done to the rest of Canada, what these megaprojects such as Alsands mean. Advertise that, my friend, and you may be doing a service to truth in the country.

What does it mean to us? Is it just a western problem? No, it is not just a western problem. There are about 4,800 permanent jobs that would have been created by the construction of that project. How many jobs will the next set of government ads say have been destroyed by that project? There are 7,000 workers who would have been employed during the construction peak on that project. Will there be an ad to tell those 7,000 workers in Canada where they should go? There were 14,000 indirect jobs that would have been created if that project had gone ahead. That is 14,000 indirect jobs lost to Canada. While it was important with respect to the production of energy, which is vital to the question of Canadian oil self-sufficiency by 1990, are we going to see a set of ads trumpeting that great triumph, Mr. Speaker? That is a triumph of foolishness. What a waste has occurred as a result of the silly policies of this government.

• (2030)

I think it is time for the government to stand up and tell everybody what it has done for us lately. It would have been better had the government stayed quiet because we were better off before. You think it does not mean something to the part of Canada where I live in the province of Ontario or to the part of Canada where the hon. member for Shefford (Mr. Lapierre), who spoke just a few moments ago, lives? The Alsands plant would have generated billions of dollars in spin-off benefits just at a time when the country badly needed that shot in the arm. That is the truth of the National Energy Program. That is the result, and that is the truth. I want to see an ad about that because it would not be wasting money. It would be truthful.

Mr. Lapierre: Pay for it.

Mr. Baker (Nepean-Carleton): Pay for it, my friend says. When I have had to pay for an ad, I have paid for it out of my own money. When my party has paid for an ad, it has been paid for out of the party's own money. But when that crowd over there advertises, it is public money, and that is the shame of this advocacy advertising.

A few moments ago my friend spoke about polls. Of course, governments should poll. They are as entitled as any other group to know the way in which public opinion is moving. But the public who pays for those polls is also entitled to know. We are entitled to know. This is part of the thing that would be in place if there were a legitimate freedom of information law in this country. Why does the government not trumpet in the newspaper its commitment to freedom of information? My goodness, the Liberal government is falling all over itself to shy away from independent judicial review, which is a cornerstone of freedom of information. If you mention Crown privilege,

Mr. Speaker, the Solicitor General (Mr. Kaplan) shudders no longer, because even if the government's bill went through, would the minister be able, by merely signing an affidavit, to walk away from opening up the processes of government in a courtroom to the public? Information is power. This government does not want to share power. The government does not advertise that, does it? It does not tell us that is the government's commitment, the commitment that it made in the Speech from the Throne; the same commitment that was made by the Minister of Communications (Mr. Fox) when he introduced Bill C-43—about which he nearly broke his arm patting himself on the back. The government does not advertise the fact that in the face of the slightest objection it is scattering. Its commitments mean nothing. But that would be interesting advertising. It would be truthful advertising. It would be advocacy advertising of quite an interesting kind if by chance some time the government should tell the truth.

Let us move on to some other triumphs of this government. I saw an ad in *The Globe and Mail*. I cannot show it to you, Mr. Speaker, because it is against the rules of the House.

Mr. McDermid: The hon. member for Willowdale (Mr. Peterson) did. Go ahead.

Mr. Baker (Nepean-Carleton): This ad described the mining industry in Canada, our $32 billion industry. It is a wonderful, colourful full page ad. It would cost a fortune to place this kind of ad. It is a picture of our hard-working miners. I will wager dollars to doughnuts that those hard-working miners in this former $32 billion industry are now marching up and down in front of the Canada Manpower offices or in front of the unemployment insurance offices because there are now 25,000 Canadians out of work in the mining industry. To quote the hon. member for Willowdale, that is something to talk about, what this government has done for the people of Canada. Why not advertise that as well? The multiplier effect of that unemployment is likely to amount to 115,000 people in related industries. Let the government advertise its triumphs in the forest industry in New Brunswick and in British Columbia. Twenty-five per cent of the work force—

Mr. Rose: At least.

Mr. Baker (Nepean-Carleton): At least, my friend says, and he is right, at least 25 per cent are unemployed in that industry. That industry shows very little prospect. There is a triumph and a truth for this government to talk about. Let the government talk, if it will, about the two-year delay in the Alaska gas pipeline project. That is another triumph of this government. Does anyone remember when President Reagan stood here in the House of Commons and said to the House that the pipeline would be completed and the Americans would stand behind it provided the private sector would do its part? That is what the President said. Do hon. members remember that? The Minister of Energy, Mines and Resources, with his ironclad guarantee that has grown rusty with time, stood up and said, "Yes, we trust the resolution of the Congress of the United States. We trust the resolution of the Senate of the United States. We trust President Carter." I told the minister at that time that he had laid his political life on the line if he relied on that. He relied on that, and his political life is over, Mr. Speaker. There is no Canadian anywhere who would ever put any faith in the word of the Minister of Energy, Mines and Resources. There is no Canadian anywhere, whether he or she is in western or eastern Canada or whether he or she is in the north, who would have faith in him. Let the government advertise that ironclad guarantee. That would be truthful with respect to our system. It would be refreshing.

What other programs do we have that could be touted and advertised on which this government has moved so quickly to fulfil its promises? You remember, Mr. Speaker, the promise to bring in Crown corporation legislation? Do you remember that? My friends down there remember it.

Mr. Rose: Hazily.

Mr. Baker (Nepean-Carleton): It is hazy with time, but it is also hazy with unfulfilment. The President of the Treasury Board (Mr. Johnston) for all the time he has had—two years—has not brought in one piece of legislation. I wonder if the government ought not to tout that ad in the newspapers.

Mr. Beatty: What about double-tracking?

Mr. Baker (Nepean-Carleton): Double-tracking, yes, that is the salvation of the steel industry in Canada. As a result of not being able to build the steel for the Alaska gas pipeline, the government is going to double-track the CNR. The Minister of Transport (Mr. Pepin) is here. If necessary, he would promise that the government will triple-track the CNR. As well, I am sure, he will put an ad in the newspaper.

Mr. Rose: He will double-talk the CNR.

Mr. Baker (Nepean-Carleton): Yes, he will double-talk the CNR. Then we heard the President of the Privy Council (Mr. Pinard) when he came to office say that he was going to make Parliament live. He said he was going to reform this institution. He believed that the private Member of Parliament had some rights and it was overbalanced somewhere. Well, that lonely cowboy from Drummondville has had two years in the saddle. Where is the paper on parliamentary reform? It has gone the way of the dodo bird. It is like the Canada geese that I saw. It has been "geesed".

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Finally, we were to have all these magnificent things, such as low gas prices. It was going to be a pleasure to drive up to the gas pump. Why? Because the Minister of Finance said so. "Vote for us" he said, "and the price of gasoline will stay down. Vote Liberal and the price will not go up."

Mr. McDermid: Talk about truth in advertising.

• (2040)

Mr. Baker (Nepean-Carleton): Truth in advertising is a marvellous thing when it is displayed, but the problem is that we have seen very little truth in the advertising campaigns.

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

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Mr. Speaker, now we have had this last round by the member for Nepean-Carleton (Mr. Baker), I should like to make a small contribution to this debate.

[*English*]

I am sure that not even the opposition would advance the proposition that governments in general should not use advertising. It is clearly the most effective way to get many different kinds of information to the people of Canada, information which they need and information which we in government have a responsibility to deliver. Provinces and municipalities follow the same approach because it makes good economic sense. We have to tell the public about the programs which are in place, and we have to explain those programs. Now that the accounts for the last fiscal year are reconciled, the discounts taken and the actual expenditures compiled, we have a total of $60.5 million for Government of Canada advertising. This compares with reported figures for only two of the ten provinces of Canada of approximately $30 million spent by Ontario and Quebec for their government advertising.

The Department of National Defence needs recruits for the Armed Forces. They spent $4.2 million on an advertising program last year. It is a vital component of its over-all recruitment effort. When Statistics Canada conducted its census last year, it decided to spend $1.8 million on paid advertising. It was a cost effective and vital component in the over-all marketing strategy according to which the department had to reach every household in Canada. It is very evident that had we not advertised in the way we did, the census results would not have been as encouraging as they have been in the sense of response by the Canadian population.

I should like to add that in the fiscal year 1981-82 roughly one quarter of the government's advertising budget was spent by the Department of Industry, Trade and Commerce. A large portion was tourism advertising both in Canada and abroad, money which helps to strengthen Canada's tourism industry. In fact, all its advertising helps support Canadian industry in one way or another. I defy anyone in the House to take issue with the fact that the advertising budget of the federal government supports those programs and hence directly supports Canadian industry and jobs.

In these hard economic times it is even more important for us to ensure that we carry out this duty. Much of the information we put out in our advertising programs affects the social and economic welfare of Canadians. I know the opposition tries to conjure up an image of the federal government's spending millions of dollars to beguile Canadians with their own money and to answer questions which no one is asking. This is simply not the case. Canadians are demanding more and more information, and the government is duty bound to ensure that its storehouse of information is open to every Canadian. The federal government has now developed a sound management system for its advertising activities. We now have a much better handle on government advertising expenditures. We monitor and control advertising programs and can now respond in a very timely manner, I hasten to say, to inquiries on government advertising, particularly the ones of the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty).

The administration of the system is to a large degree the responsibility of my department, but neither I nor the government can claim credit for its creation. The credit must go to the government of the Right Hon. Leader of the Opposition (Mr. Clark). In fact his government thought of it and began to implement the system.

Mr. McDermid: Do you think that it was a good idea?

Mr. Blais: Yes, it was a very good idea.

Mr. McDermid: Good.

Mr. Blais: In September, 1979, the Conservative government put into place its own management system. There was a private sector agency of management which advised the government through what was called the "executive committee of ministers on advertising". There was also a small group within the Department of Supply and Services responsible for contracting with advertising agencies, as well as the auditing and paying of government advertising supplier invoices. I believe this system was a vast improvement over what existed before. In fact, it was so good that when this government took office it decided to retain it, enhance it and expand it. I am proud to take credit on behalf of the Government of Canada for the improvements we have made.

We set up a system based upon what the advertising industry calls the "agency of record" concept. First, we decided against retaining a private sector company as the Tories had done. They had retained that company in order to advise them on advertising. We felt that in order to avoid conflict of interests we ought to have an in-house advertising management committee which in effect would not be going out and retaining services outside, but indeed we needed advertising expertise. In order to obtain that advertising background, we created the advertising review committee, comprised of four advisers to government from the advertising industry called the "advertising management group". We added senior officials from Treasury Board, from the Privy Council office, from the agency of record itself and from my department, as well as representatives from the client departments.

Second, we thought it best that the government's requirement for media time and space be consolidated. Therefore we engaged a private sector organization known in the advertising industry as the "agency of record" to consolidate all

government's media space and time requirements. They recommend adjustments to advertising plans. They order media time and space from suppliers and ensure that we benefit from all the advantages of bulk placement. Between January, 1981, and mid-December, 1981, the net savings to the Government of Canada under the "agency of record" concept were in the order of $1.6 million. This does not count for the improved effectiveness which we achieved through better placement.

Third, we expanded the role of my own department. It now contracts with the "agency of record" as well as with advertising agencies for planning, creative and production services. In addition to making payments to the agencies, the Department of Supply and Services pays the government's advertising media suppliers, which in the past all too often had to wait months for payment because of the inconsistencies between various government departmental systems. Now we are in a much better position to realize sizeable economies by capturing discounts offered by media suppliers to encourage prompt payment of their invoices.

Since the beginning of the new system, my department has been able to save in excess of $330,000 in the area of prompt payment discounts. Let me explain, because there has been much confusion with the hyperboles launched by hon. members opposite, as to how the system works. A sponsoring department will submit its advertising program to the cabinet committee on communications for review, program approval and concurrence on the budget. It then makes the final selection of the advertising agency best suited to do the planning, creative and production elements. The decisions of the cabinet committee are communicated to the ministers responsible and to myself who, as Minister of Supply and Services, has the sole contracting authority for government advertising. Under this authority my department sets up the contractual arrangements between the sponsoring department and the advertising agency for planning, creative and production services and with the "agency of record" for all media placements. DSS monitors the progress of the creative and production aspects of advertising programs and makes adjustments to the contracts where necessary. At the end of the day we pay the advertising agency for the work it has done. We also, as I described earlier, pay the media suppliers from whom the "agency of record" orders media space and time. At no time—and this is not in accordance with what went on when the Tories were in power—does money owing to the media pass through the Agency of Record. The "agency of record" has its own media-buying services, paying the suppliers and the agencies and being in constant conflict of interest. That is how the system works.

• (2050)

Now I would like to comment on some of the characteristics of government advertising. Federal government messages are often targeted to large segments. We do not advertise in the same way as the private sector. The private sector can have a very short campaign which it targets to a very limited group. The private sector does not have to go through translation. Our campaigns must sometimes be translated into 11 or 12 languages, and we must, of necessity, advertise to the entire Canadian population. We cannot limit our advertising to certain areas. We must cover as wide a base as possible, and that makes advertising much more extensive.

In the private sector, advertisers can in effect run the same message again and again until its usefulness has passed. We cannot do that. Usually our advertising programs are on short notice for a short period of time because of the given program with which we are dealing. I therefore suggest that it would be unfair to compare the two systems.

We have heard the speech of the hon. member for Nepean-Carleton (Mr. Baker). He delivered himself of a fine after-dinner address. I hope that his food digests better than his thoughts. I would indicate that it is exactly the sort of performance which makes government advertising necessary. It is the sort of hyperbole which really twists veracity.

Mr. Baker (Nepean-Carleton): The truth hurts, J.-J.

Mr. Blais: I am not saying that he is telling untruths. I am just saying that he is stretching the truth to a point where it is hardly recognizable.

If Your Honour will recall, in this House we have been dealing with the metric system.

Mr. Baker (Nepean-Carleton): I did not mention the metric system.

Mr. Blais: I know. The hon. member was honest enough not to mention the metric system because he knows how hon. members on the other side—

Mr. Baker (Nepean-Carleton): I ran out of time.

Mr. Blais: —have been using the metric system in order to make political hay. They have been distributing all sorts of information throughout the country. I will not say it is untruthful. I am too much of a parliamentarian for that. However, it really stretches the credulity of Canadians.

Mr. Baker (Nepean-Carleton): Explain!

Mr. Blais: They have even implied that somehow metrication is something of a Liberal government conspiracy. They have also advised the Canadian public that it was never approved by Parliament. The metric system was introduced to Canada back in 1871 by the greatest of Liberals, a fellow named John A. Macdonald, at the time when we really, in effect, introduced the decimal system to our monetary system. He was the one who introduced it.

As to whether it was passed in Parliament, eight separate times in this House we dealt either with resolutions or amendments resisting legislation concerning the metric system. These gentlemen on the other side would want the Canadian public to believe that that has been the case. Now I hear the whip for the Tories on the other side. He was the one who, in 1975, as a great Canadian, said in the House in relation to the metric system, "We will support it"—

Mr. Kempling: That is right.

Mr. Blais: —"but we are appalled at the lack of progress being made. Metric conversion must go forward."

Some hon. Members: Hear, hear!

Mr. Kempling: Read it all!

Mr. Blais: Those gentlemen on the other side—

Mr. Kempling: Read the rest of it.

Mr. Blais: The hon. member for Rosedale (Mr. Crombie), when he was a member of the government, came out in support of the metric system.

Mr. Kempling: Be honest.

Mr. Blais: Bill Davis, a Tory in Ontario, came out in favour of metrication.

Mr. Deputy Speaker: The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) rises on a point of order.

Mr. Beatty: Mr. Speaker, I regret to interrupt the minister in full oratorical flight, but was it Your Honour's intention to request that he deal with the order of business before the House, which deals with advertising, and not the metric system?

Mr. Blais: Mr. Speaker, if the hon. member for Nepean-Carleton can talk about the National Energy Program and every other piece of legislation and policy that we have introduced, surely I can point to the lack of veracity on the part of the opposition relating to something which is absolutely abject in its presentation.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member for Nepean-Carleton rises on a point of order.

Mr. Baker (Nepean-Carleton): Excuse me, J.-J. I was talking about advertising in relation to government programs of which the government should be very proud, like the National Energy Program.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: I am sure the Minister of Supply and Services has listened to the comment.

Mr. Blais: Mr. Speaker, if you can understand how the public misunderstands metric as a result of the concerted effort of the Tories, who are trying to make hay and who have done a complete flip-flop on the issue, you can see why it is important for us to advise the Canadian public of the necessity of introducing metric and show them how to transform their own habits in order to accommodate themselves to the new metric system.

Mr. Taylor: Why did you make it compulsory?

Mr. Blais: We listened to all the gentlemen on the other side. Talking about the National Energy Program, does Your Honour know what really irks the hon. members concerning the National Energy Program?

Mr. Taylor: Why did you make it compulsory?

Mr. Blais: It is that they lost an election on one of its elements, namely, Petro-Canada. They cannot accept for one minute that Canadians today go to the pumps in order to obtain—

Mr. Baker (Nepean-Carleton): To get hosed.

Mr. Blais: —gas from Petro-Canada because they fundamentally believe that the asset, which is oil, should belong to Canadians and should be under Canadian control. That is what the Tories have never been able to understand. The reason they have not been able to understand it is that national issues are completely foreign to their comprehension, completely foreign to their ken.

Mr. Taylor: Why did you make it compulsory?

Mr. Blais: They have not been on the right side of a national issue since confederation itself. They have not been on the right side of a nationalist issue in this country, including the flag, including conscription, including the Constitution, since the beginning.

Some hon. Members: Hear, hear!

Mr. Kempling: Tell us about the Prime Minister (Mr. Trudeau) and conscription.

Mr. Blais: That is the fact.

[*Translation*]

Mr. Speaker, they just do not understand! Here in Canada we have the best communication system in the world. We can truly inform Canadians about what we are doing. The fact is, we have television in the House to be able to communicate with Canadians, but most of the time, what is being communicated by the opposition members is entirely inaccurate and motivated by petty politicking. They are past masters in this art. They are dyed-in-the-wool partisans, and are they frustrated! After all, they were in power for only nine months. During that time they tried to introduce all kinds of new systems, including advertising control, and then they spoiled everything. They lost, and they could not do a thing, and since then, whatever we have been able to do is terribly frustrating for them, and has made them go so far as to communicate inaccurate inanities to Canadians, and that is why, Mr. Speaker, we have an obligation as a government to inform Canadians, to let them know how we are spending their tax dollars.

[*English*]

Mr. Speaker, I basically think that the resolution presented by the hon. gentleman ought not to receive any sort of approval by the House.

Some hon. Members: Hear, hear!

Mr. Beatty: You surpassed your usual standard.

Mr. Simon de Jong (Regina East): Mr. Speaker, it is a great pleasure to arise and join in the debate on what I consider to be a very important topic and a very important resolution. Today we have heard hon. members of the government explain to us how important government advertising is in order to inform members of the Canadian public of the various programs of the government. For example, the Secretary of State (Mr. Regan) maintained that the press is not capable of doing their job. In fact, he even went so far as to suggest it really was not the job of the press to inform Canadians of the ins and outs of government programs.

• (2100)

We just heard the Minister of Supply and Services (Mr. Blais) give us a tremendous oration. It really boggled my mind. He suggested that the Conservative opposition to the metric system justifies the government's using public funds to counter their arguments. That statement by the Minister of Supply and Services really shows what the government intends to do with its advertising money, that is to use it primarily for political purposes.

All their attempts to wrap themselves in the great nationalist flag, is phony, totally phony and has always been phony. The Liberal Party is master at wrapping itself in the Canadian flag and insinuating that anyone who disagrees with them is not nationalistic, is against Canada, is against the country. The Liberal Party does not have a monopoly on being Canadian. It is the government that is defying and soiling some great Canadian traditions.

Mr. Baker (Nepean-Carleton): They are giving government a bad name.

Mr. de Jong: Indeed they are. The symbols that are important to us as a country, the flag, the coat of arms and our institutions, have all been soiled by the propaganda efforts of those opposite. No wonder as a country today we lack a sense of purpose, a sense of unity and a sense of direction. It is because of the shallow propaganda that is being used to brainwash the people of Canada, particularly in the last decade, by members opposite.

They have developed these tools of propaganda to ever finer and finer degrees. They have used information from the Department of National Revenue, for example, to get selected mailing lists in order to direct their propaganda missiles to particular groups among the Canadian population. No longer is there a sense that the information from the Department of National Revenue should be kept within that department and not be used by the propaganda effort of the government.

All these types of traditions have long gone out the window with the desperate people sitting opposite. They talk about the need for public polling in order to create a sensitive, responsive government. What a laugh! It is really a 1984 type of double-talk and rhetoric. They use public opinion polls to mould and change public opinion rather than to respond to it.

For example, in the early part of this year the Ministry of Transport apparently got Mr. Goldfarb to do an extensive survey on the opinions of western Canadians on the Crow agreement. In the last few weeks, that information leaked out. Through some articles in the Regina *Leader-Post* we learned that the vast majority of producers in Saskatchewan are adamantly opposed to any changes in the Crow rate. When the Prime Minister (Mr. Trudeau) visited Saskatoon and apparently forgot his briefing notes and somebody picked them up, the result of the poll was described in terms of having discovered widespread misunderstanding in western Canada as to the intentions with regard to the Crow.

It is not a case of misunderstanding. If anybody reads the results of that survey, they will find that the farmers of Saskatchewan know what it is all about, in fact to an amazing, sophisticated degree. There is not a misunderstanding.

The fact is that the Liberal government decided it had better first test public opinion in the west. They discovered it is totally against their proposals for changing the Crow rate. I suggest that in the not too distant future we will see a whole advertising campaign trying to correct these "misunderstandings". They call that responsive government. It is straight out of 1984 double-think and double-talk. It is frightening.

To say that my friends to my right are innocent and blameless would also be stretching the truth a little too far. Surely the short experience of the Clark government demonstrated that they too were seduced by the power of polls and advertising. They did their Quebec polling just before the referendum brought out that the people of Quebec were not quite taken in by the Clark government. As well, they did polling among the ethnic community to determine what that community felt about the Clark government. They are not innocent. The Ontario government is not innocent. I might suggest that no political party, including my own when in power, is not seduced by the polling and advertising efforts.

That is why the resolution before us today is so important. I regret the type of debate we have had, particularly from government members. It is important because as techniques for propaganda and psychological manipulation of masses get further and further refined, some very fundamental dangers face the Canadian people.

It is unfortunate that I did not have an opportunity to discuss the Constitution when it was before us. I felt in many ways the Constitution was a nineteenth century liberal document dealing with old struggles. The problems we will be facing in the twentieth century are a lot different. This is one area of propaganda, not just by government but by private power groups as well. There are new techniques and new ways through the electronic media of controlling the flow of information and being able to create illusions and impressions. There are some very real dangers, dangers that this Parliament should in all honesty be addressing and looking at seriously. Unfortunately, the debate today does not begin to recognize the seriousness of the matter before us.

I mentioned that it is not just my concern to deal with government propaganda. Propaganda from the private industry, I also find repulsive. I accept advertising if you have something to sell. If you want to tell the public what you have to sell, the conditions of the sale and the price, then there is a flow of information. However, when I see ads from CP telling me how much they mine and how much lumber work they do, I am reminded that when they were still in the passenger service business, they never advertised that service. They did not ask me to buy something that I as an individual could purchase.

It is all image-building, building the image that the CPR is a great, grand enterprise with tremendous public concern. We all know it is nonsense, yet we allow private corporations to deduct this from their income tax. They can claim this as a legitimate expense. They can rip off the Canadian public while at the same time brainwashing them. I find that repugnant. A serious consideration of the matter before us today would have produced less political rhetoric than we have heard and more serious consideration as to what this is really all about. Government by polls, to be worked in with advertising campaigns, to me is a repugnant way of running government, of directing the course of a nation.

• (2110)

In the short run, Mr. Speaker, it could be claimed that some gain could occur from this. The government gets away with another little trick on the people. But in the long run we will all pay. This institution will pay, the institution of government will pay; I suggest to you, Mr. Speaker, that we are already paying. First of all, the people do not believe any of your fiants that are being pumped out. There is an automatic negative reaction, at least from my part of the country, every time they see the little stylized logo, the bastardization of the Canadian flag, and our symbol. There is a negative reaction when they see the billboards. They know the billboards add no meaning to any particular program; they know it is not connected to the transfer of hard core information, telling them where or how to apply for this or to do that or to insulate, or whatever. They recognize it is all image-building and they get angry because they realize that it is their tax money trying to mould their public opinion.

Mr. Baker (Nepean-Carleton): They get cynical.

Mr. de Jong: They get angry and they get cynical. It is because of the people opposite that every government from coast to coast is totally mistrusted. There are some of us who believe that government can be and should be a useful and important instrument in helping to solve and cope with some of the economic and social changes we are faced with in the twentieth century in Canada.

As the hon. member for Nepean-Carleton (Mr. Baker) has mentioned, Mr. Speaker, the members opposite have given government a bad name. People mistrust government. They view government as an instrument trying to brainwash them , as something that takes money out of their pockets and then does a propaganda number on their heads. The result is anger and cynicism.

It is unfortunate, very unfortunate; and again it is something we will all have to pay for. That cynicism and that anger will prevent us from coming and finding solutions to the problems that are so important, that stare us in the face, the economic problems, the environmental problems, the social problems. To begin to resolve these requires a sense of trust among the Canadian people, trust in each other and in their institutions. That trust has been traded away. That trust is gone. It has been eroded, it has been debased. Unfortunately, the members opposite must accept a great amount of responsibility for that, Mr. Speaker.

As a people, we are now hampered in our ability to come to terms with the problems that confront us all. That, I find unfortunate. We are now paying for the short-term gains, the short-term little adventures of the members opposite in attempting to manipulate public reality to benefit them and to get themselves back into power one more time. Finally, Mr. Speaker, the chickens are coming home to roost. Unfortunately, as I mentioned before, we will all pay.

I hope, Mr. Speaker, that the remarks which have been made in the House today will cause some concern to the members opposite. I hope that they will, in the stillness of their own home or wherever they come face to face with themselves and re-examine their own soul, also begin to realize that they might possibly have gone too far, that it is time to withdraw from this insanity to propagandize the Canadian people. I hope that at some stage we will begin to have a little more enlightenment, a little more consideration, and a little more concern for the Canadian people. Their opinions should be respected. They should stop dealing with Canadians as people who should and can be manipulated. Only then can we really begin to look for some of the solutions that we search for, solutions that are so necessary for us to find.

Some hon. Members: Hear, hear!

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I sat here the entire day listening to the debate and I found it most interesting. It was not enlightening, from the other side, but interesting. I rise to participate in the consideration of the motion moved by my colleague, the member for Wellington-Dufferin-Simcoe (Mr. Beatty), the opposition motion, saying:

> That this House condemns the government for its increasing use of Canadian taxpayer's dollars for self-serving advertising and public opinion surveying, and in particular for spending millions of tax dollars for unnecessary advertising at a time when it demands financial sacrifices from ordinary Canadians.

I listened to the Minister of Supply and Services (Mr. Blais) say that the Progressive Conservatives are frustrated. I want to tell the minister through you, Mr. Speaker, that it is the Canadian people who want some action out of this government. They would dearly love a chance to go to the ballot box and mark their X for anyone but the Liberal government. They are the ones who are frustrated today, not the Conservative Party but the people of Canada. This government does not

listen to them but, through its multitudinous avenues of government advertising, pours out all this—

Mr. Baker (Nepean-Carleton): Pap!

Mr. McDermid: I will not use the terminology that my colleague just did—this pap as my friend, the hon. member for Nepean-Carleton (Mr. Baker) would say—to the people of Canada. This is one of the frustrating things for the people of Canada, to listen to these advertisements telling them how wonderful things are, how great things are, when my unemployment insurance benefits run out and I have to go to the social services department to keep a roof over my head and to keep my wife and children with some food in the belly. That is the frustration. When they take a look at the advertisements that say how wonderful things are and what the government is doing for them and then they realize there are 1,200,000 unemployed, the people cannot understand that because they do not see that this government is doing anything for them.

I listened to the hon. member for Willowdale (Mr. Peterson), whom I will mention throughout my remarks tonight, stand up in his pious and pompous manner, wrapping the Canadian flag around himself and saying "Wait a minute, I am a Liberal, I have a Canadian flag around me. Don't shoot." That is the way they operate over there. I am afraid the Canadian people are asking us to shoot and asking for action from this government, not fancy ads, not ads that fill the pockets of their friends in Vickers & Benson, and Maclarens where they get their 15 per cent commission, plus their set-up charges or their creativity charges. Probably one third of the advertising budget goes into the pockets of their friends.

The minister stood up tonight and said, "We saved $1.5 million this year because"—

Mr. Blais: It is $1,600,000.

Mr. McDermid: Very well, $1,600,000, "because of the program the Progressive Conservative government introduced." The Liberals have been in power for many years, that combined buying of media advertising has been available for many years, but it took the Progressive Conservative government in its very short time in office, to introduce that program. That helps them in the buying and placement of all these fancy advertisements. It does not answer for the $25 million or the $30 million which goes into the pockets of the friends of the Liberal Party. These advertising expenditures are just another example of the horror stories about mismanagement with which this administration has been identified.

• (2120)

You have been here a long time, Mr. Speaker, and you know that this government opposite is insensitive. Those Liberal members are out of touch with the people. They are trying to maintain their public image by spending the taxpayers' money to try to reassure them of their wellbeing. I am frightened to see how little control Canadians have over how their tax dollars are spent and I am frigthened as a Member of Parliament about how little control we in Parliament have over how tax dollars are spent. There are some in the front benches on the other side who, along with their bureaucrats, intend to tell us how tax money will be spent. The Liberal backbenchers just agree with what they say.

My colleague, the hon. member for Wellington-Dufferin-Simcoe examined the estimates and decided to introduce a motion to reduce those estimates by some $8 million. But what happened? The hon. member for Willowdale magically disappeared so there was not a quorum to take a vote. That is recorded in *Hansard*.

Mr. Frith: Shame.

Mr. McDermid: The hon. member for Sudbury (Mr. Frith) says, "Shame". He is right. That was a shameful act. The hon. member for Willowdale knew that they would lose the vote which would result in $8 million being cut from the advertising budget. Rather than face the consequences, he left the room. That is shameful.

It is a sad day when a political party which has a majority government uses that majority to yield power beyond belief instead of using it to govern responsibly. All the Liberals want is power. That is the name of the game for them.

It brings to mind this statement made by Dag Hammarskjold: "Only he deserves power who daily earns it". That is not the case with this government because they have not earned power. They do not have a mandate for what they are doing.

The estimate for advertising expenditures this year is approximately $70 million. The majority of these expenditures should come out of the Liberal coffers. I am amused by the government's latest advertising program on UFFI which explains all the benefits available for people who have UFFI in their homes. What will happen to Charles and Jeanne Vaillancourt of Mercier? They have to wear gasmaks in order to go into their home. Where is the action? Why does the government not take those advertising dollars being spent to promote that UFFI program and help those people with problems with UFFI in their homes?

Bill C-109, which is an act to provide for payments to people with dwellings with UFFI was introduced. The government should not advertise about it. This bill should be passed on second reading and sent to the committee so we may have an opportunity to improve it and thereby help those people. The government should not advertise instead about what it is doing. Do not advertise about the wonderful things you are doing because you do not have the right to do it. You do not have the right to fool the people.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his remarks should be addressed to the Chair.

Mr. McDermid: Thank you, Mr. Speaker, I appreciate that break. And also, I am pleased you, Mr. Speaker, were listening to my speech.

One would think that the Canadian Unity Information Office, with the size of its advertising budget over the last number of years, could claim a certain amount of success in

promoting unity. Instead, there is a prevailing climate today which indicates a fragmented country. That office would be better advised to change its name back to Information Canada or "Government Propaganda Canada"—"PropCan" would be an excellent name.

While I am on the subject of national unity, I heard the hon. member for Willowdale say today that the Tories were nowhere when the unity debate was happening in Quebec.

Mr. Lapierre: That is true.

Mr. McDermid: The hon. member says that it is true. If the Minister of Justice (Mr. Chrétien) were here tonight, he would probably support our claims of participation in that debate. I can remember our leader sitting on platforms with the Minister of Justice while visiting Quebec and I know very well that there were some very prominent Conservative members on the committee for voting No. As well, I know of the arrangements made between the government and this side of the House with the whip and House Leader in order to enable Quebec members to campaign in Quebec. So do not tell us in the House that the Conservatives did not have an interest in the Quebec referendum debate. That was a misleading statement made by the hon. member for Willowdale.

Mr. Lapierre: Tell us about Roch La Salle.

Mr. McDermid: I saw the hon. member for Shefford (Mr. Lapierre) fighting with the WCC in Saskatchewan, and he did a great job of it.

Mr. Hnatyshyn: They got fewer votes than the WCC.

Mr. McDermid: There is no question that there is a lack of control over the government's advertising. The Minister of Supply and Services enunciated very well the program for buying advertising time. However, I do not think ministers know the sort of advertising which occurs in their departments and how it is arranged. We saw an example of ministers being unaware of what happens in their departments when the Minister for Public Works responsible for housing (Mr. Cosgrove) blundered when organizing for his department advertisements which were made by an advertising agency in Montreal. When they were released before or very close to the time the budget was announced by the Minister of Finance (Mr. MacEachen), obviously he did not know what was happening in his own department. Therefore, hearing members opposite speak today about their ability to have better control over advertising I believe is somewhat misleading.

I know that we cannot display brochures, but we can quote from them. I would like to quote from a brochure from the Canadian Unity Information Office, but there is no writing on it, Mr. Speaker. It is a beautiful multicoloured pamphlet, however. It is something which is really beneficial for those people who are trying to renew mortgages at 19 per cent. They are shown this pamphlet, which is meant to show what a wonderful country we have, these people are having a hard time saving their homes.

I do not believe that any amount of advertising will help the government. Canadians cannot be expected to believe something just because it is being rammed down their throats through every available medium.

I would like to quote from an editorial in the *Kitchener-Waterloo Record* of April 23. It is headed, "Advertising Bankruptcy". It says:

> Apparently assuming that if you repeat something often enough folks may actually believe it, the Trudeau government has launched a $5 million ad campaign proclaiming that it is "Helping Canada Work."

● (2130)

> Officials say that besides promoting job training and skills development, the campaign is intended to subtly suggest that whatever its problems, the Canadian economy as a whole is working.

Later the article goes on to say:

> Somehow, Canada's 1.2 million unemployed, its struggling businessmen and farmers and its consumers trying to make ends meet, have trouble seeing a humming economy. What they see, instead, is a tired old government devoid of ideas, pouring out tax dollars as a screen for inaction and incompetence.
>
> It's a kind of political bankruptcy not even the Liberal ad agencies can cover up.

That is true. Today we heard glowing reports from the hon. member for Welland (Mr. Parent) who said that the 13 vans that are travelling around the country to show how wonderful the government is, are meeting with a great reaction and that people think the idea is wonderful.

I should like to read into the record some excerpts from an editorial in *The Daily Times* of Brampton of Thursday, February 25, 1982, as follows:

> We suppose that a government spending $76 billion a year would think that the portion of a $70 million annual advertising budget being spent to send a fleet of public relations trailers around the country is pretty small potatoes. It's a pleasure then to hear some of the residents of Brampton and some of our politicians think differently.
>
> M. P. John McDermid again correctly sees the exposition set up this week at the Bramalea City Centre—

That is free advertising.

> —as an insult to residents of this city forced to struggle along in difficult economic times.
>
> More satisfying, though, was word reaching our ears that many people at the shopping centre were expressing their displeasure that the travelling road show is still travelling and didn't like the idea of being in our city.
>
> It's clearly a bloody waste of time and money and an indication that the federal government just isn't trying all that hard to cut back on expenses.

That sums things up pretty well, Mr. Speaker. I do not think there is any doubt that when the Prime Minister (Mr. Trudeau) tells people to tighten their belts and cut back, such information as this makes it difficult for us to explain things to constituents who are having a difficult time meeting mortgage payments or putting gas in their car or finding the few dollars necessary for daycare so that their wife can go out to work. It is difficult to explain to these people why the government is wasting money on advertising and on sending vans around the country to tell how wonderful things are. It is very difficult to explain that type of nonsense to people. It is very difficult to explain to people how the Prime Minister can raise the salaries of his staff by 19 to 23 per cent or how his milk and bread and

booze and everything else is paid for by the taxpayers of Canada. Try telling that to a single parent who is having such a tough time feeding her child that I have to get food for her from the Salvation Army. Can that be explained through an advertising campaign? Not on your life, Mr. Speaker.

I will wind up my remarks by quoting from a book that sums up the advertising campaigns and programs of the federal government. It was written by a public relations man, an adman. The book is entitled "The Government Party. Organizing and Financing the Liberal Party of Canada, 1930-58". I think it probably sums up in this sentence what the Liberals are trying to do with their advertising:

> Jello isn't very solid either, but they sell a hell of a lot of it.

Some hon. Members: Hear, hear!

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, I am delighted to take part in this debate today because I realize the necessity of the Government of Canada communicating with the citizens of this great nation. When the hon. member for Regina East (Mr. de Jong) was speaking of the stand that party has taken on the issue of the Crow I wondered if they had told the people of Saskatchewan and western Canada that the federal government's total contribution to grain transportation since 1970 has been $1,798,000,000. Have they told them of the steps that the federal government has taken to subsidize and expedite the movement of grain over the past decade whereby it paid over $1 billion in branch line subsidies alone? In 1973 the government purchased 8,000 hopper cars at a cost of $258 million. Do the people of western Canada know this? These are some of the reasons that the government has had to take out such advertisements to communicate with the people of Canada.

Since March of 1974 the government has shared with the railways half the cost of rehabilitating 7,215—

Mr. de Jong: Mr. Speaker, I have a point of order.

Mr. Deputy Speaker: The hon. member for Regina East (Mr. de Jong) rises on a point of order.

Mr. de Jong: Mr. Speaker, would the hon. member allow a question?

Mr. Deputy Speaker: Would the hon. member for Lambton-Middlesex (Mr. Ferguson) accept a question?

Mr. Ferguson: After my 20 minutes is up, Mr. Speaker, I will be pleased to entertain any questions the hon. member might have.

Between 1968 and 1982 the government spent $23,957,000 for improvements at Churchill, Manitoba, and it committed $30 million for the site development of the grain terminal at Prince Rupert, British Columbia.

Has the hon. member told Canadians that the government is prepared to contribute $3.2 billion for the movement of grain over the next four years? Has he explained that the government wants to replace existing legislation with a new statutory framework?

It has become increasingly clear in the last several years that the majority of western constituents want a change in the Crow. The government wants to hear and, as much as possible, to accommodate the views of the affected parties. In order to find a solution which is fair and acceptable the government has decided on a course of consultation with western farm organizations and railways. It has appointed Dr. Clay Gilson of the University of Manitoba to lead these consultations.

These are some of the reasons why the government has had to advise the Canadian people of the direction it is taking. It is not being done by the opposition parties. In fact, I was approached just recently by a resident of one of the western provinces. He asked me about a clipping that appeared in one of the riding's newspapers quoting an MP from the area. He told me that he was furious as well as almost sick to his stomach at the garbage, at the poisonous effect this garbage was having on the politics of the province. He said that the WCC party must be gleeful as the devil at this drivel as it confirms all their worst paranoid fears of shadows in the dark. He said that he did not know what I or this House could do about such irresponsible nonsense but he hoped and prayed that something could be done to calm the waters and remove the poison.

It is for such reasons that the Government of Canada has had to launch a campaign to advise the Canadian people of what is happening in this great nation and to point out the direction that the government is taking, and its aims, objectives and hopes for this great nation.

The Canadian Unity Information Office tabled estimates for the fiscal year 1982-83 of $25.4 million. Last year's budget was $32.6 million and it included an $8.9 million supplementary estimate for a constitutional information program which was approved in the parliamentary committee last December.

There is another matter that I should put straight, Mr. Speaker. The Minister of Supply and Services (Mr. Blais) mentioned that the metric system was brought in by the first Prime Minister of this nation, Sir John A. Macdonald. It seems an irony that "operation humbug" started in the city where this great Prime Minister had his residence. The minister overlooked the fact, however, that on November 15, 1979, through order in council No. PC 1793093, a weights and measures regulation order in council was put through by the government of the day, headed by the Right Hon. Joe Clark.

Mr. Baker (Nepean-Carleton): The Leader of the Opposition.

Mr. Deputy Speaker: Order, please. With all respect, it is customary to refer to hon. members by their constituency or their function.

Mr. Ferguson: I am sorry, Mr. Speaker. It was the prime minister of the day.

• (2140)

There is another area which concerns us, Mr. Speaker. We have recently discussed the federal-provincial fiscal arrangements, but where do we see a province telling its people, for example, that a certain amount of those expenditures come from the Government of Canada? In 1980-81 the federal government transferred to the province of Ontario 66.7 per cent of its hospital insurance costs, 58.9 per cent of medicare and 35.4 per cent of health care. During the same year the Government of Canada paid almost 62 per cent of post-secondary school education, including part of the cost of grade 13, and various amounts for research projects as well as the academic costs. In some universities in the U.S. the tuition is several times higher than here, but do we as the federal government get the credit for the contributions made when they are administered by the province? Not at all. The federal government pays half the premium for crop insurance and the farmer pays the other half, but it is administered and advertised as a provincial program. These are the reasons we have to communicate with the people of Canada. If we have to be accountable for our expenditures, then we certainly have to advise where those expenditures are being made.

In 1980 the federal government paid $219 million to the provinces in the community services contribution program, and these were joint funding programs with the municipalities, the provinces, and the federal government all contributing. But the federal contribution is seldom recognized by either of the two levels of government. Then, of course, under the Canada Assistance Plan the Government of Canada pays 50 per cent of the total cost of the program. In fact, the federal share of total tax expenditures has decreased from 52 per cent in 1959 to 33 per cent in 1979. If people are complaining that their taxes are too high, they should be advised where the increase has taken place. These are the areas of information which are always ignored by the opposition and the provinces. Canadians deserve to know, and if we are to be honest with the electorate, surely they should know, the amount of the federal contribution to their welfare, education and communities.

Between 75 per cent and 80 per cent of government advertising, Mr. Speaker, is educational. Very recently one of the commodity groups in Canada was assisted in an advertising program to assist their particular product which was in trouble because of poor markets and low producer prices. Should we not promote the tourism industry in Canada as we have in the past? These are government advertising programs to advise the people not only of Canada but in other nations of the world about the diversity of options we offer for tourism. Certainly this is one of our highest earners of foreign exchange—

Mr. McDermid: We have a deficit in that, too.

Mr. Ferguson: It is one of our highest earners of foreign exchange. Perhaps if some of the hon. members opposite would take holidays at home instead of going to Africa or some other exotic place, we would not have such deficits. It is a lack of understanding which has created confusion in the minds of citizens in some parts of Canada, and certainly we as a government have to keep the people advised because we simply cannot leave it to the opposition.

I have to reflect back to the constitutional debate and some of the letters we received about property rights. They instilled fear in the hearts of Canadians that they would no longer have property rights under the Constitution. They did not tell them that property rights come under provincial jurisdiction; they did not tell them that the only property rights we can guarantee are those in the Arctic, the Yukon, or the Northwest Territories. This is a vital area of concern as far as I am concerned, and that problem is still surfacing in western Canada. The people out there are under the impression that they have no property rights, and that was one of the main issues in a local byelection held not long ago.

Another fact I should draw to the attention of the House is that not long ago one of the members of the opposition mischievously interpreted a bill in a way which struck fear in the hearts of all the churches. As a matter of fact he sent a copy of that letter to many of the churches across Canada, and even sent along a suggested letter of reply which they could send to their local Member of Parliament. That letter read into the bill several things which, if the bill were taken in its total context, there would be nothing to fear, but if you pulled out a clause here, one somewhere else, and another one later on in the bill, and took them all as single clauses that are not interrelated, then, yes, perhaps there would be cause for concern. According to this letter the churches could not remove a person even if they had bylaws protecting them. This is the type of mischievous political red herring which has been coming from across the way, and we cannot accept this in the society we have in Canada today. So if we are spending taxpayers' money in advertising and communications—

Mr. McDermid: Your deputy House leader agrees with us.

Mr. Ferguson: —it is a situation created by the opposition. They have forced us to do this, to set the record straight, and this we intend to do.

Mr. McDermid: Ask his brother who is a preacher in London.

Mr. Ferguson: Mr. Speaker, I have a letter from the Minister of Consumer and Corporate Affairs (Mr. Ouellet) explaining what I have just pointed out, that if these things are taken out of context, perhaps you could read into them something which is not there and was never intended to be there. However, this bill has not even received second reading, or come before the committee, and already they are striking fear into the hearts of the Canadian people, using as a weapon the very principles upon which this nation was founded relating to the supremacy of God and—

Mr. McDermid: You took long enough to put it into the Constitution.

Mr. Ferguson: It makes me very sad, Mr. Speaker, to see this type of propaganda coming out.

Mr. Pepin: Very sad, indeed.

Mr. Ferguson: The hon. member for Brampton-Georgetown (Mr. McDermid) referred to a letter soliciting funds for a political party. I received one of these the other day. I get a kick out of them. A neighbour came to me with his letter and wanted an explanation of it. There are five questions, which would appear to be skill-testing questions. I asked him what he made of it? He said, "Well, I get from this that if you donate $100, you get $75 deducted from your income tax. If you donate $200, you get $150 deducted from your income tax". But he could not understand the skill-testing questions which went along with it. Apparently this man was under the impression that if you got all the questions right and made the top donation, you would be able to dine with some fat chap by the name of Mr. Mulroney. I do not know what he had in mind here. I said it was worth a try, anything can be an improvement over what we have already. But the fact is, Mr. Speaker, that this income tax write-off is money which would ordinarily go into the coffers of the Government of Canada. When you see such skill-testing questions as these and realize their source, then of course we have to ask, are we wrong as a government for letting the people of Canada know what the facts are through the medium of advertising? I think not. We have heard a great deal tonight about the energy policy and some of the problems with it. But at no time did I hear the opposition stand up and tell the people of Canada that the federal government does not set retail prices. We have no jurisdiction over retail prices. The federal government establishes a price paid to refiners for their crude oil. The price, called the blended price, is now 70.5 per cent of world prices as of January, 1982. The opposition does not tell the public this. As a matter of fact, the old conventional oil is now at 54.4 per cent of world price. Is the opposition going to tell the people of Canada how much the province of Alberta and the Government of Canada offered to contribute to the Syncrude project and the guarantees they were willing to provide on the balance of the funding?

• (2150)

Mr. Baker (Nepean-Carleton): We will let you tell them.

Mr. Ferguson: I doubt if the opposition would do that. In fact, I have heard the ads about taxation on a litre of gas and I have been asked questions about this. I passed by a gas station the other day. I saw the price at 39.4 cents a litre and I went in to check. The Ontario government road tax amounted to 6.3 cents a litre. The Government of Canada's total take was 7.41 cents. Of this, 72 cents was the Canadian ownership charge which is paying for Petrofina and will be paid for in September; 2.04 cents is sales tax; 1.5 cents is excise tax and 2.79 cents is upstream corporation tax. The producing province gets 4.86 cents and the industry takes 16.87 cents of 42.9 per cent of the total. On top of that, the petroleum compensation charge is returned to the oil companies. In fact, the total to the oil companies is not one third; it is slightly over 50 p er cent.

I would like to draw hon. members' attention to the statement in the annual report of Suncor by the president of the corporation. He said that after months of uncertainty we have obtained a higher oil sands price effective January 1, 1982, and Suncor now stands on the brink of a new era of opportunity.

I hope that members of the opposition will realize the necessity of communicating these facts to the people of Canada, which is something they have failed miserably to do in their role as opposition.

Mr. Deputy Speaker: The hon. member for Regina East (Mr. de Jong) rises on a point of order.

Mr. de Jong: Mr. Speaker, is there enough time to ask the hon. member a question?

Mr. Deputy Speaker: The hon. member's time has expired. A question can be asked only if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I appreciate having the opportunity of this extended period of time to debate this important issue. I have flown in from my constituency to be here. I have an opportunity now, for a very short period, to summarize exactly what has happened during the course of the day as I have followed it winging my way from the west to the nation's capital.

I was very interested to hear the thrust of the debate today. What the motion deals with is a very serious problem of advertising. It is a specific kind of advertising. It is advocacy advertising on the part of the government and the self-serving polls that have been put out by this government.

We are criticizing the practice that has evolved under this government. I want to give some advice to the government as I believe there is a role for a party to articulate the conventional and traditional liberalism started at the time of confederation. But under this Prime Minister (Mr. Trudeau) and this government there has been a deterioration in those principles of liberalism that would cause Sir Wilfrid Laurier to whirl in his grave and Mackenzie King to look up or down, whatever the case may be, at this chamber in which he spent so much time, wondering what has happened to the Liberal Party which once was a proud party in this country.

In trying to be as helpful as I can to the government, I can only say that it should look at the most recent example of what has happened to the New Democratic Party government in Saskatchewan. It launched itself into a very expensive, slick advertising campaign outlining the merits of all the things that democratic socialism was going to do in the province of Saskatchewan. That government spent millions of dollars telling the people of Saskatchewan about the family of Crown corporations. The people of Saskatchewan, as have the people of Canada, asked themselves a very simple question. If things are so good according to this slick, expensive government advertising campaign, how come I cannot meet my mortgage payments? How come I cannot meet the food bill for my

family? That is what the people of Canada are saying with respect to the waste which this government is incurring in its advertising campaign.

This is not advertising by way of giving people information or of advising them about factual situations. This is a program of advertising that would make Goebbels proud. This is the kind of advertising campaign in which policies of the Liberal Party are being promoted at taxpayers' expense. In essence, that is the problem we face in this debate. We are trying to make the government realize that it is quite acceptable to spend money on legitimate advertising campaigns that are for the benefit of the voters and the taxpayers of this country, but it is wrong to spend money promoting the policies of a particular government party.

I can tell you, Mr. Speaker, that the paranoia which has run through this government since it has taken office has been manifested in a number of ways. This is the same party which sees itself—as spokesmen on the government side keep telling us—as having to respond to the untruths that are told by the opposition, the untruths that are spread across the country by the wicked press, that these people are not to be trusted and so the government must spend taxpayers' money to speak the truth to the people. Goebbels would be very proud of that philosophy. Goebbels would understand that kind of mentality. But that is wrong. It is wrong in terms of the economy of it. It is wrong in terms of the political direction.

I see it is almost ten o'clock, Mr. Speaker, but there are still two minutes to go. This is a government which would attack the CBC because it felt that its policies were being misrepresented, say, in the province of Quebec, by the various actions being taken by that government. To have Mr. Goyer, a former colleague of the Minister of Supply and Services (Mr. Blais) draw up a list of extra-parliamentary opposition, enemies of the government, shows the kind of mentality that operates in this government and makes it think that it must spend taxpayers' money in order to tell the people what are the facts as opposed to having the courage, conviction and ability to go across the land, as we in the opposition must do—

Mr. Deputy Speaker: Order, please. It being ten o'clock, it is my duty to inform the House that pursuant to Standing Order 58(11) proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

HAZARDOUS SUBSTANCES—INQUIRY WHETHER THE GOVERNMENT WILL AID GASPÉ UREA FORMALDEHYDE FOAM INSULATION VICTIMS

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, on April 7, 1982, I asked the Minister for Consumer and Corporate Affairs (Mr. Ouellet) to inform the House about the measures the Government of Canada intended to take to assist UFFI victims. On April 23, the Minister tabled in the House a progress report on the financial aid program for urea formaldehyde foam insulated homes. Referring to this document, I see it mentions that an instrument working on the principle of a chemical filter could prove to be an effective method for reducing urea formaldehyde levels. However, to date, none of the instruments tested has been considered to be safe and economical. The UFFI Centre and the National Research Council are now proceeding with tests of several instruments that could be used in homes.

• (2200)

The same report also refers to a system of priorities, and I quote:

> Since the program is supposed to provide assistance to several thousand home owners, it will be impossible to deal with all applications simultaneously. Consequently, a system of priorities has been established, and home owners with serious health problems will be given top priority. The Centre has asked home owner associations and provincial governments to provide names and addresses of persons who would require assistance on an urgent basis.

Mr. Speaker, in the next few minutes I would like to address this matter of urgency.

In the Gaspé, several hundred home owners with homes that are 50 years old or more, have insulated their homes with urea formaldehyde foam. Most of these people are at least 60 years old and living on pensions or fixed incomes. The walls of their homes are from seven to nine inches thick, and the roof is typical of the Gaspé with a very pronounced curve and dormer windows. The owners followed the instructions given by the Government of Canada to save energy and applied for a grant to insulate their homes. Most owners who used urea formaldehyde foam insulation are now facing a health problem and must find another place to live in and this is not easy in an area such as ours.

Mr. Speaker, even if the Government of Canada provided a $5,000 grant to remove that foam from the walls of a house whose owner is unemployed or is on welfare, where will this owner find the additional $10,000 to have the work performed? Even people who have permanent jobs and whose property was mortgaged to have that insulation put in can no longer afford to borrow at 20 per cent to have the foam removed from their walls and ceilings. I have evidence including medical certificates indicating that young children and older people who have health problems must leave their homes. Conditions are worse in wintertime when the windows are shut and the heating system is working. It is obvious that we need, in co-operation with the provinces, further financial assistance for those families, and this is urgent. Work should be done

during the summer of 1982 because UFFI victims can no longer wait. It is unfortunate that the federal and provincial governments are not considering more seriously and with greater sympathy the problems faced by UFFI victims. Mr. Speaker, the minister has tabled Bill C-109 entitled: an act to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation. Speaking of assistance, Section 3 of the bill says, and I quote:

> On application to the minister by a person who provides evidence in the form and manner prescribed by the regulations that he is, pursuant to the regulations, qualified to receive a payment in respect of a dwelling insulated with urea formaldehyde foam insulation, the minister may, subject to the regulations, make a payment to the person of an amount not exceeding such amount as is prescribed by the regulations.

As my time is almost up, Mr. Speaker, I should like to advise the House that I intend to participate in the debate on second reading of this bill in order to defend the interests of the people I represent here in this House, the victims of urea formaldehyde foam insulation, and especially those who are in a precarious financial situation.

• (2205)

[*English*]

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in response to the obviously genuine concern of the hon. member for Gaspé (Mr. Cyr) for home owners who are experiencing severe problems as a result of UFFI, let me deal in more depth with the questions he raises.

With regard to the minister's ongoing representations to the provinces for increased assistance to UFFI victims, the prospects for success seem no brighter now than they did in June of 1980. At that time, during the Saskatoon federal-provincial conference of consumer ministers, the minister was seeking to have them assume their legitimate responsibility for the training or licensing of companies installing insulation. Having received no response by the time of the 1981 conference in Quebec City, he felt obliged to repeat his request, adding the reminder about the responsibility of the provinces to ensure the competence of insulation installers. Most merely took the comment under advisement.

In the wake of the government's decision in December, 1980, to issue a temporary ban on urea formaldehyde foam insulation under the provisions of the Hazardous Products Act, some provincial legislatures began establishing programs to enable their UFFI home owners to have their homes tested for excessive concentrations of urea formaldehyde gas. It was a belated acknowledgement of moral responsibility, a hiccup of concern, which was hastily cured with word of the development of a federal testing program in the fall of 1981.

Today, virtually every province has abandoned any process of easing concerns of its population through testing. The federal government has been left to shoulder the logistics of this load while the provinces snipe from the sidelines. In spite of these two examples of provincial indifference, on the one hand refusing to ensure installers of UFFI were competent and, on the other, starting a testing program and then abandoning it, we shall continue to press for more provincial assistance to home owners.

As the hon. member for Gaspé is aware, I am sure, the federal government has not been idle while the provinces run for cover. The establishment of the UFFI information and coordination centre in June of last year served to focus the efforts and expertise of all federal government departments and agencies concerned with the urea formaldehyde foam insulation problem. The $110 million assistance program for UFFI home owners launched in December of 1981 was accompanied by a national advertising campaign urging these Canadians to register for it.

The federal government is offering free screening tests to all concerned UFFI home owners across Canada to determine the levels of formaldehyde gas in their dwellings. Where remedial action is indicated, homeowners are offered full-scale testing and free technical advice and are eligible for non-taxable financial assistance up to $5,000. In addition, we know that many of the difficulties with UFFI have been caused by improper installation. In order to ensure that remedial measures are properly carried out, training will be provided to contractors and individual home owners. Moreover, to ensure a high standard of accuracy in testing and laboratory work, a special registration program for private firms is being implemented.

Finally, to respond to the hon. member's question about using CMHC's residential rehabilitation assistance program, I would reiterate the minister's previous statement that the $110 million program already in place is far superior.

Some hon. Members: Hear, hear!

NATIONAL ENERGY PROGRAM—ALSANDS PROJECT—TAX AND ROYALTY STRUCTURES

Mr. Jack Shields (Athabasca): Mr. Speaker, on April 29 I questioned the Minister of Energy, Mines and Resources (Mr. Lalonde) about the delay and subsequent demise of the Alsands project in Fort McMurray. I specifically asked the minister whether he had offered or agreed to reduce his massive tax grab, the petroleum and gas revenue tax which is drying up the cash flow of the companies and leaving them with insufficient funds to service the debt incurred from their investment in a massive, $13 billion project of this nature in northern Alberta.

• (2210)

The disaster of Friday will go down in history as one of the blackest days in this country. The initiative of the Canadian people has been killed. That is the effect it has had right across the country. Continually in this House today when the minister was being questioned on his reaction to the delay, ceasing, shelving and indeed killing of the Alsands, we saw him skirt around it. It did not matter to him. He said, "We have all sorts of projects we will be working on over the next year". It never ceases to amaze me how the Minister of Energy, Mines and

Resources can stand up in the House day after day and, it appears to me, be misleading the Canadian people by these statements. Under no circumstances, has the minister recognized or addressed the problem that exists, that is the National Energy Program which took aim at the only strong industry in this country. It is located in the western provinces. He fired a shot and killed the industry.

There are bankruptcies galore in the industry. The industries servicing the oil companies are going bankrupt. Small businesses are going bankrupt right across the province. Unemployment is now at an all-time high. There is a wave of despair descending across Alberta that is hard to describe. People who invested their life savings in these massive projects that were to be built are now facing the reality of bankruptcy, losing everything they worked for over the years.

The Minister of Energy, Mines and Resources is responsible. It is an indisputable fact that if the minister had allowed those plants to go ahead two years ago as they should have rather than attacked the cash flow of those companies, they would have been half built right now. That is what would have happened if there had not been a Liberal government sitting in those benches. What has happened is an absolute crime.

The newspaper headings across the country on Friday and Saturday proclaimed that Alsands died. This country from coast to coast is dying. Despair has set in. There is a mental attitude of absolute depression. It is unbelievable that the minister would not make an attempt to get those plants going immediately.

The minister need only pick up the phone and call the Alsands consortium, which is committed for another month, and ask for a meeting to sit down and attempt to revamp the national energy policy to create the feeling across the country that this government wants private investment to develop our economy. That is all that is necessary. It is all I suggest to him tonight.

Mr. Dave Dingwall, (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, following the announcement on April 30 by the private oil firms associated with Alsands that they were withdrawing from the project, the Minister of Energy, Mines and Resources (Mr. Lalonde) announced the terms of the last offer made jointly by the federal and Alberta governments. That offer would have removed a large part of the financial risk from the private participants. In total, the direct and indirect support by Canada and Alberta would have covered 84 per cent of the $13.9 billion project cost. This degree of support would have been provided to a specially created "stand alone" corporation which would be exempt from taxation until the loan was repaid.

The offer before the companies when they made their decision to withdraw would ensure that Alsands received benefits equivalent to those of a guaranteed loan promised earlier by Alberta as well as the assured benefits comparable to what a taxable firm would normally receive through the use of the conventional tax write-offs.

• (2215)

I would like, Mr. Speaker, to emphasize that the offer was carefully designed to address the cash flow and price risk problems which the companies had previously stressed were their major concerns.

May I briefly, Mr. Speaker, spell out some of the specific provisions of the offer made jointly by the governments of Canada and Alberta to the Alsands companies.

First, private sector participation would be at least 50 per cent but in lieu of normal tax write-offs the two governments would provide loan guarantees for 68 per cent of private sector expenditures in the pre-production period.

Second, Mr. Speaker, no repayment of interest or principal would be scheduled until after start-up. Interest on the guaranteed loan could be capitalized and added to the outstanding loan balance, and the guarantee increased accordingly.

Third, after production start-up, 58 per cent of the net revenue accruing to the private sector would be paid on the loan guarantees. Net revenue is equal to gross revenue minus 110 per cent of operating costs minus capital additions minus the Alberta 5 per cent gross royalty.

Fourth, Mr. Speaker, net revenue accruing to the private sector would not be subject to income tax or to other taxes or to Alberta's net revenue royalty until the loans are paid. After loan repayment, the private sector's revenue share would be subject to income tax, PGRT and royalties.

Fifth, Alberta's maximum 25 per cent equity interest would not be subject to taxation by the federal government. Alberta would have a gross royalty phased in after the first five million barrels at the rate of 1 per cent every 18 months to a maximum of 5 per cent until the guaranteed loans are repaid. Thereafter, Alberta would have the greater of a 5 per cent royalty or a royalty equal to 30 per cent of the net revenue.

Sixth, the federal government's equity interest, to a maximum of 25 per cent, would pay provincial taxes and the same royalty as the private sector interest.

Seventh, when the PGRT becomes effective after the guaranteed loans are repaid, the rate of the tax would be 16 per cent, but the private sector's liability for the tax would not exceed its royalty liability.

Eighth, these proposals would replace all provisions relating to the Alsands project in the Canada-Alberta agreement of September 1, 1981, except for those relating to the price to be received for the project's synthetic oil output.

Finally, Mr. Speaker, synthethic crude production would receive such quality price premiums as it could obtain in the market, and production would not be prorated to demand.

With an improvement of international conditions relating to oil surpluses, high interest rates, and price trends, I believe there might well be new consideration of the Alsands project, possibly in a year's time. In fact, the project might then proceed on terms less costly to Canadian taxpayers. In the meantime, co-operation with the government of Alberta will continue to be a priority, with special emphasis on providing

industrial development activities as a partial offset to the work that had been expected from Alsands.

EXTERNAL AFFAIRS—FRENCH CLAIMS TO ST. PIERRE AND MIQUELON

Mr. Donald W. Munro (Esquimalt-Saanich): Thank you, Mr. Speaker. During the visit to Canada last month of the President of France and subsequently of France's Prime Minister, it was the hope of many Canadians that there might be some progress in the sticky issue of the maritime claims made by France on behalf of St. Pierre and Miquelon stretching out into the Gulf of St. Lawrence. It was for that reason that on April 23, as recorded on page 16555 of *Hansard*, I asked the Prime Minister (Mr. Trudeau) about any talks that he may have had with the President or the Prime Minister on that subject; and in his usual, flippant, none-of-your-damned-business sort of attitude, he turned the question aside as if it concerned no other Canadian but himself. I would like to assure him, Mr. Speaker, through you, and also through the parliamentary secretary who will be replying to me this evening, that there are Canadians interested in this matter, and that his flippancy and insouciance are quite out of place and are no comfort at all to them in their concerns over this issue.

The claims are extensive. The first questions I would like to put before the government are these. Will they reveal how extensive those French claims are? How many thousand square miles at the entrance of the Gulf are at issue? What principles are employed by the French in developing their claim? Does it extend 200 nautical miles into the Gulf's approaches?

• (2220)

My request for more detailed information on France's claim over these waters stems from the belief that, if made public in Canada, France's negotiating position would be considerably undercut because, as I understand it, France's claims are verging on the outrageous. Why not, then, make France's outrageous claim public so as to win support in Canada in opposition to it?

I have a second set of questions which relate to a set of documents, initiated as long ago as 1972 at the level of ambassadors, being an acceptance of France's claim over these waters. That set of documents which, I suppose, were negotiating documents, has since, I believe, been repudiated by Canada and yet they were used, I am told, by the French at the Hague in their attempt to settle with Britain the demarcation of the Anglo-French maritime boundary in and around the Channel islands.

My request is this: will the government table that exchange of documents outlining an agreement in principle, presumably? Their reluctance to do so, especially after repudiating it, as I believe to be the case, can only suggest a desire to keep from the Canadian people a stance that they once held on maritime boundaries in the Gulf of St. Lawrence which they now hope will be forgotten.

As the government knows, the 200-mile "exclusive economic zone", unilaterally declared almost five years ago by Canada, is within an ace of becoming enshrined in international law. One of the steps in that process was taken only last Friday in New York by a vote of 130 to 4, with 17 abstentions, of the International Convention on the Law of the Sea. I hope we will be able to discuss that matter on another occasion.

What concerns me tonight, however, is that in the midst of that 200-mile zone which will be Canada's exclusive economic zone, the French are claiming a substantial enclave and probably demanding as well free access to it from the open sea. What assurances do our fishermen have that even without such a guaranteed corridor the French fishermen will not fill up their batches in transit? Do we have enough power in Fisheries patrol vessels to monitor these vessels? What about the territorial sea around St. Pierre and Miquelon? What about transit rights for civilians and overflight rights? What about subsoil resources and the claims being made by France? Will Canada throw away even more of its riches to placate a passive ally in NATO for domestic reasons? The government must come clean on France's claim some time. I suggest that it is better now than later.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I certainly appreciate the concern expressed by the hon. member. The Prime Minister (Mr. Trudeau) has already spoken on this question, especially about the stopover made by the French Prime Minister in St. Pierre-Miquelon before visiting us in Ottawa. The Prime Minister of Canada has indicated that there is no cause to speculate on why the French Prime Minister visited St. Pierre and Miquelon before Ottawa or why he went there, except to say that the visit was a natural one since the islands are a French overseas department and it is thus fitting that the French Prime Minister should stop there when the occasion arises. The visit to Canada was such an occasion.

There is not necessarily much connection here with the present disagreement with Canada and France over delimitation of the maritime boundary. The French Prime Minister could well have visited the islands. Nevertheless, going there would give him a personal insight into the situation and into the feelings of the local population. As you know from their joint press conference, the subject of delimitation of the maritime boundary off St. Pierre and Miquelon was discussed by the two Prime Ministers in a positive way. The French

Prime Minister naturally outlined the concerns of the islanders, and both sides agreed that a negotiated settlement was preferable to any other course. The position of the Government of Canada is known to the French and we are prepared, as always, to resume negotiations in order to reach a mutually acceptable solution. Thank you.

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 4, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

LABOUR RELATIONS

PROPOSED PATERNITY LEAVE FOR POSTAL WORKERS—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, the federal government is entertaining a suggestion by the Canadian Union of Postal Workers' President Jean Claude Parrot that men get nine months of fully paid maternity leave following the birth of a child. This policy is supported by the New Democratic Party. In light of the high cost that this would impose on taxpayers, and the absurd and costly precedent that it would set for both the public and private sectors, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That the government refuse to negotiate an item that has the potential of enraging an already irate and overtaxed Canadian public.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

POLAND—MARCH BY SUPPORTERS OF SOLIDARITY—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, in view of the courageous Polish Solidarity movement which yesterday defied hoses, tear gas and billy clubs at the hands of the ruthless communist military government, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House censures the Prime Minister of Canada for his approval of martial law in Poland.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE ADMINISTRATION

CALL FOR DISMISSAL OF MINISTERS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the most radical, unilateral and greedy national energy policy ever imposed by a minister of energy for Canada has now killed the Alsands project, as it did the Cold Lake project last year. The most destructive budget ever perpetrated on the people of Canada is destroying the very fabric of our country with massive loss of jobs, loss of homes, farms and small businesses, causing heartbreak and despair everywhere in our beautiful country, Canada. The Canadian people can no longer trust a government that lies, misleads and uses slick advertising to promote its blatant political ends. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That those gutless Liberal backbenchers show some spine, stand up for Canada and help us dismiss the incompetent front bench responsible for Canada's destruction.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

EMPLOYMENT

REQUEST THAT GOVERNMENT CREATE JOBS IN VALLEYFIELD REGION, P.Q.—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

The Valleyfield area in Quebec has just been severely affected by factory shutdowns. Nearly 1,200 workers were laid off in the past few days at Dupont of Canada and Dominion Textiles.

In view of the abject failure of the federal government's industrial strategy, and the fact that so little attention is paid to victims of factory shutdowns, I move, seconded by the member for Dauphin (Mr. Lewycky):

That the House urge the government to establish immediately job creation programs and thus provide some relief in this area.

Madam Speaker: The House has heard the motion presented by the hon. member. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

SHIPBUILDING

LAY-OFFS AT PICTOU, N.S.—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, the shipbuilding firm of Ferguson Industries Ltd. of Pictou, Nova Scotia, the major industry for the town, and upon which several hundred jobs depend, was forced to lay off most of its work force yesterday. This latest blow, coming at a time of extreme unemployment in the area, has caused great anxiety. Therefore I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the Minister of Industry, Trade and Commerce and the Minister of Supply and Services take immediate action upon this urgent matter, details of which I have already sent to them by hand today, and immediately arrange payment of the major portion, at least, of the $3.8 million owed to this company by the federal government, which will, in turn, trigger interim financing from the government of Nova Scotia to assist this company and to save the workforce. In addition, that the Minister of Industry, Trade and Commerce again urge his cabinet colleagues to change the economic development policies which are hurting the country so badly and, in this particular instance, the reduction in the shipbuilding subsidy and the lack of other forms of assistance to provide employment for shipbuilders in small shipyards across this entire country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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BANKRUPTCIES

INCREASE IN NUMBERS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in view of the enormous increase in the numbers of bankruptcies and receiverships, the situation where this business is now Canada's number one growth industry by far, where new opportunities for employment appear hourly, I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That this House recommend to the Canadian Insolvency Association that the Minister of Finance be named Man of the Year for his enormous contribution and studied efforts in the promotion of bankruptcies and receiverships in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

ENVIRONMENTAL AFFAIRS

POLLUTION OF LAKE ONTARIO—SUGGESTION PRIME MINISTER MEET UNITED STATES PRESIDENT—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the decision of the United States courts to approve the agreement between the Hooker Chemical Company and U.S. governments to contain the Hyde Park chemical waste dump site, and since this agreement is a matter of great concern to Canadians and poses a serious threat to Lake Ontario, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House directs the Prime Minister to request a top level summit meeting with President Ronald Reagan to convey to that government Canada's grave concerns over the future of Lake Ontario and to use all the means at his disposal to ensure that the U.S. government will take the appropriate action to clean up the chemical dumps that line the banks of the U.S. side of the Niagara River.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR CONDITIONS

LAY-OFFS BY JARVIS CLARK COMPANY IN NORTH BAY, ONT.—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, 167 employees of Jarvis Clark, a well-established mining equipment manufacturing firm in North Bay, face imminent lay-off because of poor economic conditions in the country. Adding anguish to the problems of Jarvis Clark and its employees is the possibility of a DREE grant being awarded to a consortium to establish a new, competing firm in neighbouring Sudbury. In light of the fact the awarding of this grant would undoubtedly sound the death knell for the existing company in North Bay, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Minister of Industry, Trade and Commerce, who is responsible for DREE, use his position to ensure that, if federal tax dollars are to be spent, the money will be applied to assist those firms now in existence, and not be used to create new ones, especially ones planning to offer competitive goods and services.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE LEADER OF THE OPPOSITION

INTERVIEW PUBLISHED IN *LA PRESSE*—MOTION UNDER S.O. 43

Mr. John Evans (Ottawa Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas, in an interview in *La Presse*, given by the Right Hon. Leader of the Opposition (Mr. Clark), he admitted that his party "did look for a solution other than that of the government but we don't have an alternative" and that he does not "have a better solution". The Right Hon. Leader of the Opposition went on to indicate that he supports the policies of the Governor of the Bank of Canada. Whereas Conservative spokesmen in this House have attempted to mislead the Canadian public by inferring that the Tories have an alternative approach to Canadian economic difficulties, I move, seconded by the hon. member for Lambton-Middlesex (Mr. Ferguson):

That copies of this interview be circulated to all members of the Tory caucus in the hope that they will display the same candor, honesty and frankness as their leader in discussing economic policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE MINISTER OF ENERGY, MINES AND RESOURCES

MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, understanding that today the Minister of Energy, Mines and Resources (Mr. Lalonde) is visiting the United States, I wish to introduce the following motion. He is long and he is tall and he is lean, and as mendacious Marc strides into the streets of Texas straight from the showdown at the Alsands corral, I move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the citizens of the Lone Star State be advised to cap their oil wells, lock up their gas pumps, and to get a job for J.R. as a Sunday school teacher.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for The Battlefords-Meadow Lake.

S.O. 43

NUCLEAR ARMAMENTS

OPPOSITION TO TESTING OF CRUISE MISSILE IN CANADA—MOTION UNDER S.O. 43

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of a resource-user policy being developed for the Primrose Lake bombing range which straddles the Alberta-Saskatchewan border, in light of the fact that there is inadequate compensation for people who suffer hardships around the range because of military activity, and in light of the fact that the UN special session on disarmament in June will discuss the disarmament situation in the world, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That the government not allow the testing of the Cruise missile in Canadian territory so that we will be removed from the nuclear arms race and can act as a mediator between countries in the world which wish to work toward a freeze and abandonment of nuclear weapons.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE LEADER OF THE OPPOSITION

MOTION UNDER S.O. 43

Mr. Brian Tobin (Humber-Port au Port-St. Barbe): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In reference to yesterday's interview in *La Presse* given by the Right Hon. Leader of the Opposition (Mr. Clark), in which he admitted he was not "a Tory", or in other words:

There once was a leader named Joe
Whose support had dropped very low
He said "I'm not a Tory
But just for the glory
Want the job for a decade or so."

• (1415)

I move, seconded by the hon. member for Timmins-Chapleau (Mr. Chénier):

That the Right Hon. Leader of the Opposition clarify to this House and in particular to the members of his own party, No. 1, exactly what his political affiliations are and, No. 2, which party he thinks he is leading.

Madam Speaker: I think we are beginning to have quite a competition for poets. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: Oral Questions.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

ENERGY

1978 FORECAST OF DEVELOPMENT AND EMPLOYMENT

Hon. Bill Jarvis (Perth): Madam Speaker, may I address my question to the Minister of Finance. He will recall that in 1978 his former colleague, then the minister of energy, Alistair Gillespie, provided background material for the federal-provincial conference of first ministers. This material showed 16 individual forecasts of proposed oil and gas projects. These projects were to create 99,750 man-years of direct employment and 323,250 man-years of indirect employment. It was to this energy future that the economic future of the country was tied. Four years later, 11 out of those 16 projects have been cancelled or postponed, and out of the 99,750 man-years of direct employment—

Madam Speaker: Order. Order. Really, even if this is the first question, the hon. member must go to the question. I admit a certain preamble but it is getting a bit long.

Mr. Jarvis: How does the Minister of Finance justify the loss of 71 per cent of the proposed direct man-years of employment, and 80 per cent or over 250,000 jobs lost in indirect employment? What does the government propose to do with the expectation it created, publicly and deliberately, to replace these jobs and to give some hope to the 1.5 million Canadians who are out of work today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will recall that in the document published at budget time entitled "Economic Development for Canada in the 80s", we attempted to set out the economic opportunities and possibilities for the country. In that document we stated our belief that the basic engine for growth in the economy was the private sector and that independent business decisions, based upon their assessment of market forces, would determine the decision-making of the future. It is clearly as a result of the application of these particular assumptions that Alsands, for example, has deferred, or cancelled for the moment, this particular project. I would think that the hon. member would understand that in the circumstances the decisions taken in the private sector ought to have some bearing on the realization of these important projects.

* * *

FINANCE

THE BUDGET—REQUEST FOR WITHDRAWAL

Hon. Bill Jarvis (Perth): Madam Speaker, what I understand is that the minister has presented two budgets, the first in October, 1980, which was basically an energy statement based on those 1978 estimates which are 70 to 80 per cent wrong, and a second budget last November where again the assumptions upon which the budget was based have been proved to be totally false. I ask for the sake of the country, and particularly the citizens who are jobless, if the minister will now withdraw the budget of last November and, before the end of May, replace it with one which acknowledges the realities of this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the interests of brevity I think I will just answer the question, and the answer is no.

• (1420)

REQUEST THAT MINISTER RESIGN

Hon. Bill Jarvis (Perth): Madam Speaker, my final supplementary to the minister is to ask if he will consider taking Canadians off the emotional rollercoaster the government has created for them, where their hopes are raised by the Alsands, Cold Lake and Alaska gas pipeline projects—the list goes on and on—only to have those hopes dashed with postponement after postponement, cancellation after cancellation, and job loss after job loss? After two disastrous budgets, the presumptions and forecasts of which are now proven totally false, what more will it take for the minister to resign in the interests of this country?

Some hon. Members: Resign, resign!

Madam Speaker: Order, please. Order.

Some hon. Members: Resign, resign!

Madam Speaker: Order, please. Would hon. members please let the hon. minister answer the question?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have noticed that the favourite preoccupation of the Conservative party is resignation.

Some hon. Members: Oh, oh!

Mr. MacEachen: When they are not considering a resignation within their own ranks, they occasionally turn to a minister on this side.

Some hon. Members: Hear, hear!

Mr. MacEachen: The hon. member has talked about an emotional rollercoaster which has been, as it were, fabricated or stimulated by the Government of Canada. I believe he ought to understand that the particular project which is the basis of his question was put together with a considerable number of private sector participants. Companies from the private sector came together believing that there was—

Mr. Clark: A government they could trust.

Mr. MacEachen: —an economic situation which would justify the huge investment of about $15 billion. The Governments of Canada and Alberta, working together, did their level best to support and facilitate this particular project. The decision to terminate the project came in two stages; first, by the withdrawal of a number of partners from the consortium, and just last weekend a decision by the remaining private sector parties not to proceed with the project despite very generous support from both the Government of Canada and the Government of Alberta.

Mr. Shields: They don't trust you.

Mr. MacEachen: So I do not believe the hon. member is justified in describing the situation as an emotional rollercoaster devised by the Government of Canada. The situation is the result of a private business decision made as a result of factors which are operating in the world economy.

TAXATION OF INDUSTRIES IN ENERGY SECTOR OF ECONOMY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my supplementary is directed to the Minister of Finance as well. The minister knows that the most significant factor behind the death of the Alsands plant and, before it, the Cold Lake project, along with several other major energy projects, is the National Energy Program, particularly the onerous new taxes levied under that program. The Alberta government, concerned about the health of the industry, has reduced its royalties. However, when the Minister of Energy, Mines and Resources was asked whether the federal government would make a similar move, he replied that was a taxation problem and therefore the responsibility of the Minister of Finance.

Now that the Minister of Energy, Mines and Resources is allowing the Minister of Finance to share responsibility for the NEP—and I can understand why he wants someone else to share that responsibility—will the Minister of Finance in fact be reducing these onerous new taxes so we can restore some vigour to this industry which can be the engine of future economic growth in this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asks whether it is the intention of the Government of Canada to adjust taxes in order to increase the cash flow to the energy sector. The hon. member will know the reasons given by the president of Shell for the termination of this project have nothing to do with the current cash flow situation. It had to do with an assessment of medium and long-term rates of inflation, the demand for oil, and the uncertainty about the course of future oil prices.

• (1425)

Mr. Clark: Nobody believes you, Allan.

Mr. MacEachen: So I do not believe, Madam Speaker, that the prescription brought forward by the hon. member would suit the circumstances. The Leader of the Opposition says that nobody would believe me.

Mr. Nielsen: Nobody trusts you.

Mr. MacEachen: Maybe the Leader of the Opposition will believe the president of Shell who made that argument when he announced the termination of the project.

Mr. Andre: Madam Speaker, I wish the Minister of Energy, Mines and Resources would share responsibilities with somebody who knows something about the energy industry.

Mr. Chénier: You don't.

REQUEST THAT MINISTER EXAMINE REDUCTION IN TAXATION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I have a supplementary question. The minister knows full well the onerous new taxes on oil and gas are the major public policy impact in terms of the cancellation of the Cold Lake project, the Syncrude expansion, the Alsands project and numerous others, including some petrochemical projects from which Shell withdrew because of reduced cash flow as a result of the National Energy Program. Billions of dollars of investment have been cancelled. Hundreds of thousands of jobs have been lost as a result of the inability of this industry, which has been devastated by these taxes, to make these investments.

If the minister can be convinced—and we are willing to show him the data that a reduction in these taxes will not only not cost the government revenue but add to government revenue because taxes will be paid by the hundreds of thousands of Canadians who will be re-employed and fewer people will be receiving unemployment insurance—will he not examine that scenario, give some hope that he is looking at the possibility of reducing these taxes and restoring some vigour to this one sector of the economy which everybody agrees at least has the potential of leading the economy out of the doldrums which it is in now?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would make two points in reply to the hon. member's question.

Mr. Nielsen: No and no.

Mr. MacEachen: The first one is that there have been a number of major energy projects in other countries, including the United States, France, and Venezuela, that have been terminated or postponed because of uncertainties in the world price and the inflation situation. It is not fair or accurate to attribute all the difficulties there are occurring in this industry to the National Energy Program, as if it had an impact in the United States, or France, or Venezuela.

Mr. Clark: How much responsibility do you accept, Allan?

Mr. MacEachen: I believe that the hon. member is using every occasion to undermine the National Energy Program, which is supported by the majority of people in Canada.

Mr. Andre: You are wrong. It is doing it itself.

* * *

THE ECONOMY

QUERY RESPECTING GOVERNMENT PLANS TO CREATE JOBS

Hon. Edward Broadbent (Oshawa): Madam Speaker, the people of Canada want to know what the Government of Canada is going to do about the serious situation. They are not interested in listening to indefinite arguments about what brought us into the present circumstance. Since the three projects, Alsands, Cold Lake, and the Alaska gas pipeline—

Mr. Nielsen: Which you voted against.

Mr. Broadbent: —have been either cancelled or put off for some time in the future and represent $77 billion in investment which could have created resource jobs and manufacturing jobs, according to government strategy, what does the government plan to do now to produce those manufacturing jobs which the people of Canada so desperately need?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): You know, Madam Speaker, that it is always a source of great interest to follow the circuitous meanderings of members of the New Democratic Party. I was in the House the other day when the Leader of the New Democratic Party was denouncing the Minister of Energy, Mines and Resources because the minister was making a generous offer to support the Alsands project. He was telling us we were selling out to the oil companies. That was his argument. Today, now that the project has collapsed, he is blaming us for not having succeeded in bringing it on stream.

• (1430)

Mr. Broadbent: Madam Speaker, before I ask my second question I should like the minister to note that our objection was that the government was giving away millions of dollars to the multinationals, and if the project was to proceed we wanted the people of Canada to own it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

QUERY RESPECTING JOB CREATION IN WESTERN CANADA

Hon. Edward Broadbent (Oshawa): Madam Speaker, since the three resource projects were to provide jobs in western Canada, and now that they are down the drain or indefinitely postponed, what does the Government of Canada plan to do to create some manufacturing jobs in western Canada, given the need for employment in that part of the country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member provides another illustration of inconsistency. I remember when I negotiated the pipeline agreement with the United States and brought the legislation into the House that the most vigorous, protracted criticism came from members of the New Democratic Party.

Some hon. Members: Oh, oh!

Mr. MacEachen: They were all against the Alaska gas pipeline. Now they are shedding hypocritical tears over a two year postponement.

Mr. Broadbent: Madam Speaker, once again the minister is lying and has misled the House of Commons.

Some hon. Members: Order, order!

Mr. Baker (Nepean-Carleton): Don't be sleazy!

Madam Speaker: Order. I guess this is a good time to stop it. Perhaps the hon. member for Oshawa would like to rephrase his sentence.

Mr. Broadbent: I would be happy in this context to say that the bill to which the minister alluded was in fact opposed by us precisely because he did not obtain the ironclad guarantees which we said were necessary for jobs.

Some hon. Members: Oh, oh!

Mr. Broadbent: We turned out to be right and he wrong. I will simply say that the minister misled the House; he simply misled the House.

Some hon. Members: Withdraw!

Madam Speaker: I distinctly heard the hon. member for Oshawa saying a word which is not considered to be parliamentary. Of course he is now substituting another word, but I think he will want to conform to parliamentary tradition and withdraw the word he used.

Mr. Broadbent: Madam Speaker, I do not hesitate at all to withdraw completely the word I used.

Mr. Clark: Another NDP retreat.

Mr. Broadbent: I think the essence of my argument was understood by the minister.

An hon. Member: It was accurate, though.

Mr. Broadbent: I hear an hon. member saying that it was accurate. I will not quibble.

REQUEST THAT GOVERNMENT INTRODUCE NEW MEASURES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I will direct my last question to the Minister of Finance. Considering that the minister just told the House that he has no intention

of taking new economic action or of introducing a new budget until next fall, and since there are more than 350 Canadians looking for each and every available job, does the Government of Canada not care a little for the people of Canada? Will it not bring in something before we recess which will begin to turn the economy around?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am glad the hon. member admitted that his party opposed the Alaska gas pipeline. At that time its members did not see the potential in it that we saw. But today, now that it is deferred, the hon. member is trying to reverse history. That is not possible.

Mr. Clark: It was just done in Saskatchewan.

Mr. MacEachen: The hon. member asked whether there were any other alternatives which the government had in mind. I refer to the very full answer given on this point yesterday by the Minister of Energy, Mines and Resources which can be found at page 16818 of *Hansard*. I should like to read it, but perhaps it would be easier for the hon. member to read it.

RESULTS OF POLL TAKEN IN QUEBEC

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, lovers' quarrels like the one we have just witnessed are always a bit messy.

Some hon. Members: Oh, oh!

Mr. Beatty: My question is also directed to the Minister of Finance. In March the Minister of Justice refused to release to the House a copy of the secret poll commissioned by the Canadian Unity Information Office in Quebec in January. I now have a copy of the poll, and I want to ask the Minister of Finance whether he is aware of the poll's findings that, by a ratio of some three to one, Quebecers interviewed were dissatisfied with federal economic policies? Is he prepared to follow the recommendation made in the poll that the federal government should reassess its economic policies as a result of the high level of dissatisfaction among Quebecers?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I am not aware of these particular results. I guess I take the view which was recently expressed by the hon. Leader of the Opposition, that sometimes polls are very shallow and ought not to be taken very seriously.

REQUEST FOR WITHDRAWAL OF BUDGET AND INTRODUCTION OF NEW MEASURES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, seeing that it was the Government of Canada which commissioned the poll, does the minister also dismiss cavalierly the finding of the poll that, by a raito of some four to one, Quebecers feel that the government should be turning its highest priority into job creation and away from inflation? Could the minister tell the House whether in light of that finding in Quebec by this government-commissioned poll, paid for by the taxpayers of Canada, the government is prepared to scrap the federal budget and bring in new measures designed to get Canadians back to work?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the hon. member is suggesting, based upon a poll, that we ought to shift a so-called concern for inflation to a concern for unemployment, the basic concern of the government is for jobs, the basic concern is to provide more jobs, and the basic concern is to reduce unemployment. That is the main purpose of the economic policy of the Government of Canada. I assure him that there is no need to make a shift because the priority has always been there, namely, jobs and growth. We understand that it will be impossible to provide the number of jobs which are required in the country unless we get inflation under better control.

* * *

[*Translation*]

POLLS

QUEBEC OPINION IN FAVOUR OF JOB-CREATION MEASURES—INQUIRY WHETHER MINISTER HAS MADE RECOMMENDATIONS

Hon. Roch La Salle (Joliette): Madam Speaker, I shall, if I may, direct my question to the Minister of Justice, since he is responsible for the Canadian Unity Information Office and recommended this poll be taken. Considering the fact that the poll clearly shows the dissatisfaction of Quebecers, and that Quebecers are, of course, demanding positive action to promote job creation instead of maintaining this anti-inflation philosophy, could the minister tell us whether he has made any recommendations and to whom, since the Minister of Finance just said he was not aware of the poll?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, as the hon. member is aware, polls have been used by the government in developing policy. And, as the Minister of Finance said earlier, the issue of inflation is very closely related to the question of job creation, especially since yesterday, the Leader of the Opposition said, as reported in *La Presse*, that he entirely agreed with the fight against inflation and that he would support the policies of Governor Bouey even more strongly than the present Minister of Finance is doing.

GOVERNMENT REACTION TO POLL TAKEN IN QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, I would rather not repeat the remarks made earlier by the Leader of the New Democratic Party with respect to the Minister of Finance. The Minister of Finance knows perfectly well that the

Conservative government was in favour of, and had proposed, a special interest rate. Since the minister responsible for the millions of dollars that are spent on polls did not answer my question at all just now and refused to say whether, subsequent to the results of the polls, he made recommendations to cabinet, my question is: why is the minister refusing to tell the House what happens after a poll of this kind, and considering the present results that reflect very negatively on the government, does the minister not feel that in view of the sums of money spent on this exercise it would stand to reason that relevant recommendations should be made based on the information contained in the poll?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I answered the question earlier. Obviously, polls have been taken. It is clear that Quebecers, and I do not need a poll to find that out, want us to do whatever is necessary to create jobs. However, one of the prerequisites for making Canada's position competitive, as the Leader of the Opposition said yesterday in an interview in *La Presse*, is to control inflation. And in that respect, I agree with the Leader of the Opposition and the Governor of the Bank of Canada, and consequently, with the policy of the Minister of Finance.

* * *

• (1440)

[*English*]

INDUSTRY

IMPLEMENTATION OF AGREEMENT RESPECTING WHITE FARM EQUIPMENT PLANT AT BRANTFORD, ONT.

Mr. Derek Blackburn (Brant): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. On April 19, 1982, the Canadian government signed an agreement with TIC Inc. of Dallas, Texas, concerning the fate of White Farm Equipment of Canada Ltd. at Brantford, Ontario. Under this agreement, TIC agreed to continue to employ 1,200 full-time employees in the Brantford plant.

In view of the fact that market conditions for that company are very good at present, will the minister explain to the House why only 90 employees have been called back to work at White Farm, something which is in contravention of the agreement?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am having that looked into at the present time. However, I must say that there was not the commitment to start up the plant with that level of employees the very day after the deal closed. I am checking into this, and I hope that it will be possible to confirm that there will be a substantial recall of employment over the next several weeks.

Mr. Blackburn: I would remind the minister that the agreement set out that the company would begin recall within eight days.

CORPORATE ACTIVITIES

Mr. Derek Blackburn (Brant): Madam Speaker, can the same minister confirm or deny that the present delay in the recall is due either to the two principals, Linamar Machines and TIC, being too busy trying to rip one another off to be concerned about getting the Brantford plant back into full production, or that TIC of Dallas is unable to raise the necessary financial backing to restart the Brantford plant, or is it that Linamar or TIC are involved in a corporate manipulation which will leave the way clear for the German company, Deutz, to come into the picture and purchase White Farm Equipment?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have heard some of these allegations and I am certainly having them all looked into.

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ADMINISTRATION OF JUSTICE

TRIAL OF RCMP OFFICERS—REASONS FOR NOT RELEASING DOCUMENTS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, because of the continuing questionable practice of the Solicitor General of refusing to release documents required in criminal cases in Canada, under the guise of national security, will the Solicitor General tell the House if these documents are being denied on the grounds that, first, the documents would reveal the name of the foreign government that was encouraging complained-of activities in Canada, or second, that the documents would reveal other activities and policies which have not been made public, or third, that, as many of us suspect, the documents would reveal a chain of orders and directives leading to and proving knowledge at the political level?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as the House knows, the McDonald commission was established to look into the possibility of senior authority, senior knowledge or senior direction outside the RCMP of improper or questionable activities committed by the RCMP. The findings of the McDonald Commission, after having access to all those documents to which the hon. member refers, were as we know. Therefore I feel confident that I can say, as is the fact, that the grounds on which these documents are being held by me are the grounds provided for in the Federal Court Act; that is, that they deal with matters of national security, with international relations, and that their disclosure would be damaging to the national interest.

Mr. Lawrence: Surely the Solicitor General can appreciate that in denying the release of these documents, in effect he is denying a fair trial for accused people in this country.

Some hon. Members: Hear, hear!

LOCATION OF DOCUMENTS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, how can the Solicitor General certify that the release of these documents would endanger national security on the one hand when, on the other hand, both he and his departmental officials admit that they now cannot find the documents?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the affidavit that I gave refers to documents to which the withholding provided for in the statute applies. Those are the documents. They are in the possession of the RCMP and the government. I have reviewed them all and have formed the conclusion that their release would not be in the interests of national security.

GOVERNMENT POLICY ON RELEASE OF DOCUMENTS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is also for the Solicitor General. He will know that the policy of this government has been, in a number of instances, including the uranium cartel, to refuse disclosure of documents which will assist in the defence of accused persons—persons accused under the jurisdiction of the Minister of Justice. Why has that policy been developed, and why will the minister not authorize a release to counsel for the accused, the RCMP in this instance, especially when the prosecutor is one Allan Lufty who used to work in the Prime Minister's office and knows precisely what kind of cover-up is happening?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, that is the same question once again. Parliament has recognized and established that documents the disclosure of which is not in the national interest may be withheld on the affidavit of a minister. I reviewed all those documents and I reviewed them bearing in mind that they were being sought in a defence and, notwithstanding that, I came to the conclusion that their disclosure would not be in the national interest. It would be damaging to the effectiveness of the security service of the RCMP, it would be damaging to the international relations between Canada and other countries, and I therefore felt that the certificate and the affidavit which I put forward were well justified.

PROVISIONS OF FEDERAL COURT ACT

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I have a brief supplementary on this topic to the Minister of Justice. He knows that the freedom of information legislation in this country is in deep trouble. He is also aware of the provisions of Section 41(2) of the Federal Court Act, which is one of the most inequitous provisions that any civilized country has. In the absence of any tangible efforts to change the freedom of information bill, to bring it into the House or send it to committee for proper disposition, is he prepared to amend that section of the Federal Court Act to remove some of the crutches which allow his colleague, the Solicitor General, to use that section for the very regressive purpose for which everyone knows it is being used at the present time?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there is a bill in the House providing for freedom of information. This question is being debated at this time. One of the problems is that there is a demand or request by the attorneys general of the provinces to attempt to come to terms with this very difficult problem concerning the limits of confidentiality of various cabinet minutes and documents of that nature. There is some discussion and communication on this subject taking place between the attorneys general and the federal government. The Prime Minister has said that he hoped the bill would be able to come back in front of the House some time in the fall and be disposed of then.

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NATIONAL DEFENCE

PROGRESS PAYMENTS TO COMPETING CONTRACTORS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of Supply and Services. No doubt he has been informed of my question last week concerning the milepost payments in the Canadian Patrol Frigate program. Can he tell the House if any of these payments are being held up, or is he considering holding any up because of insufficient progress by one of the consortia?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, quite to the contrary, I am pleased to advise the hon. member that the frigate program is progressing very well. The contract definition stage is right on schedule. There is no question of withholding any payments and all milestones have been met in accordance with the prepared schedule.

EXPENDITURE OF FUNDS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, in last year's estimates for the Department of National Defence, $29 million was set aside for the frigate program and contract definition phase, which is in the Minister's hands. Only $24 million was spent. Will the minister tell the House why the funds allotted were not spent?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, that question ought to be directed to the Minister of National Defence since it relates to the allocation of his own budgetary funds. As the hon. member knows, I enforce the contracts. I can assure the hon. gentleman that the contract which has been negotiated for the contract definition stage has been honoured in all its particulars.

Oral Questions

THE ECONOMY

CLOSURE OF LUMBER MILL IN CHEMAINUS, B.C.—PROTECTION FOR JOBS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Finance. Last week MacMillan Bloedel Limited announced the closure of its lumber mill in Chemainus, British Columbia, with the loss of over 600 jobs. The company has made several fortunes out of the Chemainus mill but has allowed it to become run down and inefficient. Will the minister investigate statements by the company that a promised new mill will not be built because all of MacMillan Bloedel's available capital is being invested in a new pulp mill in Alabama? Will he take immediate action to stop this irresponsible investment of Canadian funds outside Canada, and protect Canadian jobs?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will take note of the hon. member's representations.

• (1450)

INVESTMENT OF CAPITAL OUTSIDE CANADA

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I hope that the minister does more than take note of the representation. I hope he will take some action. The millworkers at Chemainus are only the latest group of victims of the government's do-nothing policy that allows the export of jobs by companies which take profits and run. When will the minister establish guidelines for multinational investment policies to ensure that companies which make their money in Canada will invest their profits in Canada and create jobs for Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the same reply has to be made to the hon. member's question. I understand his concern, but basically he is asking that the Government of Canada intervene to the point where it directs a company as to whether it makes an investment in Canada or in the United States. I believe that kind of policy would have implications far beyond the particular case to which the hon. member refers.

* * *

EMERGENCY MEASURES

ORDER IN COUNCIL PROVISIONS AFFECTING MANPOWER

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is to the Minister of Employment and Immigration. The order in council passed almost a year ago which establishes emergency planning orders empowers the minister of employment, "to establish a population register for the effective management of manpower and arrange any required international manpower transaction". Those are peacetime emergency provisions. What kind of peacetime emergencies has the government planned for that it would need to empower the minister to transfer Canadians from Canada under international obligations to other countries?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I do not think that is the implication of that statement. We are simply pointing out that any time there is a major catastrophe that would affect this country, there are obviously international implications in terms of the movement of workers and movement of people across borders. It is simply our intention to ensure that that movement is orderly and proper and takes into account the effects of any of those hypothetical catastrophes on the population. As we have said in this House many times, these are precautionary measures that hopefully will never have to be used but must be in place in case there are some major disasters.

Mr. Friesen: I wonder whether "hypothetical catastrophe" is a parliamentary term.

EFFECT ON UNIONS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my supplementary question is to the Minister of Labour. That same order empowers the Minister of Employment and Immigration in collaboration with the Minister of Labour to regulate and control conditions of work, rates of remuneration, and occupational safety. I would like to ask the minister about the integrity of unions and union contracts which exist if, in so-called peacetime emergencies, the Minister of Labour and the Minister of Employment and Immigration are empowered to disregard union contracts.

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the question implies that there is the possibility of an emergency situation. Until that emergency situation appears on the horizon, the integrity of collective agreements will prevail.

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CANADA POST

HIRING OF SUMMER PART-TIME LETTER CARRIERS

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is for the minister responsible for the Canada Post Corporation. The minister will recall that on March 1 of this year I questioned him about the directive from Canada Post Corporation pertaining to the hiring of part-time letter carriers for the summer. It, in essence, said they must be hired from families of members of the letter carriers union. At that time the minister stated:

> I would be pleased to discuss the matter with the president of Canada Post Corporation and obtain an answer for the hon. member.

Is the minister now prepared to give us his answer?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I discussed this matter with the president of the corporation, and I thought he had sent his answer directly to the hon. member. I shall look into this, and if no answer was sent, I shall make sure the hon. member is given a reply as soon as possible.

[*English*]

QUERY RESPECTING DETAILS OF DECISION

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question was not whether the minister thought that the president of Canada Post Corporation had sent me an answer. My question concerned what answer did he get from the president when he discussed the matter, as he promised on March 1. I again ask the minister whether a decision has been arrived at, and has a correcting directive been sent out?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, this is an internal management matter that concerns the new Canada Post Corporation. I shall look into it and give the hon. member an answer.

* * *

[*English*]

THE ECONOMY

QUERY RESPECTING GOVERNMENT PLANS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is to the Minister of Finance who, along with the Minister of Justice, has now indicated they are going to be accepting my advice on economic policies.

Some hon. Members: Oh, oh!

Mr. Clark: That being the case, will the minister tell us when he intends to introduce an energy tax credit, a mortgage tax credit, and when he plans to re-invigorate the small business development bond, and withdraw the November budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Right Hon. Leader of the Opposition misunderstood my reply. Far from giving an endorsation to his economic policies, I did express a certain amount of sympathy for a view which I understand he recently expressed to the effect that he found certain polls shallow. I just have a certain amount of sympathy for that view, but for his economic policies I would hesitate even to have any sympathy.

REQUEST THAT GENERAL ELECTION BE CALLED

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Minister of Finance in his position as Acting Prime Minister give the people of Canada an opportunity to choose between his economic policies and mine?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we did create that opportunity for the Canadian people to choose between the right hon. gentleman's economic policies and our economic policies, and I do not think the Leader of the Opposition has ever forgiven us for that.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

QUEBEC COURT ORDER FOR PRODUCTION OF DOCUMENT IN TRIAL OF RCMP OFFICERS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is supplementary to those that have been directed to the Solicitor General. The minister will know that a justice of the Superior Court in the province of Quebec has ordered a defence witness to bring a document to the court. Is he aware that in preventing that document from reaching that court he is defying the court, and denying justice to a Canadian before that court who is seeking evidence in his defence?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I wonder if the hon. member is aware that it would be improper for me to comment on the evidence that is being asked for or being given before that trial that is now taking place in Montreal. I have been following the proceedings in the court. I know the document was searched for by the RCMP, and the witness from the RCMP went to give evidence about it.

Mr. Munro (Esquimalt-Saanich): The minister will be aware that he is obstructing justice in this country, and from a Solicitor General it is almost as bad as if the Minister of Justice were obstructing justice.

REQUEST THAT JUDGE BE PERMITTED TO SEE DOCUMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my supplementary question is whether the minister will consider allowing that document to be presented to the judge for the judge to decide whether that document and its contents are relative to the course of justice and fairness to a Canadian who is being tried in that court.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as I understand the law, when it is a question of a document which deals with national security or with international relations, the responsibility of the minister is to make his own assessment of the document and not to put it before the court. If the law were different I would follow that different law, but the law is as it is, and I followed it as I understand it.

• (1500)

CUSTOMS AND EXCISE

QUERY RESPECTING POSSIBLE EXTENSION OF CUSTOMS AREA TO INCLUDE CONTINENTAL SHELF

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Minister of Finance. In view of the advantages it would give to the Canadian manufacturing industry, and especially the steel industry, of an extension of the Canadian customs area offshore, to extend it from the 12-mile limit to the continental shelf, as Norway, the United States and the United Kingdom have already done, and the massive drilling and exploration program planned on the east coast offshore, is the government planning to extend our customs regulations to include the east coast offshore to the continental shelf?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the proposal implicit in the hon. member's question is extremely interesting, and could, in fact, help certain Canadian companies to gain a competitive edge. However, the hon. member will agree that the question is very serious, and that it will require very careful study on the part of the government.

* * *

[*English*]

PETITIONS

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the report of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Monday, May 3, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

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PRIVILEGE

MRS. APPOLLONI—RIGHT RESERVED TO RAISE QUESTION

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, I have evidence to show that on April 30, 1982, *The Toronto Sun* deliberately and maliciously printed falsehoods which reflect on my integrity. The evidence points to the incompetence and the appalling lack of professionalism on the part of *The Toronto Sun* and to reprehensible character assassination and innuendo in its attempts to intimidate me in the performance of my functions as a member of Parliament.

Therefore, Madam Speaker, in accordance with Citation 312 of Beauchesne's fifth edition, I reserve the right to raise a question of privilege on the first opportunity following the date on which the Standing Committee on Miscellaneous Estimates reports to this House or is deemed to have reported under Standing Order 58.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition from 260 residents of the city of Toronto requesting Parliament to request the Prime Minister (Mr. Trudeau) to refuse to allow the testing of Cruise missiles on Canadian soil.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today Nos. 3,298, 3,299, 3,562, 3,704, 4,045 and 4,118.

[*Text*]

ALLEGED STATEMENT OF MINISTER OF PUBLIC WORKS

Question No. 3,298—**Mr. Cossitt:**

1. Did the Minister of Public Works recently state in connection with assisting persons who were in danger of losing their homes by mortgage foreclosure "For that reason, we telephoned all members of Parliament at their Ottawa and constituency offices and to my knowledge we did not come up with one more case of hardship" and, if so, what were the names of all members actually called and the dates on which they were called?

2. Were all members called and, if not, what were the names of the members not called and for what reason were they not called?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Quote inaccurate. 2. N/A.

Question No. 3,299—**Mr. Cossitt:**

1. Did the Minister of Public Works recently state in connection with assisting persons who were in danger of losing their homes by mortgage foreclosure "For that reason, we telephoned all members of Parliament at their Ottawa and constituency offices and to my knowledge we did not come up with one more case of hardship"?

2. Was the hon. member for Leeds-Grenville telephoned for this purpose at his (a) House of Commons (b) constituency office and (i) if so, on what date and at what time (ii) if not, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Quote inaccurate.

2. (a) Yes, on October 24, 1981, between the hours of 2 and 4 p.m. (b) Yes, on October 24, 1981, between the hours of 2 and 4 p.m.

AEROSPACE TRAINING CENTRE

Question No. 3,562—**Mr. McKenzie:**

1. Did the Department of Employment and Immigration commission a study on the possibility of establishing a new Aerospace Training Centre?

2. Does the government have criteria on which it is basing its deliberations as to the site of the proposed centre and (a) if so, what are they (b) if not, for what reason?

3. Was a recommendation made by the Mackenzie Advisory Group to the Minister of Employment and Immigration that a new centre be located in Winnipeg?

4. Was the recommendation overruled and (a) if so, by whom (b) if not, on what date does the government plan to make public its decision on the site for the centre?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Yes.

2. No. (a) Not applicable. (b) The centre proposed by the Mackenzie Advisory Group was to be established and operated by the private sector.

3. No.

4. Not applicable.

MR. LESLIE JAMES BENNETT

Question No. 3,704—**Mr. Cossitt:**

1. To the knowledge of the government, did former RCMP security officer, Mr. Leslie James Bennett, on a visit to Canada from Australia to testify in a civil court action, comment that he had fears for his life from what he termed an "RCMP hit squad"?

2. Did the government investigate the statement by Mr. Bennett and (a) if so, what was the result (b) if not, for what reason?

3. Has the RCMP ever maintained such a squad and, if not, did any Canadian security agency make use of similar services provided by the security service of (a) the United States (b) any other foreign power?

Hon. Bob Kaplan (Solicitor General): 1. Mr. Leslie James Bennett's allegation that he had been warned that an RCMP "death squad" would assassinate him, was made to an Australian Broadcast Commission interviewer in June, 1981. Subsequently, this was reported in the Ottawa *Citizen*, June 3, 1981.

2. (a) No. (b) No substantiation for any such allegation was ever provided.

3. No. (a) Not to the knowledge of the RCMP. (b) Not to the knowledge of the RCMP.

CAP SQUAD

Question No. 4,045—**Mr. Cossitt:**

1. To the knowledge of the government, was or is there a group known commonly as the CAP squad and, if so (a) do the letters stand for Corporate and Political squad (b) under whose jurisdiction is it (c) what is its purpose (d) who authorized it (e) on what date was it set up (f) what are the full details of its activities, including the members who served on it?

2. Did or do their duties involve, among other things, compiling information on Members of Parliament and Senators, particularly with regard to their personal lives, and, if so, what is the purpose of compiling such information?

Hon. Bob Kaplan (Solicitor General): 1. There is not now, nor has there been a component of the RCMP known by the term CAP Squad.

2. See reply to part 1.

AIRQUIN SYSTEMS INC.

Question No. 4,118—**Mr. Blenkarn:**

1. With reference to the Department of Supply and Services file No. 15MJ E0231-9-0192, F.C. Project 39868/17-2A, contract serial No. OMJ 79-00535 (a) on what date will the November 6, 1981 letter to Ms. N. O'Brien be answered (b) how much time was spent on the equipment provided by Airquin Systems Inc. after the date it was received by DSS/DPW?

2. Was the equipment to be inspected by Mr. C. Kukulka and, if so, on what date was the inspection made?

3. Were deficiencies reported to Airquin and, if so (a) what were they (b) on what date were they reported?

4. After the date of receipt of the equipment, were requests made to Airquin for work, advice and assistance in correcting improper installation of the equipment and, if so, what were such requests?

Hon. J.-J. Blais (Minister of Supply and Services): The information requested concerns transactions with Airquin Systems Inc. On February 23, 1982, the legal counsel for Airquin submitted a claim to the Department of Supply and Services Contract Settlement Board. Any disclosure of information at the present time could be detrimental to the ongoing proceedings associated with this claim.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,703 could be made an order for return, this return would be tabled immediately.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 3,703 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

SALARIES OF PUBLIC SERVANTS

Question No. 3,703—**Mr. Cossitt:**

With reference to the answer to question No. 3,152 which stated that 6,375 public servants are receiving more in annual salaries than annual indemnities, exclusive of expense allowances, received by Members of Parliament but that this did not include heads of Crown agencies or governor in council appointments, how many heads of Crown agencies or governor in council appointments are receiving such salaries and, in each case, what is his/her name and job designation?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

S.O. 26

PRIVILEGE

MR. MACKASEY—S.O. 43 MOTION OF MR. TOWERS

Hon. Bryce Mackasey (Lincoln): Madam Speaker, some may think that this is not a very serious point of privilege, but it is serious in many respects. Yesterday the hon. member who might be called the poet laureate of the House of Commons advanced a proposal in which he stated that I seconded his motion. That could give the impression to anyone who reads *Hansard* that I was present in the House of Commons yesterday. I was many, many miles away.

Madam Speaker: Order, please. Since this took place yesterday, the hon. member would need to give me notice of his question of privilege. I do not believe there is substance to his question of privilege; I can tell him forthwith that he does not have one. Unless the question of privilege flows from the deliberations of today, I cannot hear it today.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

NATIONAL ENERGY PROGRAM

CANCELLATION OF PROPOSED ALSANDS MEGAPROJECT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise to ask leave, seconded by the hon. member for Athabasca (Mr. Shields), to move the adjournment of the House under the provisions of Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the cancellation of the Alsands megaproject and the further delay of the Alaska Highway natural gas pipeline.

Canada has been relying on the prospect of energy megaprojects to guarantee energy self-sufficiency, to give employment to almost 100,000 Canadians, and to stimulate the economy in both the resource and industrial sectors. On Friday, April 30, it was announced that the Alsands megaproject has finally collapsed and that the Alaska Highway natural gas pipeline has been postponed for at least two years.

[*Translation*]

This monumental and unprecedented catastrophe for the Canadian economy is a direct consequence of the National Energy Program. The government has been unable to provide any reasonable explanation for the collapse of these projects nor has it been able to give us any real hope of resurrecting or replacing them. It is therefore a matter of national interest that the House should hold an emergency debate on this economic catastrophe, on its immediate and long-term impact on the Canadian economy, and consider any solutions for putting these projects back on stream.

[*English*]

If you accept this application for an emergency debate, I am ready to move the appropriate motion.

Mr. Waddell: On a point of order, Madam Speaker, when I raised exactly this matter with you yesterday, the member for Yukon (Mr. Nielsen) opposed me. I want to put it on the record that we are prepared to have this debate but the Conservatives should get their act together.

Some hon. Members: Oh, oh!

Madam Speaker: That is not really a point of order; it is debate on the motion proposed by the Right Hon. Leader of the Opposition (Mr. Clark).

Mr. Nielsen: Madam Speaker, I think I have a question of privilege now because of the misleading statement that was made by the member for Vancouver-Kingsway (Mr. Waddell). He said that the motion which the Right Hon. Leader of the Opposition (Mr. Clark) proposes to move is exactly the same as his was. Had he been listening, which he usually does not, he would have realized it is not exactly the same. What is more, if he and the other members of his party were not so hypocritical and posturing all the time—

Madam Speaker: Order, order. Hon. members are obviously debating. The Chair is prepared to deal with the matter which was raised by the Right Hon. Leader of the Opposition.

What I have to say now does deal with what has been brought up by the hon. member for Vancouver-Kingsway (Mr. Waddell). The House will recall that yesterday he proposed to discuss a related matter under the terms of this same Standing Order. Having had the benefit of hearing both those presentations, I have come to the conclusion that the application now before the House is more specific and also of a different character, in the sense that something has taken place that members are asking to have discussed. The matter brought forward by the Right Hon. Leader of the Opposition would offer the possibility of a wider debate. It appears to the Chair that the matter raised by the Right Hon. Leader of the Opposition is in the nature of a situation contemplated by the provisions of Standing Order 26, and therefore I am prepared to accept this proposal for debate.

Some hon. Members: Hear, hear!

• (1510)

Madam Speaker: It is now my duty, pursuant to Standing Order 26(8), to ask if the right hon. member has the leave of the House to move the motion. Has the right hon. member leave to discuss the proposed motion?

Some hon. Members: Agreed.

Madam Speaker: Accordingly, leave having been granted, the motion shall stand over until eight o'clock this evening.

Mr. Pinard: The hon. member sought consent, and we certainly think that it is a major subject. We do not object

tothe matter being debated, and Your Honour has so decided under paragraph (8) of Standing Order 26. Under paragraph (9) of the same Standing Order, Your Honour has discretion as to when the debate should take place, whether tonight or tomorrow night or any other time.

Some hon. Members: Starting now.

Mr. Huntington: Tonight.

Mr. Pinard: The Minister of Energy, Mines and Resources (Mr. Lalonde), as Your Honour well knows, is outside of this country in the exercise of his duties and will be back tomorrow. Therefore, I would humbly suggest that this debate be held tomorrow night at eight o'clock.

Madam Speaker: Under that discretionary power, I have just said that the debate should take place this evening at eight o'clock.

Mr. Nielsen: It is urgent.

Madam Speaker: I understand that the hon. minister will not be present at that time. However, I asked leave for this debate to take place because I felt that the matter—

Mr. Nielsen: Is urgent.

Madam Speaker: —should be discussed in an urgent way. I am in the hands of the House. If the House wants to delay the debate until three o'clock tomorrow—

Some hon. Members: No, no!

Madam Speaker: —I could follow the disposition of the House.

Mr. Nielsen: Madam Speaker, the Chair has already found that the subject matter is of such urgency that it requires immediate attention. That was the purpose of designing the rule in the first place. I would point out that it would be impossible to debate the matter under Standing Order 26(9) tomorrow, because it specifically refers to the time of eight o'clock. Of course, tomorrow the House rises well before eight o'clock. By acceding to the suggestion of the government House leader, we would be giving implied consent to sit tomorrow night at eight o'clock. We believe that the matter is of such urgency that it requires debate today. I am sure the minister is not that far away that he cannot get the next plane back.

Mr. Baker (Nepean-Carleton): Send a jet.

Mr. Nielsen: Send a government jet.

[*Translation*]

Mr. Pinard: Madam Speaker, clearly, the Official Opposition is refusing to agree to have you change your ruling, because, in fact, you made the ruling before I could make my suggestion, and I cannot hold that against you. However, you are aware that under Standing Order 26(9), the Chair has the discretion to order the debate to be held the next day. With unanimous consent, there is no reason why the debate should not be held at eight o'clock tomorrow evening, even if it is Wednesday, although to the members on this side of the House it seems clear that the Official Opposition would rather not see the Minister of Energy, Mines and Resources (Mr. Lalonde) take part in the debate.

Madam Speaker: Well, I used my discretion to determine the time of the debate, and the reason I ruled in favour of a debate was that I felt it was warranted owing to the important nature of the subject. Consequently, I thought the debate should take place at the earliest convenience of the House, which seems to be eight o'clock this evening. I agree that the House can, by unanimous consent, proceed with its business as it sees fit, but, since there is no unanimous consent, I maintain that the debate will start this evening at eight o'clock.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES AND TO PROVIDE OTHER AUTHORITY FOR THE RAISING OF FUNDS

MEASURE TO AMEND

The House resumed, from Wednesday, April 28, consideration of the motion of Mr. Bussières that Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be read the second time and referred to a Committee of the Whole.

Mr. Jack Shields (Athabasca): Madam Speaker, I am continuing the debate today on the borrowing bill put forth by the government. I would like to refer to the petroleum and gas revenue tax where we saw, along with the national energy policy and the budget, two instruments which required a strong, healthy and viable industry. I refer to the oil industry which was operating in western Canada, seeking stability, security and energy self-sufficiency for this country. We heard from the so-called New Democratic Party, "Liberal West", the hypocrites, when the national energy policy was introduced. What did we hear from the "Liberal Party West", the New Democratic Party? We heard: "Good, let us have more. Get those multinationals. Get those Yankees. Send them home. We will take over the oil companies in western Canada." That is what we heard from the western members of the "Liberal Party West".

We saw the present government go out into the world market to borrow money to purchase Petrofina. It did not borrow money to go out and start up Petro-Canada so that company could do its own exploring for oil in order to contribute to the security of our country, to the energy survival, the

oil supply, of our country. The government did not find one drop of oil with all the money that it borrowed to purchase Petrofina. What did we hear from the so-called New Democrats? What did we hear from those in the "Liberal Party West"? We heard, "Good, that is what we should be doing. Go out and buy more, borrow more money, and let us buy up these companies. But do not stop with Petrofina; let us go after the big ones. Let us nail Esso." That is what we heard from the "New Democratic Party West".

We have seen the result of the tax grab of the national energy policy, the petroleum and gas revenue tax referred to in this bill. We have seen the destruction of a viable, healthy industry which has been universally recognized as the one industry which could lead Canada out of the economic mess we are in today. I ask hon. members opposite to think about it for a minute. We have seen the result of the petroleum and gas revenue tax. The Alsands and Cold Lake projects are dead, with the accompanying loss of jobs, loss of homes, loss of savings, loss of small business and bankruptcies. We have seen the results and we will see more of the results. We have seen all of the eight megaprojects, or the Alsands and tar sands projects proposed and outlined in the task force on projects in this decade to the 1990s. Every last one of them has been put on hold or killed.

Billions of dollars of investment are down the tube while Canada is facing an economic situation unparalleled in our industry. Why? It is because this government can no longer be trusted. Industry no longer trusts this present government. Industry has very clearly stated, "We cannot trust the government to enter into an agreement with us today. We cannot believe that an agreement will remain in place for five years." Those in industry do not even know if an agreement with the government can be trusted to remain in place for two years, let alone five years. The Government of Canada, the government of my country, can no longer be trusted in the international community to keep its word.

In closing, I can only say most sincerely that I hope all hon. members will think about it. As long as the Liberal government remains in power, there will be no more economic development in this country and no more megaprojects—and that is a fact—because the government is not trusted.

• (1520)

Mr. Jack Burghardt (London West): Mr. Speaker, I welcome the opportunity to rise and speak on Bill C-93 as it relates to granting the government fiscal borrowing authority. Members of the House will realize that Bill C-93 seeks to authorize the government to borrow some $6.6 billion. All unused borrowing authority obtained under the Borrowing Authority Act, 1981-82, to the extent that it exceeds $3 billion, was cancelled on March 31 this year. Without new borrowing powers the government will not be able to obtain the necessary funds to meet its financial requirements for 1982-83. The $6.6 billion being requested represents the estimated budgetary and non-budgetary financial requirements for 1982-83.

When he spoke during debate on this bill last week my colleague the hon. member for Lincoln (Mr. Mackasey) referred to the strains put on society at this time in Canadian history. He recalled the strains of the depression years, the "hungry thirties". I remember those years as a young boy, but unlike my colleague from Lincoln who I believe said he was not directly affected by those years, I was.

If I may be permitted a personal note, Mr. Speaker, I remember my father pulling me on a sled during the winter to the relief store which was the equivalent of being on welfare today—but not with all the welfare benefits we now have—to get some groceries and a pair of shoes. My father was out of work. It was not that he did not try to find employment; there was no work available. I remember in later years, when I was a bit older, my father telling me how degrading and humiliating it was to go through that process of having to go to the relief store in order to provide for his family.

It was a crisis time for my family and thousands of other Canadian families, a crisis which many people are facing today. But there is a difference. Through social concern for Canadian families, Liberal governments over the years have provided many assistance programs and social benefits which were certainly not available during the thirties.

In the Chinese language the word for crisis is composed of two characters meaning danger and opportunity. In that sense, I suggest to you, we are going through one of the major crises of Canadian history. Certainly recent events have been matters of extreme concern for Canada but it has equally been a time of tremendous opportunities. Beyond any shadow of a doubt, Canadians on many fronts are facing a greater concentration of unsolved problems than ever before. And yet, this sternest challenge of Canadian history may become our greatest hour.

If I may be permitted another personal comment, Mr. Speaker, my father took ill when I was 13 and he died shortly after. I had to go out to work and I have been working ever since. Whatever I have, which is not very much, I acquired through my own initiative. I strongly believe in the work ethic. I believe in the free enterprise system. Because of my personal experiences, I strongly believe as well in social concern, and that in fact I am my brother's keeper. That is why I am a Liberal and why I ran as a member of the Liberal party, a little more than a year ago, in the by-election in London West.

Our Canadian way of life over the years has seen a coming together of the free enterprise system and a social system where, through government direction and involvement, some of the benefits of free enterprise have been shared with the less fortunate.

Unfortunately of late, it seems to me that our view of Canada, our view of this great country, has sunk into a swamp of competing angers, of shabby "me first" recriminations. Loyalty to, and interest in, Canada as a nation has frequently been secondary to regional concerns. We have lost much of that mix, that compromise of free enterprise and social concern.

Of late, some people's legitimate regional concerns have degenerated into forms of provincial patriotism which increasingly violate the need for national justice and equality. For example, some provincial political leaders have emphasized, at the expense of nearly everything else, the urgent need for a strong mandate to protect what they call either a unique heritage or tremendous wealth from what they perceive to be threatening outside forces. Inspired by self-interest and discontent, this kind of attitude can turn the provinces into islands unto themselves, increasingly unconcerned about the legitimate needs and fundamental rights of dissenting Canadians within and beyond their provincial borders.

The crisis today is fuelled in many areas by this rise of narrow provincialism that deepens the rift between the federal government and the provinces. The ideology of confrontation instead of the spirit of co-operation has gained the upper hand, resulting in rigidity instead of flexibility.

The public debate therefore, I suggest, Mr. Speaker, should concentrate on how to secure justice and equality for all Canadians, and not on the power struggle between provincial and federal governments—justice that would allow for principled differences and accommodate regional diversities.

History has shown that for a nation to retain its vitality and maintain its progress, it must foster a continuing dialogue among its citizens. Furthermore, only when this dialogue is communicated to its citizenry can a nation hope to profit, via the democratic mandate, from such discussion and debate.

If we Canadians are not sensitive to the dynamics of our environment, we will forfeit the opportunity to fashion our political and economic future.

What is required, Mr. Speaker, is a clear understanding by Canadians of what our directions and choices should be in a period when the economy is growing slowly or not at all, and the assets from previous rapid economic growth are not available to deal with the problems.

We know there are serious social and economic problems that must be dealt with in our country today. We also know that Liberal governments have presided over the greatest economic expansion this country has seen and also put in place a social security system for individual Canadians which is the envy of many other countries.

With governments seriously constrained to keep, or even reduce, over-all spending, do we abandon our compassion, or do we find ways to meet those social and economic problems with the resources we have available? Can we abandon our commitment to a compassionate social policy in favour of the new fads of conservatism?

After 30 years of achieving historic levels of economic growth, the industrial countries of the world are all sharing substantial slowdowns and suffering similar problems of inflation, high interest rates and unemployment. Is our choice, as a Canadian people, to abandon the system of government incentives and private initiatives on which Canada has grown for a concept of a totally free marketplace which was disproven by the Great Depression? On is it for a socialist program of state control of the means of production and the strangulation of the entrepreneurial spirit?

The worst of solutions is to run to one extreme or the other. We should continue to be committee to a mixed enterprises system which has been a strong foundation on which to build our economic strength over the years. Canadians should be neither dominated by the public sector nor the private sector. We should strive for a harmonious balance between private power and public power in our society. This is what sometimes causes political life to be frustrating—trying to achieve that harmonious balance that will satisfy all our needs, not just those of a particular interest group. There are no easy or simple solutions because there are no easy or simple problems.

• (1530)

As we continue this debate on Bill C-93, Mr. Speaker, I am sure there are some Canadians who would like to see all government spending done away with. As a member of Parliament, I have received pleas from some segments of my constituency for this to take place, but I have also received pleas from other segments not to touch the programs which affect them. Let us cut, they say, but do not cut industrial incentives programs which are fundamental to economic recovery. Do not cut transfer payments, which they say will put added burdens on the provinces. Do not cut subsidies to cultural organizations such as theatres, museums, symphony orchestras and the like. Do not cut the social programs. And on it goes.

We hear as well from other segments crying for more government spending to stimulate the economy. We hear that every day from across the aisle. One minute they say spend the money; the next minute they say cut the money. This is where we must strive for that harmonious balance of which I spoke earlier.

We do live in a world filled with fear and anxiety, a world which focuses more and more on individual and group possessions and territory. We are concerned in many ways about the changes taking place around us which we sometimes barely understand. At such times there is a great temptation to go where the strength seems to be, whatever the substance that may be offered, rather than to accept our responsibilities as citizens to try to understand and wrestle with the change in a way which preserves the greatest freedom and well-being for us all.

Our democratic system was born at a time when most people were living in authoritarian societies. The people who settled in our country had had their share of government repression. They were individualists and they structured their new society so as to preserve the rights of the individual. Their assumption was that given freedom and protection of individual rights, a society could depend upon personal initiatives for its economic development. Thus, as the free entreprise system assumed the responsibility for economic growth, a caring philosophy through a free government expressed man's humanity to man, representing the social process of democracy.

This process, I suggest, must continue today. The free enterprise system and the social system are interwoven; they support each other. We cannot live in company without some mutually agreed upon adjustment to others. We have enough forces at work in our day-to-day encounter with life just waiting to destroy relationships and conditions which work for the common good of our country.

If there is anything which should make a person despise himself or herself, in my mind at least, it would be to live a little mean existence in a time like this. Sure, we have many of the problems commonly found in western democracies today. We have inflation, unemployment and high interest rates. We are faced with the task of reconciling economic development and environmental protection. We have regional economic disparity and poverty, and we recognize those things. We also have the feeling among the middle class that they are sometimes being imposed upon, and we sometimes have the feeling of alienation between citizen and government. I would not suggest at all that we have handled these and other common problems with consummate wisdom, but we cannot evade the hardships and problems of life which we have to face by drawing into ourselves, by simply saying "me first" and being self-indulgent. This is the time to strive for a more harmonious balance of free enterprise and social programs, encouraged by a democratic and caring government.

It has been said that each generation must re-create its own democracy. This means both the economic free enterprise system and the free social system. The re-creation must be all inclusive. To develop a sound economic system a democratic society must provide the motivation and opportunity for people to help themselves. To develop a sound social system—that same society must provide motivation and programs for people to help others. Only with both can our democracy survive.

In debating this bill, Mr. Speaker, I realize it is only part of an over-all financial challenge facing us today. But we must realize that government must be free to create the social programs society needs and, in many cases, demands. At the same time the private sector must be free to create the material wealth which in part allows society to prosper. Ultimately the government ledger, the balance between revenues and expenditures, will reflect the extent to which this freedom has been granted.

I suggest that we should not be pessimistic, for we are the product of a proud heritage and our record is not one achieved through compulsion. Those who built this nation were architects of freedom who dared to dream big dreams. They drafted laws for the protection of freedom as well as blueprints for new machinery. We must do likewise if we are determined to make of the whole of our nation everything it has the capacity to be.

Yes, Mr. Speaker, we represent many prejudices, hopes, wounds, and many mistakes. Perhaps we find ourselves all too often taking for granted a host of things which other nations, at other times, could not take for granted. But I suggest to you, Sir, that if we are careless and wasteful, if we underestimate the complexity of the things we must do, if we are self-confident and self-indulgent, if we try to deceive others with a double standard which involves half-truths for ourselves and insists on whole truths for them, if we fail to read well the lessons of history—and I refer to the days of the depression—concerning the geography of our country and the total spirit of Canadians, we can and will spoil probably the greatest opportunity which God has given to any people.

The fundamental change we have to make, Mr. Speaker, is in ourselves, our attitudes as Canadians, and we have to make that change in support of a government which, by its legislation, by asking for the borrowing authority in this particular bill, is a government which shows it does care because it has that mix of free enterprise entrepreneurial spirit, along with the philosophy of looking after those who really need help. Tell me what other country in the world today has the social programs we have for the benefit of its people? The problems to which I alluded earlier are great, no question about it, but they would be even greater if Liberal governments of the past had not put in place the social benefits which many people are using now to sustain them in their daily life and occupation.

Some hon. Members: Hear, hear!

Mr. Burghardt: Mr. Speaker, in a country like ours today there is a big market for people who not only tell it like it is, but who try to show how it ought to be. That is not always an easy road to follow; there are many potholes which one sometimes finds oneself in. But if we have the spirit, determination and will, then we can and will survive. Therefore, as we consider this bill to establish additional borrowing authority, I suggest we must reflect upon the role of the creators and distributors of wealth, and we must attempt to secure a harmonious balance between the two.

• (1540)

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, it is a pleasure to speak on Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds. Basically, this is a bill to gouge more revenue out of Canadian taxpayers so the government can pay off its incompetence in the economy.

The last speaker, the hon. member for London West (Mr. Burghardt), must have been speaking about some other government than the one in power in Canada at the moment. If he thinks his government is compassionate and if he has compassion, I would like him to come to my riding and talk to some of the people who have been writing to me and lobbying the Minister of Finance (Mr. MacEachen) to make changes in the budget. They have also been seeking help to find jobs in this country. I found no solace in the comments of the Minister of Finance in question period both yesterday and today. He was asked what new economic plans this government was going to implement as a result of the cancellation of major megaprojects which would have provided jobs for Canadians. These jobs are no longer in place because of economic conditions in the world, high interest rate policies and the government's National Energy Program, which has come under a great deal of criticism over the last year.

I am sure many of the backbenchers on the government side feel the same kind of frustration that we in this party and those in the Conservative party feel when we go to our ridings to talk to people, people who have worked in communities and built up businesses and reputations, according to the work ethic to which the hon. member for London West adheres.

I want to talk about a few of the businesses in my community that are no longer doing as well as they anticipated. I want to describe what impact this is having on the people. First I want to talk about a company that has been very successful in the forest industry worldwide. It supplies heavy logging equipment. The name of this company is S. Madill Ltd. It is a private company, established in Nanaimo. Initially, it developed mobile spars which caught on in British Columbia. From that start the company shipped its product to areas of logging throughout the world. S. Madill Ltd. enjoys a solid reputation in the community of Nanaimo. At one time it had up to 140 people employed in that industry supplying spar trees and other heavy equipment for the logging industry. This company now has only about 30 employees, mostly in administration. It has had to lay off its machinists, engineers, architects and many of its technicians, who have now gone who knows where. Perhaps they are in other parts of British Columbia, Canada or perhaps throughout the rest of the world. Those people are now lost to that community and to that company even if there is a turnaround in the economy. There were many long-time employees in that company who had served 20 and 25 years and never anticipated being out of work. But they did find themselves out of work because of the economic conditions in Canada and the United States.

My next example concerns a consulting firm. I know of an individual who has worked most of his life developing a consulting firm with well-trained engineers and technicians. He had a very profitable business going until there was a downturn in the economy. This individual is faced with the prospect of laying off his employees who had worked for him for years and years. They were dedicated employees and indeed they developed a friendship with their employer. He is faced with the task now, or soon will be, of laying off those friends and workers. This individual has requested me to ask the Minister of Finance to write the letter informing his workers that they will be laid off. He wants the Minister of Finance to write the letter to explain why these people are losing their jobs and why his business will no longer be in existence. I think it would be constructive for the Minister of Finance to sit down and write some of those letters, letters which many employers in this nation have had to write as a result of the economic conditions supported and implemented by the Minister of Finance and his government. I hereby request the minister to perform this task.

The lumber industry in British Columbia is a key to economic growth. At the moment in British Columbia thousands and thousands of woodworkers have been laid off permanently. Others are suffering from shutdowns of varying periods from now until at least the end of September. In my riding there are approximately 10,000 people on unemployment insurance. This is 10,000 people who are no longer working in the woods industry or in businesses within the community. Of course, they are no longer contributing income tax to the federal government.

In this bill we are asked to approve a borrowing authority of $6.6 billion. Much of that money will have to go to pay unemployment insurance benefits or associated costs of government because of economic conditions, none of which brings money into the economy. This is a government handing out money through social programs of which the hon. member for London West is so proud and on which Canadians have become dependent. Certainly we are not saying here in the House of Commons that the unemployment insurance program is supposed to be there so we can put 1.3 million or 1.5 million people on that roll instead of giving them full employment. But the situation the British Columbia loggers are facing is that of collecting unemployment insurance for a certain period of time and then they will have to go on to the welfare roll.

Major pulp mills in Nanaimo and Port Alberni are facing lay-offs over the summer months which will cause a further economic downturn and problems within the community. This will certainly affect the small business community, which is already hard hit by economic conditions and high interest rates.

The building association in my riding is suffering from bankruptcies within its organization. More and more people have been thrown out of work. On Vancouver Island, the estimates from the carpenters' union in mid-March revealed a 28.5 per cent unemployment rate in its membership in British Columbia. On Vancouver Island 38 per cent are unemployed. In parts of Vancouver, up to 60 per cent or 65 per cent of people in the carpentry industry are out of work.

The economic conditions in Canada are starting to trickle through the system and affect young people. We have seen recently the Established Programs Financing Act cutbacks and cutbacks imposed by the federal government in cost-sharing of health care and education.

The implications of unemployment, high interest rates and the cutbacks in program cost-sharing between provinces and the federal government will mean more and more of our young people will be unable to go to university. First, our young people will have to pay higher fees if they can go to university. Provinces and the federal government are cutting back their contributions to universities. Young people will be faced with higher fees, but now they are faced with the prospect of not getting jobs this summer. In British Columbia, the main employer of young people in summer months is the woods industry. At present, we have 15,000 permanently unemployed in that industry. There is no hope of people coming out of high schools, colleges or universities this summer finding jobs in the forest industry to finance their education next year. We are losing skilled workers not only in our business but in our industries. We are not allowing the young people to get the employment and the education they need to become technicians, engineers, scientists and trades people.

We have a federal government that talks about a billion dollar job program, but the problem with that is that there are no jobs for those people when they get their training. In the lumber industry companies are laying off permanent workers but they are also now laying off apprentices. Apprentices are unable to get their training at the trade schools in British Columbia because they do not have the appropriate number of hours of employment to qualify. Both the federal government and the provincial governments are preventing young people from getting training. These are the people we so desperately need in Canada if we are going to meet the economic conditions which we hope for, with progress and growth in energy sectors, in the microelectronics industry, in shipbuilding and others industries that we as Canadians need for our future growth. The young people of Canada are particularly hurt this year because of the economic conditions that are being imposed on them by the federal government and some of the provincial governments which support the federal programs.

• (1550)

Health care services in British Columbia are feeling the effects of the present economic condition. We find that more and more nurses and hospital workers will be out of work, thus reducing the health care available to the population of British Columbia.

I want to talk about why these conditions exist. The message that indeed we are in a crisis situation has not reached the Government of Canada, despite the protests of the business community over the budget, the objections to the high interest rate policy by the Canadian Labour Congress and the 70,000 to 100,000 people who paraded outside the Parliament Buildings on November 21, and the hundreds of thousands of letters which were sent to the minister objecting to the provisions of the budget.

When they talk about compassion, do they ever think about what it means to a home owner who has worked all his life to build his home, only to find that his mortgage rate rises from 11 per cent or 12 per cent to 20 per cent, 23 per cent or 24 per cent and that he has to forfeit his home? Do they ever think about the feelings of that individual or the feelings of individuals who built up consulting firms or businesses of any nature and suddenly find that, because of the high interest rate policy, their businesses are foreclosed, put into bankruptcy or into receivership? I do not think the government really considers the feelings of these people or what it is presently doing to the economic and social health of the country.

We repeatedly hear that the reason for the high interest rate policy in Canada is to bring down inflation. Over and over again the government has been reminded in the House that the inflation rate is not abating. In fact, the inflation rate is still around 12 per cent, despite the high interest rate policy, bankruptcies and the loss of farms, homes and fishing vessels. What are we gaining in the country? We are losing our skilled workers to the unemployment rolls and we are losing income from people who could be working and contributing as Canadian taxpayers to the social programs of which we are so proud.

The high interest rate policy is being adopted because President Ronald Reagan adopted that program in the United States. It is not only the Liberal Party of Canada which supports that policy; it is also supported by the Tories. When President Reagan addressed the House and gave us an economic lecture, the Tories rose en masse with a standing ovation and a thunderous applause for the economic policies which he wanted Canada to implement in support of economic conditions in the United States. There are ten million people out of work in the United States. There are 1.5 million people out of work in Canada. The Conservative government of Britain is putting it to the British people, where there are three million people out of work. All these governments follow the same policy as the government across the way. What is Canada gaining from it? We are not gaining anything from it, and we know that we will not get anywhere with the present government. It is encouraging that people in the United States are finally awakening to the fact that the monetarist policy supported by hon. members of the Conservative and Liberal parties is not working there. It will not work here either.

Some hon. Members: Oh, oh!

Mr. Miller: The Tories do not like to be reminded of their policies. They like to fool the Canadian public into thinking that they are progressive. They are not. They are conservative and supportive of the republican government in the United States.

What about the job-creation policies of the Minister of Employment and Immigration (Mr. Axworthy)? Perhaps he should be referred to as the minister of unemployment. He offered 10,000 jobs to the province of British Columbia through a job-sharing agreement with that province in the woodworking industry. This would almost employ the people who are out of work in my riding. It is not a permanent job creation program; it will supposedly enhance our future forest industry. We support the concept that we should maintain and look after the forests in British Columbia.

At the same time as the minister put $24 million into that program, we have MacMillan Bloedel in Nanaimo laying off woodland services people. These are the people who conduct experiments to ensure that we have growth in the future; they do the spacing and the fitting to ensure a healthy forest. Companies are laying off the people who do that work, and people are put back to work through government subsidies to do the same job. The government should respond to those layoffs by private companies and ensure that they maintain woodland services and contribute equally to the forest silviculture program.

What could the government be doing? It could sit on its rear end, as it has, and ignore the pleas of the business community, of workers, of home owners, of farmers, of fishermen and of the House of Commons. Or it could do something. It could move to bring down interest rates, the major cause of problems in my riding and I suspect the major cause of problems in the

ridings of every hon. member. Everyone who writes to their member of Parliament indicates that interest rates are killing them, whether they are workers in the construction industry or home owners. People in the forest industry know that the downturn in housing construction in the United States is because of its high interest rate policy.

Why can we not develop some initiative, some drive and some enthusiasm in Canada for the economy? Why can we not have a government in Ottawa which supports sourcing of manufacturing related to the Canadian resource industry? Dome Petroleum estimates that it will need 140 vessels by the year 2000 for Beaufort Sea exploration and development. Does the government have a policy of building ships for offshore oil and gas exploration in Canada? No, it does not. It will go anywhere in the world to buy ships; it will not provide shipbuilding jobs for Canadians.

Mr. Paproski: It will even buy from socialist countries like Russia.

Mr. Miller: Yes, it will buy from Russia, Taiwan, the United States, Japan or Germany, but it will not provide jobs in Canada. It will not provide jobs for skilled workers and the spin-offs from the shipbuilding industry.

The government should develop a policy whereby the equipment used in megaprojects, if any ever get going, in coal development and in mining in general is sourced in Canada. Why can this not be done? We have a government which does not believe in and does not want to involve itself in such programs.

There could be a steel mill in British Columbia, for example. The federal government and the provincial government of British Columbia could take the initiative to establish an auto manufacturing or parts plant for Japanese cars in British Columbia. The government should be committed to jobs for Canadians and from those jobs to access to universities for students and access to social programs through balanced budgets, rather than to deficit financing. We will not be able to support the social programs in Canada to which we have become accustomed if the government continues to borrow at high interest rates and to pay foreign banks on these loans. We must develop an industrial strategy so that we know what kinds of jobs will be needed in the future, and we must plan a strategy so that young people obtain jobs and the necessary training.

Borrowing authority will not solve the underlying problems. The problem with continuing to borrow is that we simply spend more of our budget on financing the national debt. That is a blind end or a dead end; that is something which Canadians will not and cannot tolerate any longer. We need a government which really believes in the initiative and self-reliance of Canadians. I believe the government can begin doing that by bringing in a new budget and some new economic policies to give Canadians job opportunities and education for our young people.

• (1600)

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I found it quite interesting listening to the remarks of the last speaker. I think it would only be proper to remind him that it is not so long ago that provincial members of this party were imposing unheard of royalty burdens on natural resources.

Mr. Kristiansen: Eight per cent growth.

Mr. McCain: Those burdens have had a major impact upon the viability of the natural resource industry, whether it be fishing, forestry or mining.

Mr. Kristiansen: It produced 8 per cent growth while you stagnated.

Mr. McCain: It is not so long ago that the NDP, in co-operation with the government of the day, tried to make profit a dirty word.

Mr. Kristiansen: Only when you sell nukes to the Nazis.

Mr. McCain: Not only has the hon. member's financial capability proven questionable, but his manners are deplorable. I did not inject a word of complaint about anything he had to say, regardless of how much I disagreed with it. I am now commenting on his remarks and if he would care to comment on my remarks at some later time and in proper form, I welcome that and challenge him to do it.

It has been proven beyond any question of doubt that prosperity and profit go hand in hand with employment.

Mr. Kristiansen: It is my people you are laying off. That is why I am angry.

Mr. McCain: When prosperity and profit do not exist, employment declines to a point which is as much concern to me as it is to the hon. member in the NDP. Our hearts are in the same place; our philosophies are totally different. Our philosophy seeks employment and opportunity. Our philosophy seeks those opportunities which the hon. member for London West (Mr. Burghardt) described as existing in his youth and which enabled his success. I believe his success can quite properly be measured by the respect he has earned from the people who placed him in this House. The opportunity was there in the 1930s, as hard as it was to come by. We now find that opportunity declining. It has declined since the Government of Canada adopted NDP philosophies.

In co-operation with the NDP, the government has attacked profit. It has not encouraged productivity or investment, and, as a matter of fact, has discouraged it.

Mr. Kristiansen: You only know how to shovel out money.

Mr. McCain: Just as the NDP member, I am standing in the House today imploring this government to look at what it has done to employment opportunity for Canadians of all ages, from the student up to the more mature people of our society.

Mr. Kristiansen: The audience has a right to react to the bad actor.

Mr. McCain: I wonder why the loquacious individual on my left has not made a somewhat more in-depth analysis of Canada's economic structure. Has he read the analyses, not only of the precarious financial structure of Canada, but the very precarious structure of the free enterprise system? I suggest that reading a newspaper report of our financial situation is like reading an obituary. The number of bankruptcies in fishing, farming, forestry and small and large business is increasing day by day. Yet the government continues to attack the profit system which creates the jobs.

I suggest to this House that until such time as we start to balance our thoughts and philosophies with the economic reality of development and employment, this nation is in for a very hard time.

The hon. member for London West suggested that there is room to blend free enterprise and the public sector. The fact that we have done this has proven that there is room to blend. There was room for some Crown corporations to operate in Canada in particular areas such as the nuclear energy program, transportation and public utilities. Evidently, the public could be served better by a Crown corporation in those endeavours. We have adopted that philosophy and until the government arrived at the point where it attacked, regulated and taxed the property structure and the free enterprise system in Canada, there were jobs. There were jobs in Oshawa, Grande Prairie and in Carleton-Charlotte. Now that it has refused to blend and recognize the structure which has provided so much employment, those jobs exist no longer. People are unemployed and the taxpayers who are paying the cost are the ones who are suffering.

The proper blend between the private and public sector is what is needed and we must understand how to achieve this blend in order to restore this structure. First, we must examine some of the consequences of a declining economy in Canada on a local basis. I would like to use my own constituency of Carleton-Charlotte as an example. There have been several shutdowns by major employers in my constituency. As was mentioned by the hon. member in the NDP, the forest industry has experienced lay-offs and this has happened from one end of my constituency to the other. These lay-offs range from temporary to permanent. The closing of the veneer plant in McAdam is permanent, affecting roughly 250 or 300 jobs directly through that plant. That number rises to well over 300 when the supply spin-offs from the forest industry are added. This closure was caused by the fact that the government would not recognize under any circumstances the importance of the housing industry. There was no viable market for veneer produced in that town. Therefore, the economy, regulated and slowed down by design through the co-operation of the NDP and Liberal philosophies, has put those 300 people out of work.

Mr. Kristiansen: Ronald Reagan.

Mr. McCain: When you cannot find some subject to throw a rock at at home, you pitch it on an international trajectory. I have not mentioned Ronald Reagan. Nor is it his fault that we are in the position we are. We must look to home.

Mr. Kristiansen: It is the same play.

Mr. McCain: We are interested in what happens in the European community, in South America and in North America as well. All economic effects of the world economy impact themselves on our country and every other country in the world, but we should do for ourselves what we can. There are many things we can do.

We do not need a budget in Canada which requires us to pass a borrowing act which will add to the burden of the taxpayer next year and indefinitely. It is a non-productive piece of paper which enables the government to operate but does not produce anything.

Mr. Kristiansen: Where are you getting the $6.6 billion?

Mr. McCain: You will probably have to borrow it abroad now because the Canadian people have been stripped by your policies.

Mr. Deputy Speaker: With all due respect, I am sure the hon. member knows that he should address his remarks to the Chair.

Mr. Oberle: Borrow it from the international union. They have lots of money.

Mr. Deputy Speaker: Order, please. The hon. member for Carleton-Charlotte has the floor.

Mr. McCain: We must come back to reality. We have to determine how that co-operation between Crown corporations and private enterprise can survive. It cannot survive through taxation and regulation to such an extent as to make the operation neither profitable nor desirable.

• (1610)

These have been the constraints placed upon us. We can go further. There is a forging plant which had great promise, not only of production at the level which was initially undertaken, but a promise of major expansion. As the farming industry, construction in the railroad industry and construction in the heavy machinery industry declined, there was no longer a market for that production. That plant closed, taking with it another 250 to 300 jobs, something which would not have happened had there been an element of incentive in the budgets of this government or an element of encouragement or expression of interest in small business in Canada. But no, they are being taxed harder.

When we get down to the smaller business structure, I get more calls from small business in a month than I received in total in the first nine years I was in the House of Commons. Those calls range all the way from tearjerkers, such as the father who has been in business for quite some time, pleading

whether there is something I can do to get his son a job. He cannot help him finish college and get his degree. He will join the ranks of the unemployed. The father can neither employ and pay him nor assist him with college. That is the result of a declining economy and its impact on what was a prosperous business.

I can cite another retailer who gave me the message that in order to survive he had to dismiss an employee who had been in the family business which he now manages for 26 years. He said they have reached the point where they have to cut to the bone. Otherwise, they will not be able to sustain themselves or employ anyone in the future. They must therefore take measures which are most unpalatable. Dismissing an employee with 26 years seniority was very unpalatable.

That in part was caused by government policy. First, there was a change in the taxation structure. His profit picture no longer looked as good as the bank would have liked, so it lowered the boom. Second, there was an attack on profit by the government, supported by the NDP. There go the jobs. There is a difference between the practicalities of society, whether it be economic or social, and a particular and specific philosophy applied to the letter. This is what is happening here.

We have a philosophy that profit is a bad word, but we are not prepared to assess the consequences of the total application of the policy, whether it be in the oil industry, the farming industry, the forest industry, the fishing industry, or small business. They must have profit if they are to stay in business. They cannot under any circumstances expand without it. Profit has become a dirty word and this government has attacked it, supported by the NDP.

I now want to discuss a problem New Brunswick has had and the competence of people in this House to do something about it. The Department of National Defence has chosen to close down the Chatham air base. They have chosen to close down a plant which by reputation has perhaps the best weather of any eastern air base in Canada. That is number one. It is rather ironic that one would pick the best weather location and close it down. Second, it has closed one of the most tactfully and tactically located defence bases in Canada as it relates to the defence of eastern Canada. Once again we find ourselves in a contradictory situation. No matter what may be said by government officials trying to justify this closure, that is the appraisal of that base by experts in the field of defence. Therefore, that is not an excuse.

Their third reason, and I suppose it relates to the tactical location of the place, is that it is within the range of the flyway of Russian planes coming across Canada, and from the point of view of defence that is a very significant factor. In spite of those three major plusses of the location of a particular air base, it is being wiped out.

The fourth item which should be taken into consideration is the impact it made upon that beautiful community lying in the estuary of the Miramichi and the way it has been assessed by the people of New Brunswick. The people of New Brunswick do not write a lot of letters to their members of Parliament, but they do write some. I have a thicker file from the constituency of Carleton-Charlotte on that particular subject matter than on virtually any other such matter in my time in this House. I have received letters from mayors of villages, towns and cities as well as from individuals objecting to the hardship that is being unnecessarily imposed upon the town of Chatham.

I wish to read some parts of an editorial in the April 24 edition of the Saint John *Telegraph-Journal*:

> It is not often that the government and the opposition in the New Brunswick legislature agree on something. But the two parties joined unanimously this week in endorsing a strongly worded motion which calls on the federal government to ensure the future of Canadian Forces Base Chatham—
>
> The economic facts as cited in the legislature, speak for themselves: The Chatham base payroll amounts to $30 million and there is an economic spin-off estimated at $17 million; the base provides 1,550 jobs; and the base personnel, along with their families, account for half the population of the town.
>
> The Miramichi is already hurting badly because of the economic slump, with unemployment reported running at 44 per cent—probably closer to 50 per cent when those on welfare and those who have dropped out of the work force are counted, according to the Chatham MLA.
>
> The Canadian Mental Health Association of New Brunswick has also warned of the social impact if more people are thrown out of work by the closing of the base. Association president Dr. Leandre Desjardins had this to say: "I don't believe anyone can challenge that job loss will mean more social, health and welfare costs along with a great deal of human suffering".

I come to the power of the backbench in an opposition or government party. I want to mention it in association with Chatham and relate it to one other instance which will indicate that the members of Atlantic Canada who serve on the backbenches of the government of this day had their chance to resist. We watched them vote on the VIA Rail issue en masse, except one absentee from New Brunswick, in support of the cancellation of VIA Rail. If they had made a strong case in their caucus, that VIA Rail service would still be operating from Halifax, through Moncton, Saint John, Sherbrooke and into Montreal. Here we have a complete departure from responsibility when we talk about throwing 1,550 people out of work in an area which, according to the local MLA, already has 40 per cent to 50 per cent unemployment.

• (1620)

Now, the member for London West was saying that we should not complain about government efforts to cut back cost. We do not complain about government efforts to cut back cost in a rational way, but this does not exercise a saving in a rising budget, scheduled to rise on an annual basis; and now we are not going to save that money, we are simply going to spend it elsewhere. I understand the bulk of it is going to go to Bagotville, Quebec. I submit to you, Mr. Speaker that this is a gross and negligent act of bad faith with the voters from Atlantic Canada.

My constituency happens to consist of a fishing, farming, forest community and all of the little businesses that are associated with it. Some of them are not directly associated with the fish, farm and forest industry; some of them are producers of goods and services required outside the constituency. I have already mentioned the lay-offs in the forest industry; I have mentioned the difficulties with small business. I have not mentioned the difficulties the farming community is

experiencing, but here as in all the others the high interest rates are having an impact on the farming community which it cannot bear. There is no way, Mr. Speaker, that a young man today can take over a farm in Carleton-Charlotte at its proper value and pay the interest on the money and ever hope to accommodate his mortgage and his interest charges. The economy will not support it in the sphere of agriculture. Not only is the national net income to farmers declining, but in the community of Carleton-Charlotte it has declined even more because that community is primarily dependent on a single commodity which in this particular year has been overproduced on this continent as well as in this nation.

We must have a recognition of the need of these people. I was alarmed when I read in the Montreal press on or about the first of January of this year that the Government of Canada was undertaking negotiations with Russia to lend that nation a billion dollars for the construction of a pipeline. If the press were correct, the interest to be charged on that billion dollars was 10 per cent. I reflected back to the budget of November last, where we set aside 50 million measly dollars, relative to the Russian billion, for agriculture in Canada and we eartagged $5 million of that to subsidize the interest on the $45 million that we were going to lend to farmers.

Where is any sense of value in the frontbenches? Why the docile backbenches? I see a cabinet minister shaking his head. There is still some interest in Canada in continuing to try to negotiate that loan for the foreign power. I have no quarrel with that, if that is in the best interest of this nation, and it could well be. What I quarrel with is the neglect of the farming industry and the failure to recognize the crisis through which it is passing at this particular time. That recognition is not there, nor is it there for small business. The small business community is suffering bitterly. And with respect to the forest industry, historically, in the last ten years, we have been withdrawing assistance from that industry. We have withdrawn from general research, from forest research, from product research and from insect research. We do have some special research items in respect to the bud worm, for example, but the total effort on general research, product research, forest research and regeneration research has declined. Yes, Mr. Speaker, the forest industry is in very serious difficulty.

Why do we not take a look at the long-term best interests of Canada? Why do we not suggest that some of the unemployment insurance payments should be deflected into a reforestation program which is so badly needed, in eastern Quebec in particular, and in Atlantic Canada? These are vital programs and they would pick up a lot of people who are presently out of work and would put together a package which would be productive down the road.

The fishing industry is no exception. The fishing industry is a heavy consumer of petroleum products, relative to its income. The cost of that particular requirement for the fishing industry from coast to coast in Canada has virtually trebled. The cost of the items that the fishermen have to buy, has gone up as much as sevenfold in some cases in the last ten years. Coupled with that, the interest on loans, whether it be for capital equipment or operating expenses, has gone up, as we all know, to levels which are virtually intolerable. Again, as in farming, these interest rates are putting an unjust load, an unjust burden, on the fishermen because their income is declining, since the world markets are not there.

We must adjust ourselves to the problems of our economy, from the primary sector clear through to the major manufacturing sector. How are we doing? We are depriving the provinces of money we are going to save, $5.7 billion over the next five years. The Secretary of State for Canada (Mr. Regan) has said that we are giving the provinces more money than they got last year. Now, Mr. Speaker, that is a true statement if we take it only in the literal sense of the word. If we count the dollars they got last year and count the dollars they get this year, yes, they will get more. But once again, like the application of a philosophy, it must be analysed to see the truth and the reality of it. The reality is that we are giving them fewer real dollars. We are by no means keeping up with the inflationary structures which exist in this nation today.

As a result of this, the University of New Brunswick has made an unusual and exceptional increment in its cost of admission. It is an increase of roughly $200 per annum, something like 17 per cent. This has been necessary even though the provinces have contributed more to the universities for this coming year than the inflationary increment would ordinarily demand. The provincial donation to the university is up by something over 13 per cent, but that is not enough to keep up with the inflationary pressures and the lack of research projects which universities would ordinarily expect to receive and which would help to sustain them. So the students are not only not going to get a chance to work, as was mentioned by the gentleman on my left, but they will find that they have to pay more. This is happening at a time when young people are realizing that if they had more education they might get more work. Therefore, the trend of a declining student population in universities is being reversed. In the last two years applications for admissions have been up. But it is questionable whether or not they will be able to stay there, because of the cost.

The public is deceived, Mr. Speaker, when a government spokesman says that the provinces are getting more dollars but fails to say that they are not getting enough dollars to help the provinces keep up with inflationary impact. It means that hospitals, schools, colleges, social services, all aspects of the provincial expenditure will have to be reconsidered if they are to be kept to the present standard. There is no choice. It is deplorable to me that a former premier of an Atlantic province would stand in this House and in any way excuse this government for a reduction in real dollars, when he knows, because he has sat in the cabinet, that the objective of the Government of Canada is to save $5.7 billion over the next five years in payments to the provinces. To any reasonable man, the consequence is obvious.

• (1630)

In the city of Saint John, we have the shipbuilding industry and we have similar potential in other parts of Atlantic Canada. In this case, I agree with the hon. member to our left. We need a policy in Canada whereby we can serve our own needs. If Dome wants 140 ships, how many do the other offshore companies require, the companies which are presently exploring for hydrocarbon products or which may, at some other point in time, explore for them? How many ships are really needed? Certainly, we are speaking of hundreds.

The policy in this country is that we will subsidize some of this exploration through a PIP grant or some other type of grant. I forget what it is, but it does not make any difference. We will tax the people and give it away. However, that policy does not ensure that the offshore rigs, the supply vessels and the transportation requirement will be supplied by Canadian ships. As a result, our Canadian shipyards are experiencing declining employment. We have reduced our basic subsidy to the shipbuilding industry to an unrealistically low level. We have allowed those companies which we are subsidizing to rent or buy or order ships from offshore while our people in the shipbuilding industry of Canada are not employed in the numbers which are possible and our expertise is not utilized. However, we will borrow for further non-productive purposes.

The Prime Minister (Mr. Trudeau) said a funny thing. He spoke in New Brunswick and in Charlottetown and he said, "We would like to recommend that we freeze salaries for civil servants making more than $50,000 a year. We would like the Premiers of Canada to accept the idea of wage and price controls, and we criticize them because they do not. They do not co-operate."

Let me quote directly from the article in *The Citizen* dated May 4, 1982. In reference to the Government of Canada, the Prime Minister stated:

"It has to be governed from both levels and it is governed best when both can co-operate." Mocking the premiers—

The Prime Minister mocked the Premiers, the article states:

—for their response to his idea of wage controls in February, Trudeau said "it seemed like a simple enough idea to me".

I suppose that one would have to remember that he said this, as reported on May 4, 1982, after he had increased the salaries of Pitfield and his own staff around him, his own PMO, by 23 per cent. So are we to agree to a proposal of wage and price control with that fact in front of us? There is no example more blatantly contradictory to the proposed objectives of the Prime Minister and this government than to raise the high level salaries of the Prime Minister's own office by 23 per cent while asking the rest of Canada to give serious thought to wage and price controls.

I think it is time that we read a few of the quotes which refer to this government and its Prime Minister, and they reflect on every hon. member of that government, whether backbencher or frontbencher. Richard Jackson, in *The Telegraph-Journal* of April 24, stated:

Trudeau is preaching restraint and spending $400 million on a new art gallery and museum. He's throwing around so much money on staffing new agencies that the Ottawa bureaucracy is the biggest growth area in Ontario.

The article continues:

"Big TO", as Torontonians like to call their self-designed Centre-of-Everything, is down 5.4 per cent, Ottawa is up 14 per cent, with its eastern suburb, Gloucester, ahead 29 per cent and its western extension, Nepean, 50 per cent.

With the federal government intervening more and more in business, industry, agriculture and just about any sector of private enterprise that catches its eye, the bureaucracy has become an all-pervasive growth industry.

It might be interesting to quote Charles Lynch again from *The Telegraph-Journal* of April 26, 1982. In reference to the Minister of Finance (Mr. MacEachen) and his budget, he stated:

Allan MacEachen, the last of the cockeyed optimists, has finally chucked it in and admitted things were terrible.

Everybody else in Canada had known that for months, but there was something faintly reassuring about poor old MacEachen, threshing about in the ruins of his misconceived budget, insisting that there was light at the end of the tunnel.

The article continues:

"The recession, or the downturn," he said, "is deeper than we expected. I am not in a position to confirm whether they are correct in saying that it is the worst since 1947. It is bad enough the way it is."

The finance minister said he did not believe the Conference Board forecasters were in any way overstating the gravity of the unemployment situation in Canada. And he admitted that the American performance on the price and wage fronts "is certainly better than Canada's"—

The Minister of Finance said it is certainly better than Canada's performance. The article continues:

As will be seen, MacEachen sounds like a man who has run out of steam, and out of ideas, and out of the faith necessary to sound confident even when the sands are shifting under his feet.

That was the press comment. Let us take a look at another article. On April 26, 1982, a gentleman addressed a group of people interested in housing and according to an article in *The Telegraph-Journal*, he stated:

Saint John area apartment dwellers who have been sighing with relief as they watch home owners trying to cope with skyrocketing mortgage rates could soon feel the effects of those high rates themselves, according to the manager of the local Canada Mortgage and Housing Corp. office.

"I think our feeling on rents is, in the same way that a mortgage rollover situation has hit the home owners, it's hitting apartment owners," said Larry Holman. "And for that reason, rents are going up.

"Many apartment buildings in Saint John have, in fact, been operating in deficit positions, probably for the past few years, because of the high vacancy rates that have existed over part of that period."

The article continues:

"Rents in Saint John are relatively low, compared to other cities of comparable size," said Mr. Holman. "And they're certainly low when you compare them to the cost of home ownership in this market. It is certainly a lot cheaper to rent than it is to own in this particular market, at this particular time. It hasn't always been that way."

"So, I think you're going to see rental increases," Mr. Holman said—

That should be of interest to those hon. members to our left. The article refers to home owners. Of course, a home owner can get a small additional loan if a much higher interest is added on to his mortgage. The article states:

The deferral is, in effect, a loan, which results in an increase in the mortgage debt and requires repayment at the end of the deferral period.

The article states further:

> Mr. Holman said the just-passed legislation covers only a one-year period and new legislation will be required if the assistance program is to be extended.

I have in my hand another article which I guess time will not permit me to read. The title of that article asks, "Is Home Ownership becoming a Myth?" When the hon. gentleman from London West was born and as he grew up, home ownership was considered to be as near a right of a citizen of this country as any right that we recognized. There was the right to have the ambition and opportunity to buy a home within a reasonable period of time. Now this article in *The Telegraph-Journal* asks, "Is it a Myth?" I am afraid that is exactly what it is becoming. We must get the interest rate down.

When we see an hon. member and a former premier such as the Secretary of State for Canada criticizing provincial governments anywhere in this nation of Canada for whatever budget they may bring down, after he was responsible for the rendering of medical, social, welfare, hospital and other services which government must provide, when he is fully aware that the real dollars going to the provinces are lower than they were the year before, and when he is fully aware that the government's objective is to save $5.7 billion in reduction of these provincial payments from the federal structure, then that can be called whatever an honest man would like to call it. My definition of that would not be parliamentary at all.

• (1640)

I have to wonder when the obituaries will stop coming in. Is the obituary of small business in Canada to continue being written? Is the economic obituary of the farmer in Canada to continue being written? Have we had an obituary to Alsands and all the other megaprojects? Does this extend to Atlantic Canada? Do we have a miscarriage, perhaps, because those megaprojects that could bring energy from the seabed will never mature?

This budget, this tax structure, this government's management, this expansion of government while pleading for productivity, is absolutely contradictory and can only be referred to as an obituary for the things we have cherished in the past and which are gradually getting out of reach. The auto, the home, the apartment, the farm, the fishing boat, the forest woodlot—are these completely beyond our reach today? At the moment it would appear that with the policies of the government and their impact upon interest rates, these things are either beyond our reach now or are becoming beyond our reach.

Some hon. Members: Hear, hear!

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, I listened to the hon. member for London West (Mr. Burghardt) take on the impossible task of defending the unworthy policies for which he and his colleagues are responsible. I heard him recite the Liberal rote—that our national economic problems are simply related to what is going on all over the world. What a demonstration of blind political loyalty! It is totally unbecoming of any member of the House. I thought that this particular member would not accept so unthinkingly the standard line of argument established by the Minister of Finance (Mr. MacEachen) and the Prime Minister (Mr. Trudeau).

Who but the Liberal government is responsible for the Alsands and the pipeline fiasco? There are 1.5 million people unemployed in Canada and projects have been lost through the Liberals' careless exercise of power in search of political rather than national goals which would have given employment to one third of the people presently unemployed. Some 500,000 people who are unemployed today can point directly to the failure of the Government of Canada as the cause of their unemployment. These unemployed do not shrug off their circumstance as an inevitable consequence of international economics. They know better and so do hon. members opposite.

The calls made in this House today for the resignation of the Minister of Finance voiced the deepest sentiment of the people of Canada from coast to coast, from city and farm, from young and aged and, very significantly, from thousands of Canadians who formerly held membership in the Liberal Party of Canada. This disastrous government and all the docile, obedient members who disgrace responsible elected office should resign and give Canada the break it deserves.

Today we are dealing with Bill C-93 which combines the more conventional borrowing authority bill with a number of amendments to the Excise Tax Act. This is an omnibus bill in every sense. It is an omnibus bill which provokes many of the very same objections which were so clearly enunciated and understood by the people of Canada during the bell-ringing episode of a few weeks ago.

The average Canadian on the street, on the farm, in the factories, in the homes of our nation grasped the abuses inherent in Bill C-94. They understood the issue then and I think they will resent the fact that an arrogant government is proceeding with a bill in almost duplicate circumstances, as if the lesson had not been learned.

The situation with this bill is the same as with Bill C-94, namely, that standing committee examination will be denied because of the ways and means taxing authority inclusion. It is almost a repeat of the circumstances which, in more exaggerated form, brought about the ringing of the bells and the jelling of public opinion in opposition to the tactics of the government and, finally, to the capitulation of the government as a result of the pressure of public opinion.

Of interest and significance to all people across Canada who care about democracy and who can now see the concrete results of the actions of Her Majesty's loyal opposition regarding Bill C-94 is an advertisement which appeared in newspapers across Canada on Thursday, April 22. Under the heading of "Standing Committee on Energy Legislation" the advertisement reads as follows:

> The Standing Committee on Energy Legislation of the House of Commons will be holding hearings on the following pieces of legislation:

It then lists Bills C-101 to C-108 and goes on to say:

Individuals and organizations wishing to make written submissions to the Committee relating to the subject matter of these Bills may do so—

Vindication and satisfaction has been experienced. This type of examination in committee of the component parts of Bill C-94 became possible after the taxing provisions of the original bill were removed. This allowed the other split-off portions of the bill to move to the standing committee where expert witnesses can be heard. This advertisement is evidence that the position we took at the time was correct. The public must know that the same circumstances pertain to the bill before us, and because it contains taxing measures, standing committee examination may be prevented. In each of the four recent experiences with borrowing authority bills which were separate entities, the bill was referred to the standing committee for detailed discussion. This enabled the House to call witnesses to discuss the government's borrowing and debt financing policies. The composition of this borrowing authority bill sets a poor precedent and, as such, is to be regretted.

In the Lambert Royal Commission Report on Financial Management and Accountability the following statement appears:

In the United States the level of the deficit is regarded as a matter of grave concern. Arthur Burns, the former Chairman of the Federal Reserve Board, recently addressed this issue in a lecture at Georgetown University—

"—the persistence of substantial deficits in our federal finances is mainly responsible for the serious inflation that got under way in our country in the mid-Sixties."

• (1650)

The persistence of substantial deficits is mainly responsible for our serious inflation. Compare this stated anxiety about expanding government deficit spending with the reaction of our own Prime Minister, who evidently really does consider that the deficit is nothing more than a bookkeeping entry. Small wonder the economy of this country is in tatters under the careless leadership of one man who has never had the delight and exhilaration of working and achieving out there in the real world. Every farmer, every owner/operator of a country store such as we have in my home town of Kaleden, every plumber and mechanic, every one of Canada's millions of harried housewives, is trying to fit the staggering price increases for food, shelter and clothing into the family budget.

The common, ordinary working people of Canada, Mr. Speaker, the backbone of our economy and the salt of the earth, could have told the prime Minister that spending vastly more than your revenue gets you into trouble sooner or later. Even Canada, rich though it be in resources and talented people, cannot put off forever the day when accounts must be settled. The bland assumption of the Prime Minister that the world will unfold as it should does not shelter our citizens from the realities of life and the economy. Canadians are now feeling the effect of an almost criminal neglect of economic principles by the Prime Minister and his faithful coterie of followers so beguiled by the vision of power and influence, or perhaps just in earning an approving nod from their leader, that in these circumstances they are apparently prepared to put the nation in jeopardy.

Miss Nicholson: Mr. Speaker, perhaps I misunderstood what the hon. member was saying, but it sounded to me as though he was attributing motives to members and I believe that is considered unparliamentary.

The Acting Speaker (Mr. Blaker): The Chair will take note of the remarks made by the hon. member for Trinity (Miss Nicholson), and will listen to the remarks made by the hon. member for Okanagan-Similkameen (Mr. King); but perhaps the hon. member can take note of those remarks and guide himself accordingly.

Mr. King: Mr. Speaker, I certainly would not want to say anything to offend anyone's sensibilities, because I notice that just does not happen in this House.

It is the philosophy of "the nation be damned" which shows up in the inevitable and damaging statistics of inflation, unemployment, bankruptcies, and the hundreds of thousands of personal tragedies encountered by Canadians from coast to coast. It is Liberal government policy, past and present, which is responsible for Canadians losing their homes because they cannot meet interest rates demanded by the lending institutions as a direct result of this government's sins, with a capital "S". It is Liberal government policy sins, past and present, which are responsible for Canadians losing their farms and small business enterprises. It is Liberal government policy failures and neglect, past and present, which are responsible for something like 1.5 million unemployed. What a legacy of failure, tragic failure, this government has provided citizens of Canada who deserve so much better.

The importance of the bottom line may still be obscure to the Prime Minister of Canada, but Canadians know who is to blame for their unhappy predicament. In case members opposite have not understood, let me repeat with double emphasis: the people of Canada know that the cause of the economic disasters which face them is the failure of Liberal party backbenchers to stand up for the things they know to be proper, decent, and imperative to a just and honourable society. The members opposite should look themselves squarely in the eye and say, as did Pogo: "I have seen the enemy and he is us."

In an attempt to divert public anger and attention, the Minister of Finance makes much of his alleged war on inflation. The way to bring down usurious interest rates, he claims, is to wrestle inflation to the ground, and we agree. This is a campaign to which he would like Canadians to believe he is deeply committed. Yet when we consider the nature and cause of inflation, as Arthur Burns defined it when he said that "the persistence of substantial deficits in our federal finances is mainly responsible for the serious inflation under way in our country", we can see that the minister cannot expect Canadians to take him seriously at all because the very inflation he says he wants to control is being fuelled by the government borrowing and spending which he so enthusiastically endorses.

According to the November, 1981, budget, spending, taxes and the deficit will all be considerably higher this year than they would have been under the Conservative budget. In fiscal 1982-83, on a public accounts basis, the government will spend $75.4 billion, or $8.2 billion more than the spending projected in the Crosbie budget. On a national accounts basis the Liberals will spend $86.9 billion, or $14.3 billion more than was planned by the Conservative government.

The Liberals have broken their promise to hold spending growth below the GNP. In fiscal 1980-81, spending on a national accounts basis grew by 15.2 per cent compared to a growth in the GNP of 10.6 per cent. In fiscal 1981-82, spending rose by 22.1 per cent, compared to a nominal GNP growth of 13.3 per cent. Between fiscal 1980-81 and fiscal 1983-84, the Liberals will spend $26.6 billion more on a public accounts basis than the Conservative government had planned to spend. On a national accounts basis they will spend $44.4 billion more. The borrowing requirements over this period of time will be over $6 billion more. Interest on the public debt will be $16.6 billion this year, the equivalent of $680 per capita, or $1,750 per taxpayer. The government's gross debt and total liabilities was $119 billion last year, and has probably exceeded $135 billion by now. These statistics are reflected in the borrowing authority aspect of this bill and in the requirement to seize every opportunity to sock it to the Canadian taxpayer by adding tax upon tax upon tax.

• (1700)

But the implications go far beyond these facts. The most damaging implications are to be found in the rate of inflation in Canada and its impacting upon people measured through the cost of living index. This is where it hurts.

I want to read a short definition of inflation which is a pertinent commentary on Liberal government economic actions as specifically related to the need to borrow and the need to tax. Inflation, according to both conventional wisdom and the economics text books, means increasing and high prices. This definition is in error.

The price of anything which is bought or sold is determined by the interplay of three factors: first, the demand; second, the supply; third, the amount of money in existence. When a price increases because of a change in the relationship of supply and demand, the price of only a single good or service is affected. When a price changes because of an increase in money supply, prices of all goods and services increase proportionately. When prices increase because of a change in the relationship of supply and demand, the value of money is not changed. When prices increase because of an increase in money supply, the value of money is reduced.

Thus the definition of inflation as an increase in price is incomplete and confusing. It is proposed that inflation be defined as a decrease in the value of money. This decrease in the value of money then causes a general increase in all prices. The purpose of controlling inflation is to retain the value of money. Inflation is often thought of as a disease of the economy. This is not true; inflation is the symptom of a disease. Inflation is a symptom, a symptom of an increase in money supply.

Most treatments of inflation are aimed at treating the effect of inflation. Artificial measures to change supply or demand are dangerous. Monetarism, the controlled growth of the money supply, is theoretically a better treatment. However, there may be an unfortunate side effect of monetarism. This is pertinent now to the bill. This occurs if the government does not stop its excess spending and instead shifts its financing mechanism from money creation to borrowing. The competition for the limited amount of money drives up interest rates to the point where they adversely affect supply and demand. That is exactly the situation that we in Canada suffer as a result of the actions of the Government of Canada.

There is an interesting article in *The Citizen* of Ottawa which is usually known as a pro-government newspaper. I wonder if anyone on the other side reads *The Citizen*?

Mr. Cousineau: Yes, every day.

Mr. King: In the April 27 edition of this newspaper, there is an article headed "Do-nothing policy fuels inflation". In part the article reads:

—the evidence suggests that the government had decided not to take any new economic initiatives—demonstrating once again its lack of foresight and its intellectual paralysis.

The official version of the decision to do nothing is that the government intends to pursue its policy of fighting inflation. Once inflation is suppressed, the argument goes, interest rates will fall and job creation will increase.

That would be fine—except for one thing. The government has no anti-inflation policy. What it has is a high unemployment policy.

The article continues:

High unemployment, brought about by the interest-rate induced recession, penalizes the most defenceless members of the work force, and that is blatantly unjust and cruel. It also won't cure inflation.

The majority of Canadians, who retain their jobs, will still demand parity with the inflation rate. Those who lose their jobs will have to be supported by government spending. The recession . . . will erode government revenues.

That means the government will have to borrow more, and inflation will persist.

That is an article written for *The Citizen* on April 27, 1982. I suggest members opposite read that article and take note of it.

Ronald Anderson wrote an article for *The Globe and Mail* which appeared on April 27, 1982. His article had the heading:

Having wiener roasts with wolf at the door.

Ronald Anderson writes this:

While the Canadian economy spirals downward in its steepest dive in two generations, the federal Cabinet met during the weekend at Meach Lake, its favourite holiday retreat, to ponder the country's most urgent problems.

The crisis agenda includes discussion of the next stage of constitutional reform, social policy and parliamentary reform.

How is that for having your priorities straight, Mr. Speaker? The article continues:

In between their searching analyses of what the Cabinet regards as the really crucial issues facing Canada, the ministers did find time for a passing reference to economic policy: They agreed to leave it alone.

That is, they decided to continue leaving the fight against inflation to the Bank of Canada.

Mr. Anderson quotes from the Business Council on National Issues as follows:

Mr. MacEachen's assurances that the fiscal objective is to reduce deficits and borrowing requirements over the next two or three years—

As sincere as this commitment may be, we would prefer to see quicker and tougher action on this front. We ask you to re-examine your expenditures—

We ask that in the House every day. Mr. Anderson's quote of the business council continues:

—particularly as they apply to supporting the further growth of programs, infrastructure and public service employment. We believe that in some areas there must be room for actually reducing expenditure through rationalization of services.

I think we on this side would agree completely with the Business Council on National Issues as quoted by Mr. Anderson. He goes on to quote the business council as follows:

We plead with you to dispel once and for all the notion that your government is philosophically committed to interventionism.

I ask government members, will you? I hope so. Mr. Anderson's article continues:

The council carries its arguments to even greater lengths when it criticizes the National Energy Program—

Further in the paragraph we find this:

"We ask," said the council, "that the rigidity of the program be eased, that the Canadianization rules be relaxed, that curbs on foreign-owned companies be softened, and that incentives for all energy companies be improved."

Mr. Anderson concludes his article with his own analysis of what the business council stated, as follows:

The fallacy in the argument is that the council assumes Canadians care about such mundane matters as rising incomes, job creation and security of oil supplies. Ottawa knows better.

So says Mr. Anderson. His final sentence in his article reads:

Most of all, as the Cabinet sees it, Canadians are far more interested in the Constitution than in economic growth.

That is Mr. Anderson's analysis. There are other areas to which we might turn in order to see the financial atrocities being committed by the government. Indeed, we would require hours and possibly days to give an account which would begin to do justice to the horror story. Then we would only be scratching the surface because a furtive government and a secretive bureaucracy managed to keep most of the skeletons in the closet.

• (1710)

I should like to refer to the April 26 edition of the *Toronto Sun*. Why does the government seek authority to borrow $6.6 billion? That question is partly answered by the subject matter of an article entitled "Adding up Liberal ads" by Tom Kennedy. I think this writer voiced an opinion which would be reflected in the opinions of Canadians from coast to coast. Mr. Kennedy wrote:

—I hate seeing my money used to sustain the present federal government in office. Hate is putting it mildly, but finding a word that defines the emotion I feel is impossible.

Taxation

You probably have seen, heard or read advertising messages from Ottawa, telling us about all the wonderful things our government does for us or why it's important to have a powerful federal government . . . it's propaganda, no matter how you cut it—

In the year '80-81, Ottawa spent $51 million on advertising—

But by '81-82, federal advertising dollars had risen to $62 million. This year, the estimate for advertising is $70 million—

There's another figure worth noting. In this year, '82-83, the total information budget of the federal government will be $250 million. That does not include advertising, which is listed separately.

He went on to write:

The United States, with a population ten times larger than ours, doesn't spend as much.

And the messages paid for by the American government are true public services, not shady manipulation of citizens' partriotism—

Up here, the messages insist on telling us that without a federal government, we wouldn't have any services.

Those were the words of Mr. Kennedy. They were not mine, but I am glad to repeat them for the record.

Another major culprit on the road to economic havoc has been the reckless methodology which the government employed in its Canadianization program. Although Canadianization has some positive aspects in theory and is an attractive political argument, in practice we see the government's strategy increasing the national economic misery and the need for the government to raise revenues or borrow money. As reported in the April 7 edition of *The Globe and Mail*, Mr. Ronald Anderson wrote:

When the federal government introduced its National Energy Program in 1980, government spokesmen were loud in trumpeting the benefits the program would bring to Canadians.

He went on to write:

The shift was to be accomplished by "Canadianizing" at least one half of the industry by 1990.

This objective turned out to be popular with most Canadians. But the prospective economic costs of the NEP were given little thought . . . the NEP was designed primarily to serve political rather than economic objectives.

Then he went on to write:

—it is virtually impossible to quantify the costs and benefits of Canadianization: The costs will be determined by the way in which capital outflows are financed and the spillover effects in other economic sectors.

"The costs, however, are not trivial and under certain circumstances may exceed the benefits obtained."

We are living today under the circumstances about which Mr. Anderson wrote. Foreign direct investment in Canada turned in 1981 from a traditional positive inflow of funds to a large withdrawal of capital, while direct investment in other countries by Canada assumed tidal proportions. These two factors combined resulted in a net direct investment drain of $10.2 billion in 1981. Mr. Anderson also wrote:

Whatever the lofty ideals which underlie Ottawa's nationalistic bias, the economy is being forced to pay a price which is most acutely reflected in our balance of external payments for 1981 and in the external value of the Canadian dollar.

To finance its current account deficit, together with the outflow of direct investment capital and unidentified outflows of funds, Canadians in 1981 had to borrow $13.6 billion through new security issues outside the country and required an additional $14.9 billion in short-term capital imports.

"These outflows . . . thereby add over $4 billion to Canada's annual external interest bill. It is clear from this that the external value of the Canadian dollar will remain vulnerable until Ottawa conveys a less discriminatory attitude toward the foreign investor."

The sharp rise in interest charges on the foreign debt is one of the more visible legacies of the National Energy Program. The crippled dollar is another. The high level of interest rates in Canada also is related to the energy program—

High interest rates, for which the NEP is at least partly responsible, were largely instrumental in pushing the economy into a recession. Now, when lower interest rates are needed to encourage an economic recovery . . . Canada likely will be unable to share fully in any interest rates decline that may take place in the United States because of the weak dollar.

That is the tragedy which Canadians face. That is the tragedy which the Government of Canada prompted through its own action.

What grief is all this irresponsible action by the Government of Canada imposing upon the Canadian business community? Jack McArthur of Montreal in the April 27 edition of *The Gazette* commented upon this under the headline "Company profits go into free-fall". He wrote:

"I've never known a time when businessmen were gloomier," says a veteran of the boardroom.

The Business Council on National Issues says profits as a percentage of Canada's economic action "are now almost certainly at a post-war low."

Of course, this reflects upon the revenues which the government obtains from private activity in Canada and upon the amount of money the government must borrow when industrial activity and economic activity in the country decline drastically. Mr. McArthur continued:

If profits had dropped more moderately . . . there'd be less executive gloom . . . The lay-offs . . . would have been less severe and the delays in spending for new construction and equipment not as ruinous for jobs and incomes.

Who is responsible? Mr. McArthur wrote:

Blamed in varying degree are the general effects of recession in Canada and abroad; high interest rates that devour the profits of companies unfortunate enough to be debt-heavy; "excessive" taxes and government intervention in corporate decision-making; wage and salary increases averaging around 13 per cent annually.

• (1720)

Government intervention is the chief cause of our economic woes. This government, which is the root cause of the problems faced by large and small businesses across the nation, now comes to the House to ask through Bill C-93 for the authority to borrow as much as $6.6 billion so that, as Liberals, they can maintain at full pace the damaging policy they have pursued for 14 years under the leadership of the present Prime Minister. Such inattention to basic facts of economic life! It is such a waste of our Canadian substance. It is nothing but waste. Waste is the mark of excellence of this Liberal government.

We have to look no further than the Department of Indian Affairs and Northern Development to see this waste. It is a pit of fiscal unaccountability to this House and to the country. Worst of all, in my experience no one in the system seems to care. All they are interested in is protecting their backsides and their futures. Saddest of all is that ministers absolutely refuse to get involved in rectifying situations which are damaging Canadians.

We need leadership. I have an article from the Montreal *Gazette* dated Thursday, April 29, headed, "Liberals losing control of government, study says." The article says:

The government can no longer control the political conflicts and divisions created by its policies, says a study of federal spending by Carleton University School of Public Administration.

Further, energy spending is out of control and plans to reduce the federal deficit are doomed to failure, says the highly critical report made public this week.

The article goes on to say:

—"they face potentially unmanageable problems" as they try to carry out the rest of their political strategy, writes the studies editor, Professor Bruce Doern, in the opening chapter of "How Ottawa Spends Your Tax Dollars".

It states further:

—Ottawa's battle to restrain its spending to fight inflation "is flawed", says the study.

I think it could be stated in much more dramatic and emphatic terms than "flawed".

The article goes on:

The report also says that energy spending is out of control because the National Energy Program made numerous public commitments that energy decision-makers know cannot be met.

In the face of this, what do we have happening out west? Well, it is sad to see the Liberal token efforts to give recognition to the legitimate needs to western Canada. On May 1, Charles Lynch wrote in his article:

The Government of Canada has just announced the upgrading of its embassy in that far-off land of which it knows so little, Alberta.

He writes further:

The "ambassador" in this case, Bruce Rawson, ceases to be known as Senior Advisor—Western Affairs to the Privy Council Office. He becomes Federal Economic Development Co-ordinator in Edmonton.

The article stated further:

"The right people in Ottawa will get his message", says Senator Olson, "up to the top deputy ministerial level. This ensures the clarity and rapid delivery of the signals and their appropriate targeting.

What a barrel of tripe! The west does not want recognition by the top bureaucrats. It wants some recognition in the political system of this country. This will take major reforms and it is to this that the House should be addressing its creative abilities in the next few weeks and months.

There is much more that one could say and I have much more material prepared, but I hope the tone of my comments have left little doubt about where I stand in reaction to this government's delivery of programs and policies of benefit to Canadians.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, it was just a little over a year ago that I stood and talked about a similar bill. It was similar to the extent that they are both borrowing authority bills. A year ago I said that I was impressed with the simplicity of the bill and that it was smaller than most which we get a chance to debate. There was only one clause other than the title. That one clause of the bill was seeking to borrow $14 billion.

Today we have a bill with a different number—C-93—which has 34 pages, and perhaps 34 clauses as well. I think the House should first ask itself why the government could borrow $14 billion on the strength of a one-clause bill when it needs a 34-page bill this year to borrow $6.6 billion.

The answer is that the Liberals are at it again. This bill combines the more conventional borrowing authority bill with a number of amendments to the Excise Tax Act as well which arise out of the November 12 budget, and amendments to the Petroleum and Gas Revenue Tax Act which implements the ways and means motion to amend the Petroleum and Gas Revenue Tax Act which was tabled by the Minister of Finance (Mr. MacEachen) on January 27, 1982.

I know that we had some discussions about omnibus bills and we had a couple of noisy weeks when the bells rang over this question, but we clearly have one again with this bill. That is why it takes up 34 pages. It is not just a bill to authorize the borrowing of $6.6 billion. This is the aspect of the bill to which I want to address most of my remarks, however. That, along with the fact that this has become an annual event. Why must the government come back to the House year after year to borrow billions of dollars? I suppose there is a simple one-word answer and that is "deficits".

If we had a government which paid some attention to balancing its revenues with its expenditures, we would not have the kind of problems which this bill is presenting us with in this debate. While saying that, however, we are relieved that the government is forced to come back to the House with this bill. If it were not, with this government we would be in a position as members of the opposition and as individual Canadians of never knowing where we stood or how detrimental our position was.

What about deficits? I suggest that this bill results from the deficits caused by the budgetary problems brought upon us by the government. We can discuss the revenue side first. Obviously, it is easy for a government to spend money, but first it should figure out where it will obtain the money from. Of course, the major source of revenue has always been the individual Canadian taxpayer, worker and businessman. At this moment the government has done everything in its power to discourage individual initiative, enterprise and work.

• (1730)

I have often said they probably destroyed the work ethic of a whole generation of Canadians with their policies over the last 15 years. It should be clear to anyone, and it is certainly clear to an accountant, that you cannot hope to increase revenues through taxation by putting people out of work or out of business. It is a very simple axiom. If you have no business, you have no tax revenue. If you have no profits, there are no tax revenues. If there are no jobs, there will be no tax revenues. Later this week we will be debating the problem of hundreds of thousands of jobs not being created in the west. I realize that is another debate. However, we have hundreds and probably thousands of examples of jobs which have disappeared. They have dried up and gone away or were never created because of the policies contained in budgets such as the one tabled in this House last November by the Minister of Finance (Mr. MacEachen).

People still do not know where they stand with the famous or infamous budget of last November. Just this week I received a copy of a letter sent to the Minister of Finance by the Institute of Chartered Accountants of British Columbia, signed by the president of that body, Mr. T. A. Cook. He makes references to the fact that he has already written to the minister once expressing the members' concern about the uncertainty and frustration that the federal budget process is causing Canadian taxpayers. He said he had been requested to write the minister on specific problems that chartered accountants, their clients and British Columbia businesses are facing during this period of uncertainty about the new legislation.

It is now six months since that budget was introduced and the government has not yet seen fit to take the uncertainty out of the provisions in that budget. We have not yet had the legislation before the House, six months later, and the date for filing personal income tax returns has come and gone. Individuals engaged in certain kinds of transactions during the last taxation year do not know what to do. They do not know how to file their income tax returns. Everyone is in a terrible state of confusion.

The minister referred to a special committee he would be setting up to consider five special areas, such as life insurance, which were dealt with in the budget. He does not know when that committee will be set up. He hopes that some of the problem areas will be settled before he has to send that topic to committee. That is the problem on the revenue side. The government has not done anything to encourage Canadians to invest, earn or produce more goods, housing, or whatever.

One of the reasons more housing is not being produced is that policies have been introduced by this government which have discouraged the construction of housing. Dozens of large corporations which have been expert in the field of providing housing for Canadians—I hope the minister responsible for housing is listening—have said, "No more, thank you very much". They have withdrawn from the creation of housing in this country.

The old tax policies of the Liberal government had driven individual investors out of the rental housing market a decade or more ago and they are no longer producing rental housing. That is one problem. Now we have the withdrawal of housing contractors from providing single family and other kinds of individually-owned housing from the market.

We might ask why. It is obvious. It is more attractive for these investors and mortgage investors to invest their money in other types of investment where they can get a secure return that is higher than they would get in mortgages for housing.

Would you believe that the very government which wants to encourage activity in the housing and economic fields has taken the wind out of the sails of the housing mortgage market by issuing billions of dollars worth of Canada Savings Bonds

last November at an initial rate of 19½ per cent? Naturally when deposits with trust companies and banks are paying in the range of 14 per cent to 16 per cent and people are lending money at 16 to 18 per cent or perhaps 17 to 20 per cent in house mortgages, investors would rather put their money somewhere for a medium term. They invest in Canada Savings Bonds which have the liquidity and the security of the country behind them and which bring as well 19½ per cent on the money.

All of the borrowing which the government does creates a tremendous pressure, and in some cases a shortage, in the borrowing activity in the normal money markets. It should be no surprise that when the government dips into the market and takes all of the money that is sitting around waiting to be invested there will not be anything left for the entrepreneurs who want to provide housing or create a project or business, or whatever they want to do in our economy.

It is difficult to look at the government's record on the economic side of things and judge whether or not it is doing things in a proper fashion without looking at an area which is not always as open to examination by members of the House as it would be if it were not hidden behind the cloak of Crown corporations. I want to say a few words about some of our more well-known Crown corporations.

A good one to start with would be Atomic Energy of Canada Limited. That corporation is run by people appointed by this government. There have been quite a few of them in and out of the front door of Atomic Energy over the past decade. Chairmen and presidents have come and gone like members in the House from certain constituencies.

The first prominence that Atomic Energy had was when that corporation paid a $20 million fee to a foreign national for arranging the sale of a Candu reactor to South Korea. We had hours and hours and days and days of debate about that, particularly in the Public Accounts Committee, where I spent a lot of time.

I think that corporation has sold six Candu reactors altogether, unless a couple of sales have fallen through. With the possible exception of two, it has lost hundreds of millions of dollars on these activities. The current order book of Atomic Energy of Canada Limited shows sales to Roumania. Although the contracts are signed with Roumania, there is some question as to whether the financing will be completed so that the sales will actually go through.

We have not had the total story yet, but it appears that the money for the sales to Roumania will be provided by none other than those generous taxpayers of Canada. Isn't that strange? Here we are selling Candu reactors for the generation of electrical power to Roumania, but there is an agency between Atomic Energy of Canada Limited and the Government of Roumania, The Export Development Corporation of Canada. It will use Canadian taxpayers' dollars to finance the sale to Roumania. Of course, the terms are such that Roumania will probably never pay back the money. In fact, EDC and its bankers are now putting a freeze on the payment of moneys to Roumania because they are worried about the financial situation of that country.

Since that Crown corporation has had so much trouble selling Candu reactors, the Public Accounts Committee was moved, in one of its recent reports, to recommend to the government that the government should either expand its effort and decide that it is going to sell Candu reactors, or decide that it cannot sell Candu reactors and close down. It hardly seems fair to the taxpayers of Canada to be subsidizing, to be funding, to be covering the massive debts and deficits of a Crown corporation that shows no signs of ever breaking even, let alone making a profit on its investment. I do not know what Atomic Energy's initial investment was because that corporation in its present form grew out of certain amalgamations and it is hard to trace it back.

• (1740)

The government has had to bail out Atomic Energy of Canada Limited more than once. It was a recommendation of the Public Accounts Committee last year that Atomic Energy of Canada Limited should not be allowed to get itself into a position where its debts were so overpowering that it would once again have to come to the government and say: "We are insolvent, we cannot carry on, we need a further injection of funds." I guess that they listened to the Public Accounts Committee a little bit, because when Atomic Energy came before us in recent weeks we found that the build-up of inventory of heavy water—and that, of course, is the ingredient which makes the Candu reactor work—was so great that there were hundreds of millions of dollars worth of heavy water in stock in Canada. There was no prospect as to when these millions of barrels of heavy water would ever be used. The total production of the two heavy water plants that now operate in Canada will fill one Candu reactor. We have two years' inventory on hand now, that is enough for two reactors. In October of this year we will have three years' inventory in stock and that is enough for three reactors.

If none of these reactors come through, Mr. Speaker, we will have all this heavy water on hand with no takers, because there are no other customers for heavy water except for the Candu reactors that Canada sells. Roumania has let us know that unless we get the reactors operating before they get their own heavy water plants up, they will provide their own heavy water.

Why does that affect the deficit, you might ask? Here is the reason. The company and the government agreed sufficiently that Atomic Energy should not be allowed to go into debt so deeply that it could not dig itself out. What happened? A sum of $133 million was voted through the estimates of this House and it went straight into the pockets of Atomic Energy of Canada Limited to finance the current inventory of heavy water and also to wipe out the deficit, because it does not look good to have $147 million deficit on the books of a Crown corporation. Then, because there was another adjustment, for whatever reason, they also reduced the invested capital of the government as shown on the books of Atomic Energy of

Canada Limited. Any group of politicians who can foul up the operation of a fairly tidy Crown corporation, as they have with that one, Mr. Speaker, probably should have reason to go and borrow the $6.6 billion that we are being asked to authorize in this bill.

Atomic Energy is not the only fiasco in the Crown corporations. Another one that has been in the news a lot recently is Eldorado Nuclear. They were on a fixed plan of expansion which spread over the period of more than a year; they were expanding their capacities in Uranium City for the Beaver Lodge mine. They were bringing workers into the mine site from all over the country. Right up to the day they announced they were going to close the Beaver Lodge mine, effective June 30, 1982, right up to that, they were on an expansion program. Here was a situation where one arm of the company obviously did not know what the other arm of the company was doing. It is curious, Mr. Speaker, that this is the same company that objected so strenuously to a comprehensive audit by the Auditor General, who was then the auditor of Eldorado Nuclear Limited. The company objected so strenuously to a comprehensive audit of their records that they actually fired the Auditor General. They persuaded the Minister of Energy, Mines and Resources (Mr. Lalonde) who, as a shareholder, was the sole representative of the taxpayers—I think he was embarrassed about it, and he should have been—to dismiss the Auditor General of Canada and substitute for him a private firm of auditors.

I am not suggesting, Mr. Speaker, that there is anything wrong with a private firm of auditors. I am sure they do a good job and I am sure they are competent. But I suspect, Mr. Speaker, that that Crown corporation was very worried that the Auditor General, if he got himself in there with his troops and did a comprehensive audit, would come out later with his troops and would tell the House, probably in a special report, that the company was on a collision course, with an expansion plan on the one hand and a shut-down plan on the other hand.

That shut-down of the Beaver Lodge mine would have made Eldorado Nuclear insolvent, if not in fact bankrupt. Well, Mr. Speaker, even the Liberal government does not like to go around with insolvent or bankrupt Crown corporations. So what did they do? This was done before the closure was announced, so there was no apparent relationship. We will see, when we study the history of it. The Government of Canada had a stockpile of uranium. The value of that uranium was something like $300 million. What did the Government of Canada do? It decided to recapitalize Eldorado Nuclear Limited. It transferred to that Crown corporation its total stockpile of uranium and took back in payment therefor $300 million worth of capital stock in Eldorado Nuclear Limited. All of a sudden, we find a very strong Crown corporation that can easily withstand the loss of $130 million because, when you take $130 million away from $300 million you still have $170 million left, and that is pretty good capitalization in anyone's books.

Eldorado Nuclear was then left with the question, "What are we going to do? We have all this money now, we have a mine that is shut down, what shall we do?" Lo and behold, Mr. Speaker, they traded recently—we have not got all the details yet—their uranium stockpile for all the shares in Gulf Minerals Limited which they bought from Gulf Oil of Pittsburgh. I do not know if that is Canadianization of the mining industry in Saskatchewan or what their reasoning was, Mr. Speaker. It cannot be to consolidate the operations, because the new property of Gulf Minerals Limited is 100 miles away from Beaver Lodge. It is not going to help the people in Beaver Lodge who have been put out of jobs. It is not going to help the people in Uranium City who did not work in Beaver Lodge but who nevertheless have seen the value of their businesses and of their homes plunge.

That can only be described, Mr. Speaker, as another example of pretty awful management. Again, what can you expect from a government which took our fairly well functioning petroleum industry and injected into it a Crown corporation called Petro-Canada to finance which the government used $1 billion of the taxpayers' money? The taxpayers did not need to invest that much to get their oil. They were getting their petroleum products as cheaply as they are now, and they did not have to invest $1 billion in straight capital to get them. What the intervention of Petro-Canada into the petroleum industry in Canada has done is anyone's guess and would probably be the subject of another debate. But then it was not sufficient to have Petro-Canada standing there with $1 billion in taxpayers' money in the till. The government had to go out and borrow another $1.46 billion to expand and buy the share of Aquitaine. Canadianization is fine, but where does the government get the money, the $1.46 billion? We suspect that much of it came from foreign lenders. That just meant that the Canadian government had to come back to Parliament with a bill, just as it is today, to borrow another $1.46 billion, which it would not have been necessary to borrow had the government just kept the status quo, which was not so bad after all, was it?

• (1750)

I have touched upon Petro-Canada and those matters. I do not want to get into a debate on that now, but I think it is worth mentioning the National Energy Program because we are discussing borrowing. In the past several years the National Energy Program has required payment under the oil import compensation program amounting to approximately $4 billion every year in subsidies to Canadians for imported oil. In 1980, during its campaign, the Liberal party told Canadians that 18 cents a gallon was far too much to pay in increased taxes on petroleum products and that all they had to do was to elect a Liberal government and, by golly, there would be cheaper gasoline. I am sure that Canadians have had their dreams shattered concerning that promise. However, the fact is that $4 billion a year has been going toward that subsidy program. Where has the money been going? It has not been going to other Canadians, as it does through many government subsidy programs. It has been going straight out of the country and into the hands of the foreign oil producers. It is interesting, and I made this comparison in the House a few weeks ago, that the amount paid out by this subsidy program which goes

right out of the country is the same amount that 11 million individual taxpayers in Canada paid to the federal government in income taxes in 1978, the last year in which the figures were available from Revenue Canada. In other words the total amount of taxes paid by every taxpayer who earned $17,000 or less, which, by the way, amounted to 78 per cent of all individuals who filed income tax returns that year, or 11 million taxpayers, went straight out of this country to support the National Energy Program. As well, there were complications within the world market and the government opposite is now learning that it cannot really control world markets. As a result, along with the confusion and falling prices in the world market, we experienced the situation where Canadians were subsidizing imports of foreign oil while 300,000 barrels of oil a day produced by Canadian companies were shut in the ground. Your Honour can be sure that none of those oil companies which had their oil shut in are paying any income tax to help the government balance its budget. Furthermore, they are not creating any jobs for Canadians in further exploration of petroleum resources in Canada or in the production or transportation of petroleum products from Canadian wells.

I suspect we will hear more about national energy in another debate. Let me touch on another Crown corporation which might give an example of the managerial abilities of the government. I am referring to the Canada Post Corporation. When we had the Post Office Act before us, we on this side pleaded with the government to allow the Auditor General to report to Parliament. After all, he is Parliament's servant. He is not a hired gun who reports to someone else. He is employed by the government for the service of Parliament. He reports only to Parliament. He does not report to the shareholders. He does not report to the Public Accounts Committee or to anyone else. The Auditor General of Canada reports to Parliament and, in that way, he is unique. Other corporations may have other auditors who report to the minister, and then it is up to the minister to decide when Parliament should be allowed to look at that auditor's report. That is a change that we could see if we could ever get the government to agree to introduce a bill concerning Crown corporations and amendments to the Auditor General Act. We could obtain special reports from the Auditor General. The House might even have direct reports from other auditors. However, at the moment, in the way it stands, and we cannot get this government to move on this matter, the Auditor General is the only one who can report to Parliament directly.

The office of the Auditor General has had 113 years of experience in auditing the Canada Post Corporation. However, what does the government do? It says it will not name the Auditor General in the legislation as the auditor of the Canada Post Corporation. We do not know why. The government would not tell us why. However, two joint auditors were to be appointed. I do not know whether it was pressure or luck but, in any event, the Auditor General was named as one of those auditors, and he will be one of the joint auditors for the first two years of the existence of the Canada Post Corporation. It has since been revealed by the Auditor General, before the Public Accounts Committee, that he has recevied a personal letter from the Prime Minister (Mr. Trudeau) indicating that at the end of his two year appointment, his services as auditor of the Canada Post Corporation will no longer be required. It is totally unnecessary to throw out that kind of expertise or even to have joint auditors for something like the Canada Post Corporation. This duplicate effort is a waste of the taxpayers' money. Anyone in the auditing profession will say that joint audits are not efficient. It costs more to have joint auditors than it does to have a single auditor. However, we could clarify that situation if the government would only show some good management and bring in legislation dealing with Crown corporations so that we would know who was in charge. One cannot get an answer from anyone around here concerning Crown corporations. No one knows who is in charge of any particular Crown corporation. Of course, the audits are spread all over the map. We need this kind of legislation and we also need some changes to the Auditor General Act.

All of this simply adds up to the fact that this government is out of touch with what is going on in the country. It is out of touch with the people. I think that is exemplified by a couple of events which I have recently observed in committee. Last week the Minister of Finance indicated that exemptions for individual taxpayers who registered pension plans or retirement savings plans, which exemptions have remained unchanged for five years, had not received his consideration. Deducations for child care expenses, which have been set at $1,000 per child to a maximum of $4,000 per working mother, have not changed for five years. However, the Minister of Finance knows very well, as he has been told by working parents and by all members on this side, that costs of child care have dramatically increased during this period, while the exemption remains at $1,000 per child. One cannot possibly care for a child for $1,000. It is an unjust situation when working parents are unable to deduct normal business expenses, and child care expenses are normal business expenses.

I see that it is six o'clock and perhaps I will continue my speech on another day.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until eight o'clock this evening when the House will consider, under the terms of the Speaker's ruling earlier today, the motion to adjourn the House under Standing Order 26.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

NATIONAL ENERGY PROGRAM

CANCELLATION OF PROPOSED ALSANDS MEGAPROJECT

Madam Speaker: Leave has been granted to the Right Hon. Leader of the Opposition (Mr. Clark) to move the adjournment of the House pursuant to Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely the collapse of the Alsands megaproject and the postponement for at least two years of the Alaska highway natural gas pipeline.

Right Hon. Joe Clark (Leader of the Opposition) moved:

That this House do now adjourn.

He said: Madam Speaker, we are meeting tonight to discuss not simply a crisis in the life of the country but a crisis of a kind and of a cause that this country has not seen before. It is a crisis which, in a time of economic recession around the world and acute economic hardship at home, is caused by the fact that instead of taking action which could create jobs and create growth, the Government of Canada has taken consecutive actions which are destroying jobs, which are destroying growth and which are destroying opportunity for the country to become secure in the one area, energy, where our security is most possible and where our security is most important.

What we have seen with the Liberal government's energy policy, starting in March, 1980, has been the step by step destruction of the energy jobs, of the energy growth, of the energy industry and the energy potential of this country.

Tonight in this debate—and we will be here late into tomorrow morning and perhaps we will be here longer than that—we are here not simply to lament or to condemn what the government has been doing but to try to call upon the care for Canada that I hope exists in Liberal backbench ranks, to try to call upon them to urge their government to stop this terrible damage, this terrible and unnecessary damage which it is doing to our country.

Some hon. Members: Hear, hear!

Mr. Clark: I think it is important that we review what has happened and why it has happened.

First of all we have to put in perspective what the Liberal policy has been doing. We have recently seen the loss of the Alsands project. It was not just Alsands that was lost; we have also seen Cold Lake lost, we saw the Judy Creek tertiary recovery project lost, we saw the Syncrude expansion lost, we saw the heavy oil upgrading project in Saskatchewan lost, we have seen 270 drilling rigs and service rigs driven out of this country. These were drilling rigs and service rigs that were, by and large, owned, directed and controlled by Canadians and were turning the energy industry into a Canadian-controlled industry. Now they have picked up and moved, at great cost—not just cost in dollars but cost to our future. They are investing Canadian money, they are investing Canadian incentive and intelligence not to create growth and jobs in this country but to create growth and jobs elsewhere.

It is not just energy that is at stake here; it is the very economic recovery of this country. Every expert you consult will agree that the energy potential of Canada is not simply a guarantee of our future but that it is the best way to lift this nation out of recession and the best way to guarantee the kind of economic strength and economic future that we all owe to our children.

Some hon. Members: Hear, hear!

Mr. Clark: While I regret having to say this, I want to say it and I want to put it in the context of the national problem that exists: this is not just a problem for the west or for the north, although the Alsands project and the Alaska highway project touch those regions most directly—this is a problem for all of Canada. If you need proof of that you need only look at the government's own estimates of the jobs that would be involved.

All across Canada there would have been 255,050 potential jobs. These are not my figures, Mr. Speaker; they are the figures of the Government of Canada issued in 1978. There would have been 71,000 direct jobs in energy projects that the government boasted would be built. These energy projects have now been abandoned because of the step by step disintegration of the energy industry in this country by the Liberal government opposite.

We are, finally, not just speaking about the impact that will be felt today, but we are speaking also very dramatically about the impact that will be felt tomorrow in this country. Energy is one of the major keys to the future of this country. We have in Canada a potential that other nations do not have. We have in Canada the capacity to become self-sufficient in energy.

Let me review for a moment what this goal of self-sufficiency in energy can mean to this nation. It is, first of all, an achievable goal for Canada.

Let me say in passing that this is a nation which has always needed goals to lead it forward—not a list of failures but a list of challenges. The challenge of energy self-sufficiency was clearly an achievable goal for this country. Indeed, the government which my colleagues and I had the honour to serve had established the year of 1990 as the year of energy self-sufficiency in this country. That meant that by that year, with the policies we had firmly in place, the maritime provinces could have expected to be supplied with Canadian oil by 1990. What has happened is the reverse. As things now stand with this Liberal wrecking policy, there is a very good chance that by 1990 Toronto will be dependent on foreign imported oil.

An hon. Member: Shameful.

Mr. Clark: That is a shame. The word "shameful" is used by my colleague. That is the accurate word because that is a betrayal of this country, a betrayal of our promise, and it is something that no honest or courageous member of this Parliament should be prepared to stand.

Some hon. Members: Hear, hear!

S.O. 26

Mr. Clark: I want to find the list—and perhaps my colleague could help me—

Mr. Harquail: You had better get help!

Mr. Clark: —the list prepared by the government in 1978. I have one here.

The hon. member for Restigouche (Mr. Harquail) says "help him". He is a member who speaks forever from his seat. I will look forward to seeing the hon. member for Restigouche—

[*Translation*]

—perhaps in French, if he speaks French—

[*English*]

—taking his place in this House tonight to defend a policy which is costing the citizens of the north shore of New Brunswick jobs today, which is costing the citizens of the north shore of New Brunswick growth today, which is costing the citizens of the north shore of New Brunswick security today and tomorrow.

Some hon. Members: Hear, hear!

• (2010)

Mr. Clark: This crisis has been caused in Canada. It is a direct result of federal government policies, and I say, sir, that it is the policy of the whole government.

The Minister of Energy chose not to come home tonight, chose not to use that Jetstar of his to come home at government expense to debate the issues before the country—he is hiding out in Texas. Well, that is not hideout enough because he is not the only minister responsible for the destructive energy policies of this government. His whole government is responsible for a policy which is accounting step by step for the destruction of energy jobs in this country.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Energy, Mines and Resources is like a kamikaze pilot, except that it is the country he is going to destroy, not just himself.

The Alsands project, Mr. Speaker, which was cancelled last week, was ready to start in 1980. The construction teams were on the site, an energy agreement had been negotiated which would have let the project proceed. But then there was a new government. It brought in an energy policy which has accomplished the systematic destruction of the energy industry in Canada.

An hon. Member: What industry?

Mr. Clark: I hear from the NDP, "What industry?" I will be very interested to know what the policy of the NDP is tonight. I will be very interested to know whether they believe Alsands should go forward, or whether they will be back in bed with the Liberals on this question.

Mr. Baker (Nepean-Carleton): It is Tuesday; no telling what their policy will be.

Mr. Clark: The minister pretends that the blame lies with the companies because they refused to accept a last minute offer—an offer which might have been accepted had it been made even four months earlier. In fact, what happened last week was just the final step in a process which began in March, 1980, barely weeks after the Liberal party had been elected to office by promising to keep the increase in the price of gasoline below 14 cents a gallon.

Their first step was to declare that the world price would no longer be paid for oil sands production. Their second step was the National Energy Program. Their third step was the energy agreement of September, 1981. Together those steps destroyed the climate which would have made Alsands possible.

Back in 1978 the then energy minister, Mr. Gillespie, boasted about energy projects which the federal government would encourage as the basis of Canada's future. The hon. member for Restigouche was asking for the list, and it is worth reading that list today. That list included the Dempster pipeline, which is on indefinite hold. It would have created 6,000 jobs directly, and 26,000 jobs indirectly. That is now on hold and probably gone. The Alaska highway gas pipeline which would have created 13,000 jobs directly and 55,000 jobs indirectly, has been postponed for at least two years. The Polar Gas project, which would have created 15,000 jobs directly, and 45,000 jobs indirectly, is gone. The Tenneco LNG projects is cancelled. The Kitimat pipeline to the Alaska highway oil pipeline—they proposed one or the other—is cancelled. The Alsands project is cancelled. The Syncrude project expansion is cancelled. The heavy oil upgrading in Saskatchewan is postponed. The Cold Lake project is cancelled. The oil storage project at Wabanex is cancelled. Cancelled! Cancelled!

What is the total? The projects which have been cancelled, according to the government's own figures, would have created 71,000 jobs directly in the oil and gas industry, and 255,050 indirectly. That means jobs in Quebec, Ontario, Atlantic Canada. That means jobs across the country lost because the Liberal government has followed the direction of a bunch of theorists who know nothing about the energy business except how to drive it out of Canada and how to drive people out of jobs!

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: In 1978, the Liberal government made much of the jobs that would be created by oil and natural gas development projects in Canada. At a federal-provincial conference, the government announced a series of energy projects that were supposed to create nearly 100,000 jobs in the oil and gas industry and 320,000 jobs in related industries. And now, four years later, most of these projects have been abandoned. Why? Because of the Liberal government's policy. Most of these jobs in Canada will never materialize. The Liberal government has lost the Alsands project. It lost Cold Lake, the Syncrude

expansion, the Alaska pipeline project, and it lost the Arctic gas project. According to their own figures, the Liberals have lost 71,000 jobs in the oil and gas industry and 225,000 Canadian jobs in related industries. A large number of the latter would have been created in Quebec and Ontario.

Moreover, if the Alsands, Cold Lake and other projects were in operation, Quebecers could go and work on site and bring their families or send money back home which would help the economy in Quebec. All these projects have been lost as a result of Liberal policies. Instead of creating jobs, the Liberal government is creating unemployment.

Of course, the government will try to put the blame elsewhere. It will blame the provincial governments. It will blame the Americans. It will blame the oil companies. It will blame the world economy. I am sure they will also blame René Lévesque. But who is governing Canada? The Liberal government. The Liberal government has taken Canada's potential and destroyed it.

The majority of Canadian families have been affected by the failures of the Liberals. Most communities in Canada are going to lose jobs and opportunities for growth, because Liberal policies have stifled energy projects. This evening, we demand that the government change its policy and stop destroying Canada.

I would invite the Liberal members to take part in this debate. They remained silent during the debate on the Constitution and during the debate on the budget. Are they going to remain silent while Liberal policies keep destroying projects and eliminating jobs?

[*English*]

They will try to blame everyone they can find: the provinces, the oil companies, the United States, the opposition, the international economy.

Mr. Baker (Nepean-Carleton): The weather.

Mr. Clark: Well, Mr. Speaker, you cannot always blame everyone else for everything. They have to accept responsibility as the first step toward changing the policy, because what is most tragic about this situation now is that if this government will not accept responsibility for the damage it has done, it will not change its policy. It may be that there are ministers who are that blind to the damage they are doing to this country, but I hope and pray that individual Liberal members of the House of Commons will not put up with that betrayal of the potential of this country.

Some hon. Members: Hear, hear!

Mr. Clark: Let us ask: what right has this government to proceed with this destruction of the country? Did anyone on the Liberal side in the 1980 election campaign promise a price increase of 77 cents a gallon for gasoline here in the city of Ottawa?

Some hon. Members: No!

Mr. Clark: Did anyone in the Liberal party tell Canadians in the 1980 election campaign that they intended to increase the price of heating oil and gasoline 15 times?

Some hon. Members: No!

Mr. Clark: Did anyone on the Liberal side in that election campaign tell Canadians that they proposed to go out and purchase Petrofina at inflated prices, and then make the taxpayer pay for it retroactively?

Some hon. Members: No!

Mr. Clark: Did anyone in the Liberal party tell the average Canadian that he or she would be paying at least $900 more for energy than he or she was paying two years ago?

Some hon. Members: No!

Mr. Clark: Did anyone warn Canadians about the delay of the Alaska highway gas pipeline? Did anyone warn Canadians about the policy to shut down Cold Lake?

Some hon. Members: No!

Mr. Clark: Did anyone in the Liberal party warn Canadians about their proposal to stop the expansion of Syncrude?

Some hon. Members: No!

Mr. Clark: Did anyone in the Liberal party warn about the policies which inevitably led to the loss of the Alsands project?

Some hon. Members: No!

• (2020)

Mr. Clark: Quite apart from these policies being so dangerous for this country, they are policies being pursued by this government without any mandate at all. If this government is going to continue the policies, it has one option. It should have the courage to go to the people of Canada and ask for the judgment of the people of Canada on these policies.

Some hon. Members: Hear, hear!

Mr. Clark: There are things that can be done to restore growth and jobs to this country Mr. Speaker. If the government cares about creating jobs in Canada, it can withdraw the MacEachen budget and bring in a budget which would encourage growth and incentive in the country.

Some hon. Members: Hear, hear!

Mr. Clark: If the government believes in encouraging an energy policy that will let us build the Alsands development, let us get on with developing the energy potential of the country. Let us get on with creating the jobs, the growth and security that energy provides for this country. If the government wants to do it, it can pull back the National Energy Program before it drives yet one more major source of jobs out of this country.

S.O. 26

Mr. Baker (Nepean-Carleton): Let's withdraw Marc Lalonde.

Mr. Clark: If this government wants to have jobs for Canadians; if it wants to have energy self-sufficiency for Canadians rather than extending the grip of OPEC across this country, this country which uniquely in the world has the capacity to be free of OPEC's grip, which uniquely in the world has the capacity to use our energy strengths to build a secure future for ourselves; if it wants to free us from OPEC and free us for the future, then all the government needs to do is to create an investment climate that will provide the kind of certainty to cause investors to come here instead of causing investors to flee, which has been the policy and the consequence of this Liberal government.

What is at issue here is not simply a wrong-headed policy. What is at issue here is the fundamental question of trust.

[*Translation*]

I heard another member from New Brunswick, who had something to add. I hope he will find the courage this evening to speak in defence of his own constituents and not abandon them as he did with the financing program.

[*English*]

What is at issue here tonight is whether or not we will allow the Government of Canada to squander the future of Canada, whether or not we will allow the Government of Canada to continue a policy called Canadianization that has the consequence of driving active Canadians in Canada either out of the country or causing people who want to work, find jobs and build a future here, instead only to find hopelessness.

The question is whether or not this government is so bound to an ideology that already has a casualty list of unbelievable proportions, that it will not put the country ahead of the advice it is getting from "fonctionnaires", from public servants in the senior levels of the Department of Energy, Mines and Resources; that it will not jettison the Minister of Energy in the interests of saving the country.

What we need to do in this country is to establish a climate of trust. We have operated without that climate. The consequences are all before us; project after project has been lost and job after job has been lost. Canadians are losing a sense of hope and they are losing a sense of the future. That is a betrayal of this country.

This debate offers the opportunity to this government to say, "All right, we accepted advice that was wrong. We see the evidence. We will change it." If the government refuses to do that, it is guilty not simply of blindness but of the worst kind of bad faith—it is guilty of the betrayal of this country.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Harquail: Mr. Speaker, on a point of order. I would like to put a specific question to the Right Hon. Leader of the Opposition (Mr. Clark).

Mr. Speaker, my point of order is that the Leader of the Opposition mentioned my riding this evening. He said that nothing had been done in my riding. However, three mills which, with a federal subsidy—

Some hon. Members: Sit down!

[*English*]

The Acting Speaker (Mr. Blaker): The hon. member for Restigouche (Mr. Harquail) should realize that a point of order is an appeal to the regulations and the Standing Orders of the House. It is customary, if a member rises on a point of order, that he refer to the particular Standing Order to which he wishes to make reference as quickly as possible.

Mr. Harquail: Mr. Speaker, I am well aware of the fact that there needs to be a procedural question. Usually at the end of a speech, an hon. member will entertain a question. Do members of the Progressive Conservative Party have the intestinal fortitude to follow the normal tradition they expect other members to follow, that is, when a question is put, would they have the courage to accept it? Does the Right Hon. Leader of the Opposition have the courage?

The Acting Speaker (Mr. Blaker): Perhaps I could draw to the attention of the hon. member for Restigouche that the matter of asking a question is not an appeal to the regulations but is a courtesy that is sometimes accorded. I should also point out that the time allotted to the Right Hon. Leader of the Opposition had already expired. It would now require the unanimous consent of the House to allow a question. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Harquail: Mr. Speaker, I want to thank hon. members. The Leader of the Opposition, while he had the floor, was prepared to comment about my riding and to talk about the economy of my riding. Is the Leader of the Opposition aware of the fact that we have invested $10 million at the mill at Dalhousie; $14 million at the pulp mill at Atholville, $19 million at Bathurst Consolidated and $21 million at the zinc plant? This totals over $70 million. Is the Leader of the Opposition prepared to admit tonight that he is not aware of the investment of over $70 million of federal incentive money, resulting in over $700 million of capital investment? Is the Right Hon. Leader of the Opposition prepared to tell me tonight that he could stand in his place and make the statements he made and that he is prepared to deny the existence of the developments taking place in northern New Brunswick, that he is prepared to deny that the hon. member for Cumberland-Colchester (Mr. Coates) had attacked him in the last federal election saying that he had not done enough for Atlantic Canada and he did not deserve to be returned as Prime Minister of Canada? Will he answer those questions, Mr. Speaker?

Mr. Clark: Mr. Speaker, as it happens, I had occasion on the weekend to speak to the best friend northern New Brunswick ever had. I am referring to Premier Richard Hatfield. I

spoke to him about the economic development programs of his government, some of which he has been able to persuade the federal Liberal government to accept, but not all of them. For example, the Premier of New Brunswick and I would like to have the decision reversed on the Canada Forces Base Chatham. Where is the hon. member for Restigouche on that question?

Some hon. Members: Hear, hear!

Mr. Clark: The premier of New Brunswick and I would like to have maritime Canada protected by having energy self-sufficiency in 1990. That is the position we would like to achieve, instead of having the grip of OPEC tightened around the necks of the citizens of northern New Brunswick and all other citizens of that province. What we would like to know is what the hon. member for Restigouche would do.

• (2030)

As to the question raised by the hon. member for Restigouche, yes, I knew about the projects and the investments there. Also I know about the share held by the citizens of Restigouche, the unemployment caused by the energy policies which we are discussing tonight, and the hopelessness which has also been caused by the energy policies we are discussing tonight.

Mr. Harquail: That is not true.

Mr. Clark: There are many citizens of that community, that county and that riding—

[*Translation*]

—who are looking for jobs in our part of the country, but when they cannot find jobs at home, they are prepared to travel across Canada to work in the megaprojects in the West and the Far North, to earn money and invest it at home in New Brunswick. Now this is no longer possible, because the Liberal government has given up the Alsands project, thus wiping out jobs that would have been available to the people of New Brunswick and also diminishing future opportunities for all Canadians.

[*English*]

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I would have been very impressed with the comments of the Hon. Leader of the Opposition (Mr. Clark) had it not been for the fact that he and his party had voted for the pre-build pipeline measure. That vote as much as anything is responsible for the mess we are in tonight.

Some hon. Members: Hear, hear!

Mr. Nielsen: You voted against the whole thing.

Mr. Broadbent: The hon. member for Yukon (Mr. Nielsen) is a little sensitive in this session of Parliament because the Tories have voted with the Liberals twice as often as members of the New Democratic Party.

Some hon. Members: Hear, hear!

An hon. Member: Are you voting for that socialistic drivel?

Mr. Broadbent: I listened with care and sometimes even with interest to the Hon. Leader of the Opposition. I hope his colleagues show us the same courtesy now.

I should like to read to the House a quotation which I think will be of interest to many in this debate. It is as follows:

> It is the policy of this government that we will insist upon a guarantee that the total line be built, that the financial arrangements for the building of the entire line be in place before we give the green light for going ahead with the pre-build.

That was uttered by the Deputy Prime Minister (Mr. MacEachen) who was then chief negotiator for the Government of Canada leading up to the disastrous pre-build decision. It was uttered in the Standing Committee on Northern Pipelines on March 20, 1979. The sentiments expressed in that quotation concerning the pipeline, concerning indirectly the jobs connected with it, and particularly concerning the need for unequivocal guarantees, are matters which my party supported 100 per cent then and support now in principle. In fact, we followed this up on July 22.

Mr. Shields: What about Alsands?

Mr. Broadbent: I hear a gentle voice in the right wing of the Tory party calling out. I will deal with that comment in a minute.

On July 22 a motion was moved for debate in the House by the hon. member for Vancouver-Kingsway (Mr. Waddell). No member has fought for the energy interests and job interests on this important question more vigorously and intelligently than the hon. member for Vancouver-Kingsway.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Nielsen: All of you voted against the pipeline.

Mr. Broadbent: I will deal with the comments of my Tory friends in a minute. On July 22 he moved on behalf of my colleagues a motion in the House which made clear our support for the pipeline and also indicated that what was absolutely essential was what the Deputy Prime Minister talked about in the negotiating process, the assurance that the people of Canada would obtain ironclad guarantees. It was included in the motion and we spoke in favour of it because we believed very strongly that when dealing with the United States in important bilateral negotiations and in billions of dollars we will affect not only the energy future but the industrial future of the country. Indeed we must go after ironclad guarantees because the Americans, to understate it somewhat, are pretty tough bargainers. What happened when we debated that motion before the House? I ask my Tory friends, who were all excited a few minutes ago in their castigation of the government, what happened when that motion was before the House?

Mr. Nielsen: You voted against the pipeline.

Mr. Broadbent: First of all, the Liberal government of the day hypocritically reversed what it had said. It said that it would produce guarantees. The Minister of Energy, Mines and Resources (Mr. Lalonde) came out with the notorious phrase that we would have ironclad guarantees, but members of the Liberal government of the day voted against the motion which would have enabled them to implement what they talked about. Not only did they vote against it, but the Official Opposition, the Conservative Party of Canada, which so righteously and in great indignation referred to the collapse of this project today, also voted against the motion calling for guarantees on the project. In fact, the hon. member for Perth (Mr. Jarvis) said on July 22 that he did not talk about ironclad guarantees because it was absolutely impossible. That was a comment of a member of the Conservative party.

The New Democratic Party has the long-range interests of the country at stake and at heart all the time. We believe that we ought to have obtained ironclad guarantees and that if the Tories had not supported the Liberals we may have had them today.

Some hon. Members: Hear, hear!

Mr. Nielsen: You are hurting, Ed.

Mr. Broadbent: As a result of this Liberal decision—

Mr. La Salle: You do not remember 1974 and 1979.

Mr. Broadbent: I have hit a sensitive chord in the Tory party. I listened to its leader with a lot of interest. Perhaps Tory members would just listen to the debate. I would love to hear their reply afterwards, but I should like to get on with my argument because time is limited. What happened as a result of that vote? The results were as follows: first, the Americans have a pipeline. They have the southern pipeline which is busy exporting low cost Canadian gas to the United States market. The Americans obtained what they wanted, which was gas cheaper than the cost of gas brought down from Alaska. Thanks to the Liberal and Tory vote, the Americans did all right on that occasion. If one were a betting man, one would be foolish at this point to bet that the pipeline will be completed.

Mr. Nielsen: The NDP never bets.

Mr. Broadbent: Just a few minutes ago the Tories were virtuous. Because of the attitude they took on the pipeline, which was the same position as that taken by the government, we will not have access to our Arctic gas. The Americans have access to Canadian gas from southern Alberta, but the northern pipeline has not been built because of the Liberal-Tory vote. We want access to our northern gas in the Arctic; that is the reality.

Even some Tories at the time, and certainly some Liberals in addition to members of the New Democratic Party, said that it was a disgrace in terms of our long-range energy interests to sell off low cost gas from southern Alberta to the Americans, unless there was the possibility of negotiating swaps later on when gas came down from Alaska. Many of us in the country, not only those of us in the House of Commons, were saying that it was a fundamental obligation on the part of the Government of Canada to be in a position to engage in trade, if the northern pipeline were built and American gas started to come down. We said that the only conditions under which they should get that low cost gas from Alberta now would be if we could get gas at equivalent or comparative prices from the United States when that pipeline was built. If it is not built, where are the tradeoffs? The reality is that they will not take place. The Americans have the gas and we will get the empty holes in the ground. That is the reality.

• (2040)

In short, with this project which was initiated by the federal government, for which they have to assume primary responsibility,—but aided and abbetted by the Tory party—Canadians were defrauded of cheap gas and in the process we have been defrauded of low-cost gas in the future. Canadians will not get it now under this kind of agreement, an agreement which was supported by the two old-line parties.

I was asked about the Alsands project. I believe that any dispassionate analysis would lead one to conclude at this point, frankly, that what happened is that the Alsands project collapsed under its own weight. When the government realized that Shell and Gulf were no longer interested in the project—these great multinationals which were defended so vigorously but in unstated terms by the Tory party now, because I would remind all Canadians that they wanted the project to go ahead by giving more concessions to the oil companies—and when it saw last week that the Alsands project was failing because Shell, in its financial analysis of world price in oil and long range interest expectations and so on, saw that it was not financially viable, what did the Liberals do? Did they indicate that it was all right because those resources will not disappear? Did they indicate that the resources will remain for future Canadians and those resources can be brought under the public auspices with Petro-Canada? After all, Petro-Canada was created initially so that we would not be held for blackmail by the multinationals. However, the Liberals did not say that. Instead, they raised the ante for the multinationals by presenting a new package which would have given billions of dollars to Shell and Gulf. Of course, this was done with the support of the Tory Party.

However, for business reasons which were substantially related to prices in oil, the business community, the multinationals even, turned down that offer.

As I have indicated, we say that those resources will not go away. As long as these two old-line parties do not have anything to do with it, these resources will remain part of our country. In the future, when those resources become economically viable we hope we will be able to develop those resources jointly with the government of Alberta, totally under public Canadian control.

I also want to say to my Tory friends, both figuratively and literally on my right, that every Gallup poll done of Canadians

indicates that not only are they interested in Canadian ownership of those oil resources, they support public ownership. The Tories should learn that.

While discussing the collapse of these two projects, it would in some manner be comforting to think that the only failure involved was these two resource projects themselves, which is very significant. I regret to say that what is really involved, of course, is that the whole economic thrust of the Liberal government as announced in its budget last fall has been completely undermined by the collapse of these two projects. In this context I would like to say that the thrust of that budget was not an accident. The House knows, as does the whole country, that many of the particular details of that budget were economically foolish and unjust, or both.

One of the important aspects of the budget which has not received national debates was the industrial strategy, which had its general framework outlined in the budget. That strategy was not an accident. There has been a debate raging in the Liberal party—and had been over the summer months leading up to the production of the budget—which had on one side that very earnest but totally ineffective Minister of Industry, Trade and Commerce (Mr. Gray) in terms of what he has produced in the country. He wanted a serious industrial strategy. He talked as if he were a Japanese finance spokesperson, trade spokesperson or someone from any industrial country in western Europe. At least he did talk about the need for a manufacturing strategy. The Minister of Industry, Trade and Commerce was on one side of the debate which related to what the Liberals had promised in the 1980 election—a serious manufacturing strategy. On the other side of the debate was Senator Olson whose arguments were very different. His arguments were what emerged in the budget. Senator Olson said that what the country really needed was another traditional Liberal quick-fix. What Senator Olson argued for, which is what ultimately triumphed in the cabinet, was that we should be spending hundreds of billions of dollars in the decades ahead for megaprojects, which is simply a new and updated term for resource sellout. That was the side of the argument which won out in cabinet.

Now these projects are dying. With them go the manufacturing jobs which were supposed to be the spin-off benefits of these megaprojects. That was the manufacturing strategy, to have megaprojects for the resource sellout on the one hand which would produce manufacturing spin-offs. The government decided on that strategy rather than following the strategies of other industrial nations which concentrated on developing a first-rate manufacturing nation. The Liberals had intended this to occur simply as a byproduct of resource production.

With the collapse of these two megaprojects we have seen the end of the hopes of getting the manufacturing spin-offs which might have occurred. What is particularly infuriating for anyone who has seriously looked at the performance of the Canadian economy in the past year but, more important, beyond our borders to see what is happening in the world economy, is to find that this occurrence could have been envisaged. The weakening of OPEC and the decline of the world price of petroleum has made marginal and high cost energy projects uneconomical all over the world, not just in Canada. The Government of Canada, in signing its agreement with Alberta, was projecting its income from oil prices that were based on what was already—I want to stress—an unrealistic projection of future world oil prices.

Since last spring, not just in the past few weeks or months, before the budget, economic analysts have been noting that the decline of OPEC was well under way. I say, not only for the benefit of the Liberals but for the benefit of the official opposition as well, that analysts were discussing the effects on all megaprojects in energy in any country in the world, including Canada. Instead of noting that OPEC was in fact on the skids, the Liberal government gambled. That is the only way to describe it. They gambled on a steady increase in world oil prices as being the virtual cornerstone of their manufacturing policy.

Three months ago, on behalf of my colleagues, I warned the government about the folly of the course on which it embarked. I quote very briefly what I said at that time:

> Pierre Trudeau's economic strategy, besides all the tortuous twists and turns it has taken, has always been based on resource exports. Over the years he has continually assured Canadians that Canada's strength lies in its oil and gas and its metal minerals. Exports of resources have always been Pierre Trudeau's idea of how to provide the good life for Canadians.

I said then, and I repeat now, that this Liberal approach, continuing as it does, to see Canada as some sort of resource hinterland for the rest of the world, is perilous. This Liberal approach to the economic development of Canada must be challenged, and must be fundamentally changed, if this country is to grow in any secure way in the future.

For years the Liberals had a strategy which was, on the one hand, the selling off of resources as a permanent source of wealth and on the other, the manufacturing strategy which saw the establishment of rather inefficient branch plants here. It created the economic mess in which we have found ourselves in the last year or so in terms of the budget-making process of the government. That is what they had to consider.

• (2050)

What did they do to get us out of the mess? Once you get beyond all the hype and rhetoric of the budget and what has taken place since the budget, you find that all they presented was simply a rehash of their old strategy. Having used the resource hinterland model of the past and having created the mess, they have been trying to persuade Canadians, ever since the budget, to continue with this old model as a means of getting us out of the difficulty.

I want to say that this vision is faulty. In particular I want to say tonight for western Canada that these resource projects—

Some hon. Members: Oh, oh!

Mr. Broadbent: —the Tories want to perpetuate them. They have about the same intellectual vigour as the comic book editorials written in support of their party. This resource

sellout strategy is particularly harmful for western Canada because it leaves that region in the precarious position of always being dependent on world commodity markets.

Some hon. Members: Oh, oh!

Mr. Broadbent: If there is anything Tories dislike about truth in general, it is truth about themselves. Both the old-line parties in this country have seen resource projects as the key to the future. I repeat, it is particularly harmful to western Canada to leave that part of our land in such a precarious state of development and so vulnerable to world markets. If the Tories and Liberals do not understand it, I want to say that we understand it and we want to change it.

Some hon. Members: Hear, hear!

Mr. Broadbent: All that one can say about Liberal policy in this regard is that they undercut manufacturing years ago in eastern and central Canada. They do not have the guts and the imagination to establish a manufacturing base in western Canada now when it ought to be done.

I notice, Mr. Speaker, you are indicating that my time is coming to a close. Unlike certain parties in this House, we believe that in the final analysis it is more important not simply to show what a terrible job the Liberals are doing, because any six-year-old can do that, but to have the view that what is necessary is to put something in its place.

I want to conclude with the following two points. We do not agree with the strategy of the Liberals. If you look behind what was said on behalf of the Conservative Party of Canada, they offer no different vision at all. When you get behind the rhetoric, all they claim is that they would have given Shell and Gulf everything they asked for a long time ago. That is what the Tories are saying.

We are saying in this point in our history with the million and a half unemployed that when there is insecurity all across the nation, it is time to develop a first-rate manufacturing base in this country. In this context, we say that if the Tories and Liberals do not recognize it, we recognize that a $21 billion annual deficit in manufacturing trade is the place we have to begin.

Some hon. Members: Order.

The Acting Speaker (Mr. Blaker): Order. The hon. member for Oshawa (Mr. Broadbent) is somewhat over the time allotted for him to speak. Perhaps I might seek the unanimous consent of the House to allow him to continue. Is there agreement?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): In that case, the Chair will recognize the hon. member for Oshawa for 30 seconds.

Mr. Broadbent: Mr. Speaker, my understanding of the rule is that if you grant an extension of time, you are not restricted to 20 or 30 seconds.

An hon. Member: No.

Mr. Broadbent: Someone is saying no. That is the typical courtesy of the Conservative party.

The Acting Speaker (Mr. Blaker): Order, please. As a courtesy to the leader of the party, I am prepared to let him continue for an additional two minutes in the hope that he will complete his remarks. The Leader saw me indicate several times to him that his time had expired. I sought the unanimous consent of the House for the hon. member to continue. That consent was refused. I then declared that the hon. member for Oshawa might have 30 seconds to wind up his remarks, which I thought was a fair solution to the problem. I take it the hon. member for Yukon (Mr. Nielsen) is rising on a point of order.

Mr. Nielsen: Mr. Speaker, I rise on a point of order. There was a good deal of hubbub in the House when you were seeking that unanimous consent. The normal courtesy is to extend to the leader consent if he wishes to exceed the normal time limit. We on this side are only too pleased to give that consent to the Leader of the New Democratic Party.

The Acting Speaker (Mr. Blaker): In that case, the Chair will put the question again. Is there unanimous consent for the Leader of the New Democratic Party to complete his remarks?

Some hon. Members: Agreed.

Mr. Broadbent: Thank you, Mr. Speaker. I appreciate the consideration of the House. I will not abuse that consideration. I will wind up very quickly.

I want to make two points and two points only. First we have to start developing in a serious way a manufacturing strategy in this country. The place to begin is by recognizing that we have a $21 billion deficit in manufacturing trade each year, which represents a net loss to this country of 200,000 jobs if only we replace those imports by goods produced in this country.

We in this party have said that we should learn from what has been done in western Europe, what is being applied now down in Australia and what is being done by the Mexicans.

Mr. Nielsen: Don't forget Sweden.

Mr. Broadbent: And Sweden. If you watch the upcoming election in Sweden you will see Olof Palme back in office. Watch that one. The place to begin is by learning from the experience of these other industrialized countries. Canada, with 52 per cent of our manufacturing sector foreign-owned should insist that any foreign-owned company in this country has to start working just a little bit on behalf of Canadians.

We would say that if a company is making $20 million of sales in this country, they must, as they have learned to do in

other countries, adapt themselves and start producing in Canada by Canadians $20 million worth of products. That is the kind of approach we would take.

Second, in order to overcome the deficit that is so crucial and fundamental to a serious job and employment strategy, we must go after export markets. We must adapt our financial institutions in the way that western European countries and the Japanese have done so that when we send exporters around the world they are not undermined by inadequate financing.

We have to change our banking system to ensure that when we have a product, as I learned in the past seven months in no fewer than three countries, we can capture the markets elsewhere in the world. Now when we have such an export product, we find it is inadequately financed at home. This party would take steps to ensure that the pursuit of export markets is done as vigorously as is capturing our own market.

In conclusion, we in this party at this point in the twentieth century no longer believe that Canada should remain a nation of hewers of wood and drawers of water. My generation of Canadians believes that we can produce in an imaginative and vigorous way like other modern nations. The NDP says, let us put the old Liberal-Conservative resource sellout behind us and become a first-rate manufacturing nation in a modern world.

Some hon. Members: Hear, hear!

• (2100)

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, in the absence of the Minister of Energy, Mines and Resources (Mr. Lalonde)—who, despite what you have heard from the Right Hon. Leader of the Opposition (Mr. Clark), was about the business of Canada tonight and unfortunately could not get here in time, but he will return in time to participate in a good deal of this debate—it is my pleasure to rise not only to defend but to take the responsibility for the success of the national energy policy.

The Leader of the New Democratic Party (Mr. Broadbent) with his usual style pretended to debate the Alsands issue this evening but brought in all of the old chestnuts, including the hewers of wood and the drawers of water. He brought in election predictions from foreign lands, banking and foreign ownership but did not deal with the issue at hand, which I intend to do.

The Leader of the Opposition would have you believe that the failure of the Alsands project is the total collapse of the national energy policy. Nothing could be further from the truth. Yes, the companies said no to the Alsands offer. But I would like to point out, and I want to make it very clear, that 1,200,000 Canadians have said yes to the national energy policy and have said it in a very positive manner. They have said yes to the CHIP program; over one million homes have been insulated. Over 200,000 oil conversions have taken place. What is the net result of that? It is a 7 per cent reduction in the consumption of crude oil this year.

Some hon. Members: Hear, hear! Bravo!

Mrs. Erola: For your interest, leaders of the opposition, members of the House and Canadians, that 7 per cent reduction represents roughly the equivalent of the production from one oil sands project a year.

Some hon. Members: Bravo!

Mrs. Erola: I repeat that. In terms of self-sufficiency, this is definitely a set-back, we agree that the termination of the Alsands project is a set-back, but it does not affect our determination to be self-sufficient by the year 1990. I want to make that absolutely clear. I think any other indication is not fair and is misleading Canadians to believe that the government has been drastically affected in our goal to achieve self-sufficiency.

I want to point out that that 7 per cent reduction in consumption, which was a very firm thrust of the national energy policy, has resulted in a 17 per cent reduction in the consumption of heating oil alone this year. That is significant.

Mr. Taylor: They could not afford any more.

Mrs. Erola: This is part of the national energy policy. Self-sufficiency in oil has increased from 79.5 per cent to 80.9 per cent. Do not forget that we made three promises when we delivered the national energy policy—self-sufficiency, opportunity, and fairness. I might suggest to you that those goals are being met and that they are receiving the overwhelming support of Canadians across the country.

Some hon. Members: Hear, hear!

Mrs. Erola: Let us look at our goals and let us look at them fairly. It is important that we put all of this in perspective and in balance. Let us look at oil self-sufficiency. We have decreased consumption. That is proved. We have new projects coming on. The fact of the matter is—and we will get into the Alsands offer—that I would like to put that offer out on the table so that all can understand what that offer was, just how fair it was and why it was turned down. I will get into that in just a moment.

We have agreed to energy revenue sharing in this country. We agree that it was a very arduous process. None of this happened during that brief tenure of office enjoyed by the other party. I would like to add that the opportunity of ownership, which was a very real thrust of the national energy policy, has resulted in a 6 per cent increase in Canadian ownership.

We have a number of projects as well that indicate to you what is happening on the Canadian scene in terms of energy self-sufficiency and the kind of projects that this government is committed to and will continue to see through.

Let us look at the TQM Pipeline; $2.4 billion; Norman Wells development, $600 million; Quintette coal development, $700 million; Ridley Island coal and grain terminals in British Columbia, an investment of $600 million. As well, there are upgrading projects under way in Montreal and Saskatchewan.

An hon. Member: What about oil self-suffiency?

Mrs. Erola: I am talking about self-sufficiency. If the hon. member would return to his seat, I could remember where he came from. I would like to remind him of this. Let us look at Hibernia. Cheaper oil is coming on stream and Hibernia is a perfect example. We have proven that there is one and a half billion barrels of oil in Hibernia. That is one of the reasons why we can look forward to oil self-sufficiency.

Some hon. Members: Oh, oh!

Mrs. Erola: It is obvious, Mr. Speaker, that members of the opposition are not interested in the facts. What are the facts? We are speaking to Canadians. Fortunately, Canadians are providing us with the kind of proof that the national energy policy is indeed a policy that they support. We have just given you the figures.

Some hon. Members: Oh, oh!

Mrs. Erola: The consumption is down. I can say to those opposite that they will have time to participate in this debate. I would like to say here and now that it is Canadians across the country who know that we must cut back on consumption, Canadians who agreed with the thrust of the national energy policy. It is they who have made this work, and they will continue to make it work.

Let us get back to Alsands offer. On April 26 the Governments of Canada and Alberta made a joint offer to the Alsands consortium. I would like to make something perfectly clear here. The Leader of the Opposition said that we would stand here and try to lay the blame on the provinces and on people across the country. We have no intention of doing so. I would like to pay tribute to the province of Alberta for the kind of co-operation that existed in the entire work of the Alsands project.

Some hon. Members: Hear, hear!

Mrs. Erola: The Governments of Canada and Alberta did make a joint offer which included a major new financial arrangement designed to make the project substantially more attractive to the participants. Here are the major elements.

It was agreed that the two governments would provide a 50 per cent equity share in the total project. The two governments would provide loan guarantees of 68 per cent of private expenditures in lieu of normal tax write-offs. That is only part of it. The loan repayments would be limited to 58 per cent of net revenue from the project. Except for a minimum gross royalty, the project would pay no taxes federal or provincial until the loan was repaid. The normal taxes and royalties would apply after the guaranteed loan was repaid, but only after that. Output from the project would receive a new oil reference price or its equivalent.

The private sponsors of this project considered the offer through the course of the previous week, and on Friday last, October 30, they announced that the project was being suspended indefinitely. Why? I will get to the main reasons for the suspension in a moment, and this is absolutely true and it was responsible for the failure of a number of other oil projects worldwide. These main reasons were falling international oil prices and increasing project costs. All of these factors combined to generate too much risk and uncertainty for the private sector. There was an apparent difficulty in attracting new private sponsors.

Significantly, however, and I think this is worth repeating, the Alsands consortium did not find any fault with the government's latest offer.

Some hon. Members: Hear, hear!

Mrs. Erola: Indeed, it would have been very difficult for them to have done so. This last offer represents one of the most generous packages of commercial terms that has been made available to any private energy project in Canada.

• (2110)

Let us look at what they would have received. The offer would have provided a rate of return on the project in excess of 20 per cent, even based on an oil price forecast lower than that which was assumed last fall. There would have been an ROR in excess of 20 per cent, considering the reality of current costs of production. The offer would have provided more security from future price fluctuations by stretching out that period of non-taxability which gave them a real cushion, would have financed 68 per cent of the private sector expenditures under extremely attractive commercial terms, and would have provided up to 84 per cent of the total project financing requirements.

I think every hon. member of the House and all Canadians would agree that this offer represented the realistic limit to which any government could go in providing the right commercial terms.

Mr. Taylor: Two years too late.

Mrs. Erola: Beyond this point, both governments felt that all of the potential benefits from Alsands, financial, economic and psychological, would be exceeded by the costs and risks to society. I heard a comment, "Two years too late".

Mr. Taylor: It was two years too late.

Mrs. Erola: It is a fact that that agreement which was so elusive to the opposition should have taken place at that time and perhaps it also would have come to that much earlier. But the fact is, the opposition did not.

Canada and Alberta went more than half way on this offer. Both the federal government and the government of Alberta went as close to a balancing point as possible. However, the fact is that governments cannot and should not create a set of conditions which eliminate all risks to a private sector project. But we came mighty close to that in this particular one.

Mr. Kilgour: How far away?

Mrs. Erola: We all know, despite the government's offer to assume the vast majority of the up front capital risks through

direct equity participation and loan guarantee, and despite the rhetoric from the oil industry about the virtues of risk taking and free enterprise, who was taking the real risk. Who was taking the real risk? In the final analysis, the private sector was not willing to accept even a vastly more reduced level of risk than they said they were prepared to accept as little as six months ago.

Mr. Nielsen: Because they didn't trust you.

Mrs. Erola: So let us dispel this business of too little, too late.

Mr. Nielsen: No confidence!

Mrs. Erola: The Alsands companies were concerned about their projected rates of return, despite the guarantees, and about their cash flow position as the project went ahead. The governments responded. I say "governments" because I want to accentuate the fact once again that the government of Alberta was a very real, active and co-operative player. The governments proposed an offer which provided a good rate of return and maintained that rate even with lower expected rates of growth in world oil prices. That offer was out there on the table. It substantially reduced the risk by taking a direct share in half the project. We, and by "we" I mean the Governments of Canada and of Alberta, addressed cash flow concerns by guaranteeing loans and taking the companies out of the tax system until those loans were repaid. Was it not a generous offer?

Some hon. Members: Absolutely.

Some hon. Members: Hear, hear!

Mr. Taylor: Your socialists think so.

Mrs. Erola: Well, the hon. members cannot have it both ways. At one point they say we are not generous enough, and then they call us socialists. "Hypocrisy" was a word very freely expressed on the other side of the House just a moment ago, but I see it practised with monotonous regularity from both ends of the House.

The rationale for the extremely generous degree of support offered was to ensure that the project would receive benefits equivalent to those implicit in Alberta's earlier promise of a 20 per cent loan guarantee and the ability of a fully taxable firm to use conventional tax write-offs on a current basis. These were the problems. With our guaranteed loan offer and the special features for repayment which were incorporated in it, we directly addressed the concerns which the project sponsors had earlier expressed to us. One such concern, and it was a real one, was their inability to use tax write-offs on a current basis. Our offer guaranteed them an equivalent basis. The second was their cash flow problem and risk, and our offer addressed this with a guaranteed loan and 50 per cent joint participation. Finally, the companies were concerned about the risk of low rates of the oil price increase, and this we addressed by designing loan repayment terms which, in the case of the lower than anticipated oil price growth, would have delayed the time when the project would become taxable. Of course, if oil prices rapidly escalated, the loan would be repaid more quickly and would advance the date on which the project would be subject to full taxation. Therefore, the governments jointly created a package which did not provide excessive rates of return but which was extremely generous in terms of reducing the risk for the participants.

It should be clear from the scope of these terms that the two governments not only addressed the specific concerns of the companies, but also put forward an attractive total proposal under which the Alsands project could have gone forward. Unfortunately, it did not. However, I would like to assure Canadians that the door is still open and that that oil is still in the sand. It has not disappeared off into the night. It is there.

Mr. Taylor: Too late.

Mrs. Erola: For Canadians it is still oil in the bank.

Mr. Taylor: You are still buying it from Mexico.

Mrs. Erola: The fact is that we had cheaper oil, and those companies which turned this down have asked, "Should we look at this project somewhere down the road when the national oil prices escalate, or should we look at some of the projects which will bring us the oil that we need at a far lower cost?"

Mr. Kilgour: When?

Mrs. Erola: Now.

Mr. Kilgour: Hibernia?

Mrs. Erola: Hibernia.

Mr. Kilgour: Beaufort Sea?

Mrs. Erola: I mentioned just a moment ago that Hibernia is a very real possibility, with proven reserves. We have proven a flow of 1.5 billion barrels a day. There is a number of other ways in which we will achieve our self-sufficiency goal by 1990. We have enhanced oil recovery projects, upgrading projects—

Mr. Kilgour: Cold Lake?

Mrs. Erola: —and the offshore exploration and development to which this government has devoted millions and millions of dollars and which we will continue to do. I want to emphasize that developments in these sources of oil will make us self-sufficient by 1990.

Mr. Kilgour: Want to bet?

Mrs. Erola: It is absolutely true that over the last year we have become increasingly optimistic about the prospects of oil, as we mentioned, from Hibernia, from the east coast, from the Beaufort, and we expect, with a good degree of certainty, that these supplies will more than offset the output that we might have obtained from the Alsands project.

Mr. Kilgour: Poppycock.

Mrs. Erola: No, it is not poppycock. It is absolute truth. If the hon. member were not hung up on the Alsands project alone, he would not continue to delude Canadians that the collapse of the Alsands project is the collapse of the NEP. We admit that it is a setback. I repeat, and I want to make sure that all Canadians know, that the failure of the Alsands project to go ahead at this moment does not mean the collapse of the NEP. I want to again assure hon. members that we in Canada and this government will continue to pursue those objectives set out so clearly in the National Energy Program, those objectives which are supported by Canadians. We will be self-sufficient by the year 1990.

I should like to bring to the attention of the House some of the projects which we are continuing to support. As a matter of fact, the Leader of the Opposition had quite a lengthy list of those projects which he said were not going forward. I would like to add my list of those projects which are going forward, and it is quite a lengthy one. Perhaps it would be better to table the document.

Mr. Nielsen: Find your notes?

Mrs. Erola: Yes, it is here. These are energy projects. We have the Carmont heavy fuel oil upgrader—

Mr. Kilgour: When?

Mrs. Erola: —at a cost of $2,600,000.

Mr. Kilgour: What year?

Mrs. Erola: We have Sable Island offshore gas, Norman Wells, as I mentioned, La Grande Phase II at James Bay, and Hibernia Oil development. All of these projects are now under active consideration and a good deal of money has already been put into them.

• (2120)

To sum up, Mr. Speaker, the loss of Alsands is regrettable, but in the face of similar decisions being made in other countries at this time—

An hon. Member: That is a cop-out.

Mrs. Erola: It is not a cop-out, it is reality and it is time hon. members on that side faced up to reality. I am sure hon. members read the report in *The Globe and Mail* this morning of Exxon's decision to shut down its oil shale project in the United States after investing some $400 million, due to the decline of international oil prices.

I want to state unequivocally at this time that although the Alsands project failure is a setback, it will not—and I say it again—it will not undermine the basic objectives of the National Energy Program nor our ability to achieve them.

Some hon. Members: Hear, hear!

Mr. Jack Shields (Athabasca): Mr. Speaker, I should like to make a couple of comments on the remarks of the Minister of State for Mines (Mrs. Erola). It is obvious that the minister lives within the confines of Ottawa and is briefed daily by the upper echelon of the civil service. She sure as hell does not live in northeastern Alberta where those plants are supposed to be developed or she would not talk the rot she talked tonight.

She holds out the CHIP program as the bastion of the National Energy Program and as evidence of its success. It was the very first thing she mentioned. Mr. Speaker, it was a money giveaway to the people of Canada so that they could insulate their homes and conserve energy. I should like to suggest another program—the BAPP program—buy a parka program. That could be implemented and it would be a wonderful success. The people who now cannot afford fuel oil for their homes because of the price and people who cannot afford to live in this country in the wintertime, will buy parkas.

The goals of the energy program are oil sufficiency, opportunity and fairness. I should like to deal with the matter of self-sufficiency. Clearly the Hibernia fields are not to be developed. Clearly the technology is not there. Is this government so unilateral in decision-making that it is going to steamroll over Newfoundland and not discuss the ownership of the off-shore with that province? That matter has yet to be settled. Taking into account the Newfoundland election, it does not appear to me that the government is going to be able to pull any strings in Newfoundland. That province is going to hold the line, and the federal government will have to deal with it properly, in fairness and in co-operation. Co-operative federalism is not dead.

Now I should like to deal with the matter of opportunities, Mr. Speaker. I would ask the Minister of State for Mines what kind of opportunity there is for the people who went up to northeastern Alberta. The minister is now leaving. She is afraid to listen to what can be said about some of her statements.

Mr. Nielsen: Bye, bye!

Mr. Blenkarn: Good-bye, minister.

Some hon. Members: Bye, bye!

Mr. Shields: What kind of opportunity is there for people up there?

The next item is fairness. Where is the fairness for the farmer who is now paying double for his fertilizer because of the National Energy Program which was brought in by this government? Where is the fairness to the trucker who is now paying $2 per gallon for gasoline when he can go across the border and buy it for $1.10? That is the result of the National Energy Program. That is how fair the government is.

We do not even have the technology for Hibernia. What is going to happen about the Beaufort Sea? Is the government going to steamroll over the Indian claims, the native claims, the Dene claims? All those land claims have yet to be settled

and they are not being addressed. A pipeline is needed, but how will it be built if the land claims are not settled first?

We saw what happened when the government would not face the political problems and develop a program with Alberta that was fair and equitable for all.

I am not going to say any more about that, Mr. Speaker, because the minister has gone. She is not about to listen anyway. Her statements are all rot and we hear it all the time.

From his reference to "hewers of wood and drawers of water" it is obvious that the Leader of the New Democratic Party (Mr. Broadbent) has never visited the oil sands to see the technology being developed in Canada by Canadians. This technology will be needed all over the world in every oil sands project.

Some hon. Members: Hear, hear!

Mr. Shields: We are leaders in that technology but we are throwing it down the drain. The Cold Lake project was a giant research project. The government says day after day that we need research and development, and the NDP says that we need to do it at home. Mr. Speaker, we were doing it at home. We were developing a plan for research and development. The first technology was in situ process to develop oil from the ground has gone. Those people who developed the technology have gone with it, the petroleum engineers, the civil engineers. All that is being done in Montreal and in Toronto, Mr. Speaker. Members of that party do not know what they are talking about, Mr. Speaker.

The national energy policy was put forward under the guise of a budget. What did the New Democratic Party—the "Liberal party west" say about it? It said, "Borrow more money. Buy Petrofina. Borrow more money and go after the big guys, Imperial Oil—get those multinational Americans the hell out of here." That is what they were saying. That is what they are going to have to live with. It is on the record and the NDP, the Liberal party west, will have to live with it when the next election comes around. It is a matter of "go get the Americans".

The hon. member for Restigouche (Mr. Harquail) is not here, Mr. Speaker. He was upset earlier tonight because his riding was mentioned by my leader. He should sit over here and listen to the garbage that comes from the Liberal benches and from the NDP benches about my riding. It is my riding that is damn well being destroyed and it is making me sick, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Shields: Mr. Speaker and hon. members of this House, we are witnessing the destruction of Canada—the Canada that I love and love dearly—the Canada of my children, the Canada of my father, the Canada of my grandfather and my great-grandfather. That is what we are witnessing and I must ask why.

This is the country that my family loved. This is the country that some members of my family died to protect. Now I ask why—why are Canadians allowing the destruction of the country to take place before their eyes? I will tell you why, Mr. Speaker. It is because we are a country without a vision. You cannot have vision in the country unless you have leadership with vision. Since the Right Hon. Prime Minister (Mr. Trudeau) came to power we have lost our vision. Where is the vision of Sir John A. Macdonald and Sir Wilfrid Laurier who had vision and said, "We have to build a railroad from coast to coast, from sea to sea". Where has that vision gone? It certainly is not in this House today and it has not been here for 12 years.

Where is the vision of Louis St. Laurent and John Diefenbaker who said, "We are going to build the St. Lawrence Seaway." They had a vision of bringing deep sea vessels right into the Great Lakes. Where has that vision gone? It is not in this House.

Where is the vision that brought us Expo? Canadians could then talk around and say "I am proud to be a Canadian". They did not claim to be Alberta Canadians, French Canadians, Ukrainian Canadians, New Brunswick Canadians, or Newfoundland Canadians—they did not say that. They said "I am a Canadian"—unhyphenated.

The Prime Minister has a vision but he will not share it with the Canadian people because he knows they would ram it down his throat—his vision is hidden so that people cannot see it. That is the kind of government we have today, Mr. Speaker. It has no vision that it wants to share with the Canadian people because it knows it would be rejected.

We had the vision that gave us the railroads. It did not matter whether it was a Liberal prime minister or a Conservative prime minister. We had the vision which gave us the railroads. It did not matter whether it was a Liberal or a Conservative Prime Minister, the vision carried forward and it was shared with the Canadian people. What is the vision we have here with this prime minister? A vision of unilateralism; it is going to be done from the centre. We are not going to have co-operative federalism any more. We are going to have unilateral government from the centre and that is it, like it or lump it. The Prime Minister himself says co-operative federalism is dead. I want to tell him, Mr. Speaker, that it is not dead. It will survive that Prime Minister. But he is dead come the next election, and it should be soon.

• (2130)

Some hon. Members: Hear, hear!

Mr. Shields: It did not matter whether it was a Conservative or Liberal government, the leaders had vision, and that is what we lack today.

The Minister of State for Mines said that the companies refused to build Alsands and the Cold Lake project because they were not economically viable. Hogwash! It was economically viable, but the companies, the people you depend on to do the building in this country, do not trust this government. Think about it for a minute. If you represent a company and its shareholders and you are asked to almost totally mortgage

your company to build the oil sands project, ask yourself if you would take a chance on a government which came in and retroactively stole from those companies their property by way of a back-in provision of the National Energy Program. These companies were good corporate citizens, they moved here and developed the industry, and then this government had the audacity, the gall, to move in on those companies and say, "We gave you certain tax breaks, gentlemen, we really paid for it, therefore we are going to take ownership for Petro-Can."

This is the same government which, when Syncrude was being built, invoked the *force majeure* clause which says they can renegotiate the price for oil which Syncrude produced. This is the government which made a deal with Suncor and said, "We will let you expand your plant to produce more oil which we need in Canada and you can have the world price", but after the plant was under construction this same government went to that oil company and said, "We only meant that you can have world prices for the portion of oil which comes from the expansion". This is a government which wants to be trusted, which thinks it is being trusted. It is a government which listens, and then the Minister of Energy, Mines and Resources (Mr. Lalonde) stands up and goes through all that garbage.

I never thought I would stand up in this august hall as a member representing northeastern Alberta from the great riding of Athabasca and say that I am ashamed today to be a Canadian. I am ashamed because we are now known in the international investment community as people who cannot keep their word, who cannot be trusted. They dare not invest in Canada because if they do, the government can change the rules.

I would like to suggest to you, Mr. Speaker, another scenario as to why the Alsands project is not going ahead. Two months ago Alsands told the government they were not going ahead, they did not like what the government was doing. We need a new agreement, costs have escalated. We have heard the arguments. Shell said they would hold on for another month "but let's sit down and reach an agreement." They did not get one call from this government to sit down. Not one! Why? Because the senior bureaucrats, the socialists of the NEP, were sitting down and working out various scenarios which they could present to the Alsands consortium. At the end of the one-month Alsands were going to pack it in. This government bought them. It said "No, wait another month and we will pay all your costs, $8 million. Stay there, we are working up an agreement". They waited for three weeks to sit down with the government. Less than a week from the deadline which had been announced two months previously they were handed a very intricate document by the government which said, "This is our proposal to you".

I talked to some of the members of that consortium, Mr. Speaker, and it became clear to me that they did not trust the motives of the federal government. I ask Canadians everywhere: can you imagine, they did not trust the motives or the integrity of this government. As it was explained to me, the companies would have had to mortgage themselves and they would then be too vulnerable because the government could come in after a year and a half and shaft them right out of business. Was the government's motivation that of nationalization under the guise of Canadianization? I wonder.

I would like to suggest to the backbenchers over there that it will go down in history that you voted to support this government in its national energy policy. It will go down in history that you did not have the vision to stand up and stop your frontbenchers whom you follow like sheep. Do you realize that ten good members with spine can stop this foolishness and this government, and they can bring vision back into Canada? I guarantee that if ten men were to do that, they would go down in history, and they would win their seat in the next election, too. But they will not win their seat the next time because they are selling out their own constituents. They are totally and absolutely incompetent. They are not representing their constituents. They are more concerned about keeping their seats and staying in favour with a Prime Minister who has gone stark, raving mad. They support a Minister of Energy who has gone stark raving mad. They support a Minister of Finance (Mr. MacEachen) who has gone stark raving mad, mad to the point of absurdity, and they are allowing this to happen. Ten backbenchers could go down in history as saving this country.

I tell you, Mr. Speaker, if we do not develop the oil sands projects we will be putting the security of our country at peril. All we have to do is to get some sense, think for a minute, and look what is happening in the Middle East; it could blow up any time. Look at what happened in Afghanistan. Are the Russians satisfied with Afghanistan, or are they going to move into Iran? Nobody here knows. And I say to you that I do not feel very secure when I look at what is happening there. The security of my country, my children, my family and your family, is of prime concern, or should be, to every member of the House. If you only had the vision, the guts, to stand up, ten of you, and force this government into an election we would see a vision of building take hold right across Canada. We do not have to look at the bottom line; it is there. We just have to have a climate in this country which would allow people to move forward and develop the resources we have.

• (2140)

Instead of a country or a government with vision, we have a government of slick advertising, advertising to the point of nausea. This government advertises across the country that the country is ours and that the future belongs to us. But today it belongs to one man, the Prime Minister. It does not belong to Canadians in general. But I tell government members to go to northeastern Alberta, to Cold Lake, to Grand Centre and to Bonnyville. Go to Fort McMurray and talk to men and women who have moved there from other parts of Canada. Talk to those people and ask them why they have moved there. Their answer invariably is, "Because I saw a future and because I could do better for my family. Because I have always wanted to try business. I sold everything I have so I could get enough money and capital to build a business". I tell hon. members on the other side to go and talk to those people today and see

what they have to say about this government and the national energy policy. See what they have to say about fairness. Find out what they think about equity. I tell hon. member opposite to go and talk to the farmers. They do not have to travel very far. They only have to drive a little way from the atmosphere in Ottawa. Government members ought to hear what the farmers have to say. They should find out how costs have escalated because of the national energy policy. It is an absolute crime. But I see one thing, and maybe it explains it all. We all know that the civil service is out of control. We all know the senior civil servants are the ones who are advising the ministers, setting policy and running the government. They are the same people who live isolated here in Ottawa. They are the same people who have indexed salaries and when inflation goes up, their salaries go up correspondingly. I say to them, "Get the hell out of Ottawa. Go and see what is happening in the rest of the country. Do not sit in isolation and draft policies that are affecting the daily lives of Canadians right across this country and are killing Canada."

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, during the discussions we have had recently about the state of the petroleum industry and indeed during the debate this evening, we have had the impression that there are those who are convinced that the reasons the Alsands project did not go forward, and indeed that the circumstances in the petroleum industry today, are entirely ascribable to the National Energy Program. That would seem a gross oversimplification in any terms. It is, of course, obvious that the petroleum industry in Canada is not immune from world economic conditions. That industry in Canada is no more immune from high interest rates or the impact of inflation than any other industrial sector in our country. Indeed, the industry does not exist in a vacuum, and interest rates, inflation and the declining international price for oil and the declining demand here in Canada for all types of petroleum products are proving to be crucial factors in influencing the course of our petroleum industry—at least as much as they influence the course of our other industrial sectors.

If that proposition were not true, I believe we would find a substantially different situation in the United States. But what we do find in the United States is a situation that in many respects parallels that in the energy industry in Canada today.

Mr. Kilgour: You are nuts.

Mr. MacLaren: For the benefit of the House, let me point out that the *Wall Street Journal* reported a fortnight ago that falling crude oil prices and tight money are "putting lots of producers on the ropes these days". Drilling is lagging and exploration budgets are being slashed. Even the value of reserves is coming down, with some producing properties selling for up to 25 per cent discount.

Mr. Kilgour: Mr. Speaker, would the hon. member permit a question now or at the end of his speech?

Mr. MacLaren: Mr. Speaker, I should prefer to proceed with what I am saying. We have also heard a number of allegations that drilling rigs have been leaving Canada, going to the United States and flourishing in what has been portrayed as a more hospitable climate, one in which those drilling rigs can prosper. In fact, during recent months in the United States, as the *Wall Street Journal* has noted, the '81 boom is turning into the '82 bust. Drilling is down substantially in the United States. The current estimates for the first months of 1982 over the comparable period for 1981 show a reduction of some 20 per cent. From a peak of 4,530 rigs active at the end of December in the United States, the count has fallen to about 3,600 at the end of March.

I make that point, Mr. Speaker, because it does indicate the degree to which the petroleum industry, both in the United States and Canada, and indeed in many parts of the world, is subjected to the adverse economic factors that are so prevalent in the industrialized nations today.

Mr. Kilgour: That is the worst piece of logic we have ever heard.

Mr. MacLaren: I should also like to cite the situation confronting a number of petroleum corporations. We have had reference to the fact that Canadian oil corporations have not been experiencing the same very high levels of profitability which characterized the industry over a number of years, but this is not a situation limited to Canada. In the United States, for example, the first quarter results for Texaco show a drop of 44 per cent in profits; Occidental Petroleum shows a drop in profit of 76 per cent and Ashland Oil showed a decline of some 30 per cent.

Mr. Wright: Why don't you talk about people's jobs or the unemployed?

Mr. MacLaren: The situation in many parts of the world with regard to the petroleum industry is substantially the same. It is affected by high interest rates, the decline in demand for petroleum products, the impact of inflation, which have all had a part in the state of the petroleum industry today. Against that background, it is clearly absurd to assume Canada is somehow immune from the adverse factors which are affecting all other industrialized nations.

Currently a number of major oil-related projects throughout the world are either being delayed or cancelled. The reasons given relate to the current world oil surplus, rising costs, the high cost of money and the general uncertainties about financing feasibility.

Some members in the House may be aware from comments made earlier this evening that in the United States projects have been shelved, projects on the leading edge of technology in a comparable way to that of the Alsands technology. But in addition to those that have been cited in the United States, in Venezuela a major upgrading oil project has been shelved. In the North Sea, the Netherlands is withdrawing from some of the major projects which have been contemplated. That

country is looking instead at smaller projects requiring minimum financial commitment. British Petroleum in the North Sea is backing off various costly projects to concentrate on alternatives of a less costly character. All these are also indications of the general situation facing a petroleum industry in a world where oil surpluses have developed, where world price has been dropping and where inflation and interest costs have been increasing.

• (2150)

Against that background, the Alsands project has been temporarily set aside, despite a very generous offer from both the federal and Alberta governments in terms of the tax regime and other financial incentives. Despite those very attractive offers, the two remaining private sector members of the Alsands consortium decided that to proceed with the project at this time was not in their best interests. There is a limit to which any government can go on making conditions right for any project. There is a point at which the expected benefits of the project are exceeded by the costs and the risks involved. The Alsands companies were concerned about their projected rates of return and their cash flow positions as the project developed. The government of Alberta and the Government of Canada proposed an offer which, in my view, provided a good rate of return and maintained that rate even with lower expected rates of growth in world oil prices. The two governments together substantially reduced the risks facing private sector partners by taking a direct share in half the project. The two governments addressed cash flow concerns by guaranteeing loans and taking the companies completely out of the tax system until both loans were repaid. In other words, the participants in the project were being offered world price and no taxes until they had recovered their total investment.

I would not want to try to emulate the colourful language of *The Edmonton Sun* in connection with the offer made by the government of Alberta and the Government of Canada, but I should like to quote for the record the comment of *The Edmonton Sun* on the offer. It indicated that "not for 100 years . . . has there been anything to match the hauteur and disdain with which Shell and Gulf spurn the offer of public largesse . . . If anything could turn a dedicated capitalist into a socialist, a believer in Petro-Canada and a fan of Marc Lalonde, this must be it . . . Since when is a guaranteed return on an investment of at least 20 per cent not enough?" *The Edmonton Sun* was certainly clear in its opinion that the offer made was a most generous one which, in other global circumstances, would have meant that the project would have gone forward.

As the Minister of Energy, Mines and Resources (Mr. Lalonde) noted, it is important to consider the Alsands project in the perspective of the wide range of petroleum possibilities in the country. There is a variety of encouraging projects in which to invest in our search for oil during the current decade. Oil sands projects must compete with other investment opportunities for available capital. Unquestionably the promising exploration results in the Beaufort and Hibernia areas offer tremendous investment opportunities, as the Minister of State for Mines (Mrs. Erola) indicated in her earlier statement. But generally in Canada there are strong incentives to invest in oil exploration. For example, the netbacks to the petroleum industry have grown dramatically in recent years. Under the agreements with Alberta and the other producing provinces flowing out of the National Energy Program, the netbacks for oil discovered prior to 1974 have risen from $4.95 per barrel in 1979 to $5.82 in 1982, an increase of some 18 per cent, and for new oil the value has increased from $6.56 per barrel to $16.58 per barrel in 1982, an increase of some 107 per cent.

Against the background of these numbers, it is not surprising that there are investors who recognize the great opportunities which await those who want to participate in the petroleum industry, especially Canadians who for the first time have a major opportunity to join in the petroleum play. Solomon Brothers, a respected New York investment house, as early as October last year noted that first year netbacks on new oil in Canada will be up to 80 per cent higher than in the United States. Greenshields, a major Canadian investment house, indicated a few months ago that exploration for new conventional oil will surge ahead because the price of new oil has almost doubled since December, 1981. Also Greenshields added that with higher netbacks, small or poor quality reserves which were previously passed by will merit development. The relative netback to new oil discoveries is 2.5 times higher than it was in 1979, even after adjustment for interest rates.

With world price for new oil and with the petroleum incentives program available, it is obvious that Canada offers investors great new opportunities. Those opportunities are being recognized not only by Canadian but by American investors. Recently the United States department of commerce issued a report on the basis of a survey of United States petroleum companies with subsidiaries in Canada. The report dealt with projected capital expenditures abroad by foreign affiliates of United States companies. A notable feature of the forecast was the estimate of the United States department of commerce, drawing on material provided by United States petroleum companies, that Canadian affiliates of United States petroleum companies plan a 28 per cent increase in expenditures in Canada in 1982 compared with the 1981 level.

Also the report of the United States department of commerce noted that the Canadian National Energy Program, designed to promote Canadianization of the domestic oil and gas industry, does not seem to have dampened the capital spending plans of affiliates operating in Canada. Indeed, the United States department of commerce forecasted that there will be a 28 per cent increase in Canadian investment compared with a worldwide increase of United States affiliates of only 18 per cent.

I suggest that the Canadian petroleum industry has a wealth of opportunities ahead of it which will contribute substantially to the realization of self-sufficiency in oil, self-sufficiency which we already enjoy in all other energy sectors. Of course, conservation is also playing a key role in achieving self-

sufficiency. In line with the goal of the National Energy Program of reducing demand for oil in Canada throughout this decade, we now estimate a total demand of approximately 1.4 million barrels per day by 1990, down from 1.7 million barrels per day last year. Part of the decline in demand is the direct result of government incentive programs to encourage Canadians to move away from costly oil to less expensive and more plentiful forms of energy and, of course, to encourage Canadian industry to develop alternative fuels.

In 1981, the demand for all petroleum products in Canada dropped by some 8.7 per cent. The expectation for 1982 is that there will be a further decrease of 5.6 per cent. The combination of the Hibernia sources, the Beaufort sources, oil from conventional lands and upgrading projects which are now under way, coupled with a sharp reduction in oil consumption in Canada, will certainly place Canada in a situation where we can be certain that our supply and demand will once more be in balance. That balance of oil supply and demand which we seek by 1990 will also be paralleled by greater Canadianization of our petroleum industry. I have no doubt that during the years ahead we shall undertake a major overhaul of our manufacturing industry to make it more competitive in world markets. Our best prospects to achieve that sort of competitive stance will be as a result of greater Canadianization of our own enterprises. Canadian research and development will benefit and grow, and worldwide marketing as well as entrepreneurial challenge will flow from a greater Canadianization of our industry, including the petroleum industry.

• (2200)

Recently, a report by Touche-Ross and partners, a major Canadian consulting group, noted that people may disagree on details or methods in the National Energy Program, but the report stresses that there can be little quarrel with the intent of the program from any reasonable person, Canadian or American, who believes in the existence of an independent self-governing nation on the northern part of the North American continent.

Now that we have our own Constitution at home, we should be redoubling our efforts to own and control more of our economy for good economic, social and political reasons.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I should like to take advantage of the opportunity offered by this emergency debate to make a few comments. Mr. Speaker, we have emergency debates when things go wrong and I think the House should remember that the reason we are having this debate today is that all is far from well in Canada. I was shocked when I heard the previous speaker, who seemed to find this state of affairs entirely acceptable, while referring to the tremendous loss represented by the Alsands project. He thinks it is perfectly normal that these things should happen and that his government has not abdicated its responsibilities.

S.O. 26

Mr. Speaker, we are having an emergency debate on the present government's disastrous, unspeakable and almost obscene performance with respect to the economy. In fact, the nature of this debate would not be as serious if all were well in other areas. Especially during the past two years, since February, 1980, this government has betrayed and deceived the Canadian people on almost all counts. Considering what the government has said and what it has done during those two years, it could be charged with misleading advertising. This evening's subject is extremely important, because the decision to abandon a project so earnestly desired by all Canadians has added a substantial note of discouragement and has raised general consternation with respect to recent events. I think it is important, Mr. Speaker, to show Canadians how the government's sorry performance in the economic sector today contrasts with its forecasts, promises and commitments in the energy field where, as in other economic sectors, government forecasts have been patently false. Members on this side of the House have called for a debate this evening, in order to try to raise the conscience of this government and to force it to listen to reason. At the very least, we might expect some hon. members to act according to their consciences and force their own government to prepare forecasts that provide a more realistic and honest view of what Canadians can expect.

Obviously, Mr. Speaker, we are not going to congratulate this government. The opportunity afforded by this debate will be used to make the Canadian people aware of this disastrous performance, the government's lack of initiative and the monumental failure for which the members of this government are largely responsible. The Canadian people are concerned, the country is concerned and millions of Canadians are suffering at a time when, once more we are trying to persuade the government to make proposals that are more acceptable and effective than they have been able to produce up to now. The Minister of State for Mines (Mrs. Erola) was a pitiful sight just now when she had to read a speech prepared by a couple of senior officials and had to try to justify the government's action, just as the Prime Minister (Mr. Trudeau), the Minister of Energy, Mines and Resources (Mr. Lalonde) and so many ministers on the opposite side of this House have done, by blaming the provinces and the oil companies for turning down the government's generous offer. Perhaps we should ask ourselves, Mr. Speaker, why the government had to show such generosity to companies that did not even bother to accept this generous offer, because of their previous experience with the same government. Should this not be seen as evidence of a loss of confidence in government on the part of the private sector? For two years, Mr. Speaker, this government has tried in every possible way to encroach on areas that were formerly the domain of the private sector. The time will come when this government will have to deal honestly with the private sector. Perhaps we should remind Canadians—because some may have forgotten—that the Prime Minister of this country was in bed with the New Democratic Party not so long ago. Should

we be surprised at the government's desire to socialize just about everything, and why not the energy sector? This government, this political party, is led by a Prime Minister who believes in socialization, and we can see the results today. People are concerned and are asking why the private sector is reacting negatively to the government's policies and objectives. I do not think there is any reason to be surprised.

I was also listening to the Leader of the New Democratic Party (Mr. Broadbent), who went so far as to accuse the Progressive Conservative Party of having hurt this project, when it is common knowledge, Mr. Speaker, and Canadians will surely remember, that it is the New Democratic Party which has kept the people opposite in power since 1974, and that Canadians have the New Democratic Party to thank for being subject to the inadequate legislation under which Canadians are now suffering.

I wish to congratulate the leader of my party on the comments he made in the House this evening, because thousands of Canadians would love to have a chance to say what he said this evening to the face of the minister responsible for the economic catastrophe and failure perpetrated by this government today. I believe it is important that Canadians should be reminded of the disastrous performance of this government. Certainly, Mr. Speaker, we were dreaming, as all Canadians dreamt, about this particular project. When $13 billion are involved in a project such as the one at Cold Lake—in fact it was $12 billion—it is clear, Mr. Speaker, that if instead of being obstinate and insisting on challenging the provincial governments two years ago, the government had taken action to settle these issues with a view to self-sufficiency in energy supplies, the projects would have come on stream two years ago, Mr. Speaker. It is also clear that if the government had been prepared to let the private sector do what it does better than the government, we would have attained these impressive goals and, today, we would be able to speak confidently about self-sufficiency by 1990, which unfortunately is not the case. It is a matter of grave concern, and it is regrettable, that the lack of necessary investment will cost us thousands and thousands of jobs. My own province, which also has a substantial unemployment rate, would have benefited from these major investments as well. Why did the government fail? Procrastination, obstinacy, and the Minister of Energy, Mines and Resources himself, who orchestrated the daily confrontation with the provinces, that is where we should lay the blame for the loss of billions of dollars of investment in this country. We all know it would have been nice to see this money invested in Canada. For two years, twenty-five or twenty-eight months, it would have helped us to strengthen the Canadian dollar on foreign markets. It would have created badly needed jobs. And I repeat, my province and the other provinces would have benefited from these very desirable and necessary investments. However, after trying to blame the provinces and the opposition leaders for its disastrous failure with respect to this particular project, the government, and I think it is important that Canadians should realize this, the government is going to try to put the blame on the oil companies.

• (2210)

Mr. Speaker, at this moment, Canada is losing an opportunity to create 100,000 jobs as a result of the disastrous performance of this government. At this very moment, when 1,500,000 unemployed workers are looking for jobs, and because of the government's failure to meet its objectives and the commitment made by the Minister of Energy, Mines and Resources, we are going to lose 320,000 jobs in related industries, an opportunity that was open to all the provinces of this country because, as we all know, all the provinces would have benefited from these major investments and these immensely lucrative projects.

There is no doubt that this government will go down in history and that the Right Hon. Prime Minister himself will go down in history on the basis of this pitiful performance, Mr. Speaker.

It is true, Mr. Speaker, as the leader of my party said yesterday, that there is an element of confidence in such things. Now that the government has lost the confidence of businessmen, it will be more difficult for the government to carry out necessary projects. However, Mr. Speaker, I cannot condone the government's attitude in trying to blame just about everyone and in trying to justify its actions on the basis of the performance of other countries when it is criticized for its lack of competence, or rather when its incompetence is demonstrated as it is today. Mr. Speaker, you cannot lie to the public all the time. You can lie to the public some of the time but you cannot lie all the time. This is the moment of truth. The government is realizing daily that it is no longer able to govern this country and can no longer rely on the confidence of the majority of the people of this country. I think that in the circumstances, Mr. Speaker, if, as members of this House, we have a sense of responsibility and an earnest desire to serve the majority that elected us, I think that our sense of responsibility would oblige us all to force the government to change its course of action or to resign if it is unable to demonstrate that it can lead the country down a road that will not take us straight into bankruptcy. I think this is a question we can ask the members opposite, these government members who endorse every day the incredible failure of the government, who support blindly and unconditionnally the attitude of this government which causes unacceptable hardships to thousands of Canadians. We cannot repeat this too often.

It is obvious that this country is on the edge of disaster. It is also obvious that this government is mostly responsible for the economic situation, even though it tries to justify itself by saying that since the situation is not too good in the United States or in Europe, it is quite normal for Canada to experience the same problems. Mr. Speaker, this government has

shown its inability to make wise decisions, and it is very important to make the right decisions in politics. The government has not done so. Its attitude is such that the energy industry no longer trusts it. Businessmen in general no longer have any confidence in the government either and the programs which are announced every day are simply disguised welfare and unemployment insurance programs. Is this the way to build a prosperous country? This government is no longer able to take new initiatives, and this has been obvious for a long time. One only has to hear the Prime Minister contradict himself nearly every day.

Faced with all these problems, and naturally disappointed because of the all-around terrible performance of his ministers every day, the Prime Minister said yesterday, "I believe the time has come to co-operate with the provinces." Yet, he has ignored them and treated them as strangers since he has been prime minister. He is now making amends. He needs the provinces to solve the problems and correct the mistakes of his own government. Is it possible to have any confidence in a prime minister who behaves in this way? Is it possible to have confidence in ministers and a cabinet who have failed so completely? It is too late, Mr. Speaker.

The Minister of State for Mines, who spoke earlier, tried to indicate that there is still some hope. For thousands of Canadians it is too late to have any confidence in this government. It refuses to listen to its own members when they dare from time to time, not too often and never the same ones, because it would be dangerous for them, to make a constructive recommendation to the government, whether on housing or on other issues, and most recently on interest rates. If a member opposite does so, he can do it only once because he is warned solemnly by the prime minister that he will have to resign if it happens again. We then have the whole flock of Liberal sheep who follow their shepherd, if I may use such terms. This is a pitiful sight, for a Canadian, for a Quebecer coming from a province with an unemployment problem. Seventy-four Quebec members out of 75 endorse and support the dictatorship of this man who will go down in history as having caused such harm to a nation that had put its confidence in him. This is the type of Canada in which we now live. And they spend millions on advertising to make the Canadian people believe that things are not really that bad.

After the patriation of our Constitution I was very upset, Mr. Speaker, because there were references to one Constitution, one country and one future, which is pure hypocrisy. The Constitution is incomplete, as we all know, Mr. Speaker, the country is torn and on the brink of bankruptcy, and the aged and over one and a half million unemployed are facing an uncertain, dangerous and difficult future—that is the kind of country the government is building for us today. There are hon. members who go along with that and who applaud such actions, Mr. Speaker, and I deplore this. These things must be said this evening and must be repeated tomorrow, and I hope there will be people with a moral sense who will be able to meet the aspirations of all Canadians, and I hope that this debate will force the government to listen to reason or at least to resign, if it is sincere in its desire to serve the Canadian people.

• (2220)

[*English*]

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, this is as goodlooking an audience as I had this morning at the banking committee. I think it would be doing an injustice to the House if I or anyone else were to try to minimize the negative impact of the perhaps indefinite postponment of the Alsands project. All of us, whatever party we represent, looked forward to this megaproject with anticipation as one of the cornerstones of our economic recovery.

I sat here tonight as someone who has been out of the House for six years, hoping to learn something about Alsands that I did not know. I was hoping to listen to some objective assessment of the impact. What I have heard is impassioned speeches. There was one from the hon. member for Joliette (Mr. La Salle) who made his traditional request that the Prime Minister (Mr. Trudeau) resign, that the Minister of Energy, Mines and Resources (Mr. Lalonde) resign, ignoring the fact that if there are 74 or 75 members of Parliament as he suggested in this House, it is precisely because the Quebec people want it that way. If they wanted it another way, then democracy would speak out.

An hon. Member: You need exposure.

Mr. Mackasey: I do not get overexcited at the rhetoric of the hon. member for Joliette. He is one of my favourite members. I can understand his frustration as the only member of the Conservative party from Quebec. It must be frustrating at times. I am trying not to be partisan. I got to my feet really to recognize the hour and in the hope that I may be able to talk rather objectively about the Alsands project.

This rule is used infrequently, Mr. Speaker. It is a very useful rule. It is there so that we can discuss emergencies, issues of great urgency. Perhaps we may have been able to give unanimous consent today to make it possible for the Minister of Energy, Mines and Resources to be here. We all know that he is in Texas on government business. It might have been common courtesy to have given an extra day in order to allow him to return.

Some hon. Members: Hear, hear!

Mr. Mackasey: It seems to me it would be logical for the minister to be on the griddle and listen to some of the impassioned pleas of members opposite. I think that is common sense.

I am not too upset about it. It is only an observation. I am only suggesting it. It might have been courtesy. It might have been useful. Some have different views about the minister of energy. I think that most people in this country, regardless of

their political persuasion, consider him an extremely able, competent and knowledgeable person in charge of his department. I read this in editorials in newspapers that under normal circumstances have little to say in support of the Liberal party or the Minister of Energy. So it might have been useful to hear his views in this important debate. I am pleased to know that he is on his way back in order to participate in this debate which I hope will go on for several days, as perhaps it will.

I was quite impressed by the contribution of the member for Athabasca (Mr. Shields), one of my favourites. He spoke with passionate conviction about the impact on his community of the postponement of this particular project. I can visualize the negative impact it must have, a project of this size and dimension in that part of the country and in that particular riding. I would hope that even he would not look for such simplistic solutions as getting rid of the Prime Minister or getting rid of the Minister of Energy. These are not the answers to our problems. I do share his love of this country and I think that he would be the first to agree that he is not uniquely concerned in that respect. We all love this country, we all want to see it go ahead, we all have a concept and a vision. I might get around to my concept, if I am permitted.

The fact is that Liberals should not try to minimize the impact of the Alsands project. I do think we owe the subject, which is an important one, some objectivity. Why has the Alsands project been shelved or postponed? Some of you will say—and I do not argue with you, I listen, I may not agree—that there was procrastination or delay on the part of the federal governement or the Alberta government, that had it got started two years ago it would have been in place and it would have been moving along. I do not know that, I have no way of knowing it. People who have that view are entitled to it. I do not quarrel with anybody in debate, I never did, and I am not going to begin.

I looked around to see about other megaprojects in the world. One cannot blame Canada's Minister of Energy for their fate. You cannot blame the present Prime Minister for their future. You cannot blame Canada's energy policy for the future of megaprojects in other parts of the world. Is what has happened in this delay of Alsands, or in the shelving of Alsands, totally unique to the world, coupled with our energy policy? Or is it because we were unable to persuade private industry to go ahead, uniquely on their own. I asked today, and I found it. The reason is given, and we will come back to it.

It was ascertained in France that it shelved its program to buy 40,000 barrels a day of heavy crude from Venezuela. They shelved their program of building an upgrading plant in France at a cost of over $1 billion. When they were questioned as to the delay, they talked about the world oil surplus, soft prices, difficult financing problems and other less important reasons for the delay, the postponement of this huge megaproject, not in Canada and not affected by our policy.

Mr. Lambert: One billion dollars.

Mr. Mackasey: One billion dollars. Now, I would not insult the hon. gentleman who delivered his figures in the banking committee in billions. It has already been mentioned in this House tonight that in the United States Exxon has postponed the shale oil project in Colorado for precisely the same reason. That project had a budget of $5 billion, a pretty hefty sum of money. The same company announced that the gasification project in Texas, has also been deferred for the reasons that we have already stated. The hon. gentleman is an expert in gas—hot gas, natural gas, gas from the sea. He would know more about it than I would. The fact remains that it is a form of energy closely linked to oil. The important thing is that Exxon has deferred that $4 billion project, not because of the Canadian energy program, not because of the Prime Minister, not because of the Canadian Minister of Energy, Mines and Resources.

• (2230)

It is because economic conditions are such that those in free enterprise simply say, as is their right, that to embark on projects of this magnitude at this time just does not make any sense. We might want to get into coal gasification, which is another form of badly needed energy in some parts of the United States. In Wyoming that project has been scrapped. Mexico has postponed its nuclear energy program, a $30 billion project. The liquefied natural gas programs in Nigeria amounting to $14 billion have been postponed. Why? I think all of us who are mature know that we are in a world of recession and that at this very moment in history the pool of capital available to government and private enterprise is not all that large that competition will not drive up interest rates and frighten people.

I do not try to minimize the Alsands project, but I think it is fair to point out that similar programs around the world are being cancelled or postponed for exactly the same reason that private industry backs out of this particular project at this particular moment. As one who believes in the free enterprise system, in all probability the right decision was made, if made from the boardrooms of Shell or other companies. If we want, we could come back to discuss the offer of Alberta and the federal government which some people are already suggesting was over generous, involving 50 per cent partnership and only 32 cents on every dollar coming out of their pockets and 68 cents coming out of the taxpayers' pockets.

There are other projects which are active at the moment, megaprojects, if one wants to call them that. Look at the long list. There is not only Dome Beaufort, amounting to $500 million, which is active at the moment. There is also the drilling in the Beaufort Sea by Esso, amounting to another $130 million, the investment by Gulf in the Beaufort amounting to $700 million, and Norman Wells, which is behind schedule but nevertheless proceeding, amounting to $600 million. The Trans Quebec & Maritimes Pipelines is very important. The hon. member, who is an expert in alternatives to oil, will appreciate the importance of the Trans Quebec Maritimes Pipeline. It will help that wonderful part of the country lower its fuel bill and lower its dependency on coal. It

amounts to $861 million. The Revelstoke Hydro project in British Columbia, generating an important form of energy, amounts to $1,115,000,000. The Pickering projects in Ontario, amount to $1.8 billion—

Mr. Kempling: Pickering! That's Ontario Hydro.

Mr. Mackasey: —and the Bruce generating station amounts to $2.2 billion. I could go on and on. There is the Ridley Island Coal and Grain Terminals project in B.C. amounting to $400 million, and a $300 million expansion of the Algoma Seamless Tube Mill. All of these projects are actually in place, being developed, the economic spin-off which we will feel in this country in a relatively short period of time.

I think that the Alsands project warrants this emergency debate tonight. I think it warrants a certain amount of objectivity, even taking into consideration the partisan nature of this House. I get very little satisfaction out of knowing that the same problem or dilemma faces the Governments of France or Mexico or of other countries which have had to postpone their projects. However, I ask hon. members opposite, and people who may be listening, whether the postponement, for instance, of the Aquitaine purchase of heavy oil from Venezuela and the building of the plants needed for processing can be blamed on the Canadian Minister of Energy, Mines and Resources or the Prime Minister of Canada or the national energy policy. Tonight one would think that the world had come to an end because the Alsands project had been dropped. If one listens to the hon. member for Joliette, one would think that Canada has come apart.

It is amazing how important Alberta is to certain people in Quebec at particular times in history while it is relatively independent and unimportant at other times. I do not pretend to speak for Quebec, but I am a Quebecer. I am a Canadian. I am not a hyphenated Canadian. I do not even use the term "Québecois". I use the term "Canadian" rather than "Quebecer", if you like. I know what goes on, but I get a certain amount of satisfaction when I hear the hon. member for Joliette speak with such passion about products in Alberta and the spin-off effect they would have in Quebec because that is precisely the message the Prime Minister and my Canadian friends have given for the last 20 years in this House. These are federalists who have said to Quebecers, "Remain within Canada, and these types of programs benefit all of us, all of Canada, including Quebec."

Just how important is Alsands? To the hon. member for Athabasca it is all important. What has been the impact out west? I like to read what people out west think of these great tragedies. The president of the Alberta Chamber of Commerce, and I do not want to be selective, a former provincial cabinet minister, predicted that the demise of Alsands would be a disaster for the provincial economy. He is entitled to his view. If he is entitled to his view, then so is Melville McMillan, a well-known professor of economics at the University of Alberta, who said that in his view Alsands was a bad investment because its oil production techniques were too costly. He was honest enough to say, "My views are not typical, I realize, but I think that this requires the governments to look at more responsible energy alternatives", such as providing further incentives to the conventional oil industry for recovery of heavy oil and oil from older wells. This is perhaps the answer in the meantime. That may have to be the way we must go.

In fact, even Mr. Lougheed—not the Prime Minister of Canada, not the Minister of Energy, Mines and Resources—said while speaking with reporters that there was far too much pessimism amongst Albertans after the Friday announcement and that Alsands did not play a part in provincial economic strategy for this year or next. Mr. Lougheed went on to say that the road to recovery for the petroleum industry is to find new markets for natural gas, a goal which the provincial government has set as a high priority for the summer months. I agree with Mr. Lougheed, because we have an energy surplus in this country, even if we are short of oil. However, when we add up all of our other sources of energy, it becomes not only a question of conservation but also one of conversion. The more people we convert to natural gas, the better it will be for the economy of Alberta, for the economy of central Canada and the maritimes because, as a rule, natural gas is cheaper than conventional oil.

I have read the Edmonton *Journal*, and I will not pay too much attention to the view of Jim Russell, a New Democratic Party candidate, who said, "If Alsands cannot stand by itself, it should be allowed to die." I think that is a rather rough statement. However, I must look at the views of the member of another party out there who said, "The trouble with Alsands is that it keeps the province off the main issue—looking after the junior oil companies in Alberta. Alsands has become an albatross." Independent Tom Sindlinger said Alberta does not need Alsands even if Canada does. Liberal leader Nick Taylor said Alsands is only useful as insurance, in case other projects do not proceed.

I am not for one moment minimizing the impact of Alsands. I know the spin-offs which Alsands would have for my riding which has a badly depressed steel industry, and for Secondary manufacturing in Ontario and in Quebec. I am not unaware of the spin-offs and I am not trying to minimize them. However, I just do not think the world has come to an end. Maybe I can be forgiven for saying that, but the Montreal *Gazette* says that.

An hon. Member: Measure it in jobs.

Mr. Mackasey: I always like to speak at a quarter to eleven at night when one finds that the more intelligent hon. members are prepared to listen even if they do not agree.

• (2240)

I listened to the speech of the Leader of the New Democratic Party and it was a very predictable speech—the same one that he has made many times in the 15 years that I have been in the House. Sooner or later, whether the issue is the Constitution, unity, the sex life of the tse-tse fly, or whatever, the hon. member will drag in Sweden, Mexico—Australia is the new one that he had tonight—all the other countries that he

has visited and which impress him as being better than this country.

Mr. Kilgour: He is your friend.

Mr. Mackasey: The hon. member should go back to his French lessons for a little while and leave those of us who are unilingual to take advantage of the simultaneous translation. The hon. member reminds me of Alexander Pope's famous saying that a little knowledge is a dangerous thing. He had better go back to writing letters to the editor and getting his French verbs right. He will go far—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired. He may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I was rather pleased to hear the hon. member for Lincoln (Mr. Mackasey) close with the remark about a little knowledge being a dangerous thing. I would challenge him to drink much deeper of the Pierian cup. On the basis of his remarks tonight there is much left to be said and much more knowledge to be accumulated.

He referred to the collapse of the shale program in the western United States. If we have drunk of the Pierian cup we know that the cost of oil from the shales of Colorado runs at roughly three times world price and that it is not the policy of the United States government, and has not been its policy in the past, to subsidize that production or blend it into any blended cost. Therefore, there was no way that that particular program could get off the ground.

He mentioned that Exxon was withdrawing from its coal gasification program. Let us compare the program of the United States over the last ten years with that of Canada today. We find that the exploration incentives provided to the oil and gas industry are such that it will be some time before the United States requirement will bear the cost of coal gasification. That is quite a contrast to the policy under which we operate today. When we compare the two policies, ours does not come up equal.

The hon. member for Joliette (Mr. La Salle) and the hon. member for Athabasca (Mr. Shields) issued an invitation to the government backbenchers to look at what the executive branch of that party is doing to the nation. It is high time that they took careful notice of public opinion and its reaction to what is going on.

It is not long since it was virtually impossible for a member of the opposition to pick up a newspaper and find something that indicated that perhaps the government was going the wrong way and that perhaps the opposition had some ideas which should be accepted by the government.

I should like to quote from "Canadian Business" of May, 1982, an article entitled "The Economy" by Charles Davies. He had this to say:

> In one sense, Alsands presents a real conundrum. It's important to Ottawa's commitment to national energy self-sufficiency (depending on what happens in the Beaufort Sea and offshore Newfoundland), as well as being a linchpin project in the government's industrial strategy for the 1980s. But with the outlook for international oil prices now as foggy as that for interest rates, Alsands' economics are becoming more dubious with each passing day.

The article continues as follows:

> What's also striking about Alsands though, is the degree to which it demonstrates that Canada has become an investment ghetto. When Lalonde talks about using the public purse to support projects that have lost their sex appeal for the private sector, he may just be making a virtue of necessity. Given the rate at which we've managed to discourage foreign investors in recent years—not to mention a goodly number of large domestic ones—this could be the first of many incidents where we have to bail ourselves out.

That is certainly not complimentary to the results of the oil sands negotiations and the National Energy Program.

The article later discusses the balance of investment in Canada. There was a point when that balance created a cash flow which Canada needed. In the 1980s the cash flow became negative by $2 billion. In 1981 it escalated, but I have not seen the final figure.

Although we may talk about the dissatisfaction of Canadian investors in foreign jurisdictions, I have not seen any mention in the press of a single Canadian investment being returned to Canada because of a less favourable climate elsewhere. That speaks ill of the policies of the government.

We heard a few remarks from the Minister of State for Mines (Mrs. Erola). It is rather interesting that she referred to the Hibernia field and other offshore resources, and stated that the resource in Hibernia has proven to be 1.1 billion barrels. I presume that must be recoverable, and since the figure comes from a cabinet minister we must accept it as accurate. But what does it mean to Canada's requirements? If it were all drawn out in a three-year period it would not satisfy the national requirements of this nation under the present policy.

The oil that would come from Hibernia is a decade away, Mr. Speaker, and that did not have to be the case. Our policies have discouraged offshore investigation to such a degree that Newfoundland and all of Atlantic Canada are suffering from the stagnation of exploration prior to any possible development. The 1.1 billion barrels represents less than a three-year national requirement if it were drawn off in that time. If it were drawn off in a 12-year period it would represent approximately our import requirements. But that is in the future, Mr. Speaker. Alsands could have done much better had it come into production—and it would have come into production much more quickly than is apt to be the case with Hibernia. That reflects on the policy of the government and emphasises the need for Alsands.

We have found it virtually impossible to establish an economic environment in which anybody can be sure of anything if they are investing in the oil industry. We have gone so far in

that much hailed agreement with Nova Scotia that the government insisted that it retain a veto on the board which was to be established for the control of the offshore resources as it applied to Nova Scotia. I am sure the premier of Nova Scotia obtained the very best deal he possibly could.

The minister also referred to falling crude oil prices. I do not believe she has done any reading or has listened to the electronic media, because in the last 72 hours the emphasis has been, first, that the petroleum cartel of the world plans and can achieve a two million barrel per day cutback in production and, second, that those who hold supplies of oil, the international corporations, are now drawing down on the surplus that exists by two million barrels per day. If this is extended for a six-month period it becomes very obvious that there will no longer be a free market in which we are going to get bargain prices for oil, that is if the cartel can put its act together, and it is trying its best. We cannot go on drawing from our purchased reserves at the rate of two million barrels a day for very much longer either. So everything indicates that world prices, as of the last 72 hours, are very apt to turn around.

• (2250)

Among those reports one should pay very strict attention to the one which says that the United States anticipates a 3-cent to 4-cent per gallon increase in the price of gasoline at the pump in the very near future, and it could happen next week. I realize, Mr. Speaker, that it is the obligation of the Minister of State for Mines to protect her government. But I submit that her argument was frail and not what one would want to present on the hustings to an informed audience.

One of the items mentioned was the TQ & M pipeline. I may be all alone in what I am going to say, but I am concerned about the construction of that pipeline, for two reasons. First, because the energy policy of the government has retarded exploration on the east coast offshore as it has everywhere else. We do not know how much gas has been found, but using a figure which apparently emanates from cabinet, we are talking about three trillion cubic feet of proven reserves. We are also advised by the press that further exploration may increase that reserve immensely. If that be the case, a proper energy policy would be directed toward every possible incentive to explore and develop the gas fields off Sable Island, the property of Nova Scotia. That should be policy. Should we in fact be bragging about the construction of a pipeline with a reduced diameter as it goes eastward, and is it in fact going to be something like eight inches to a foot when it reaches Canso?

Then we talk lightly of reversing that pipeline. Mr. Speaker, if that is done we then have to do two things. We replace it from Canso to Montreal with a larger bore, or we parallel the line we have already built and reverse the pumping stations at a massive cost to the taxpayers.

Why don't we visualize the importance of development of the resource assets of these provinces? Why are we a stumbling block? What kind of pure greed and narrow mentality stands in the way of resource development in provinces which have been so disfavoured in the economic structure of Canada that surely they should have priority? Like the hon. member for Athabasca and the hon. member for Joliette, I appeal to the government backbenchers to please inject an element of intelligence into the policies of the executive structure of the government.

This Liberal government has been deteriorating for all those years it has been my privilege to be in this House. I watched the Minister of Finance (Mr. MacEachen) knuckle under to the NDP and the socialist tendencies of his own party. I saw him plead and argue, I am sure against his conscience, to put through the first budget which indicated the socialist trend the government is now following. We have seen the total and complete erosion of the principles of social responsibility, coupled with private investment and the free enterprise system, which used to be the trademark of the Liberal party. That has gone by the boards, but only because backbenchers do not care how much the fuel costs to run the pulp mill in Campbellton. They do not care how much it costs to run a fishing boat off Newfoundland, or a farm tractor anywhere in Canada. They have swallowed their pride and taken this gobbledegook of economic nonsense which has been passed to them by the executive structure of the Liberal party. And they have supported it.

Like the hon. member for Athabasca, I claim several generations of ancestry in this nation and I do not look at it as New Brunswick alone, or Quebec alone, or the prairie provinces alone, or British Columbia alone. I look at Canada as being a co-operative effort by people to govern themselves to the benefit of all Canadians and all regions of Canada. Perhaps there are some in Atlantic Canada who would criticize me because I support a party which opposes a negative energy policy which has defeated the Alsands project. But, Mr. Speaker, I cannot serve Canada and my region by supporting any policy which has a negative effect on economic development anywhere in Canada.

Some hon. Members: Hear, hear!

Mr. McCain: Mr. Speaker, the narrow and contracted minds of backbenchers in the Liberal party from Atlantic Canada have contributed to the plight of that area for too, too long. They have contributed to the consternation of western Canada over a policy which is going to turn it from an affluent society into a dependent society if something is not done to replace the greed and ideological philosophy we have seen with reality and practicality. It may be the west which suffers today, but it will be Ontario tomorrow and Quebec the day after. If ever there was a time in this nation when backbenchers should rise to the cause of the Canadian economy, it is now. Failing that, it is high time that the government put its policy, of which it is so proud, on the line in the hustings.

It may be early for an opposition to suggest an election should take place, Mr. Speaker, but when we find the CBC, that loyal proselytizer of the Liberal party, in some of its programs criticizing the policies of the Liberal party and depicting Grande Prairie as going from prosperity to a dependent society with 30 per cent or 40 per cent unemployed, it is

high time that the backbenchers on your right take note of the developing catastrophe.

Alsands would have been a *fait accompli* by 1979 had there been a rational energy policy. Cold Lake would have been with us and, as I said earlier this afternoon, that presented a problem for Canada. Our resources, both financial and manpower, might well have been strained. That was the problem which existed when the Liberal party found it wise to call an election in 1979. They have found one roadblock after another to place in the way of development across Canada. They found one way after another to tax farmers, fishermen, foresters and home owners to the point where they should now submit their program to the electorate of Canada. It may be fine for the Liberal party to criticize its leader, and that criticism has become open and public. However, I want to point out to the people of Canada there is no way the Prime Minister (Mr. Trudeau) and his cabinet can put into practice policies which are detrimental to a nation if at any time the backbenchers object in caucus in a meaningful way. For instance, just a few members from Montreal to Megantic and from New Brunswick could have retained the VIA Rail service. The vote was that close. That is the example to the Canadian public. That is the onus of responsibility on the Liberal backbench, particularly as it relates to Atlantic Canada and eastern Quebec. Those members are failing their constituencies one by one.

• (2300)

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): I am pleased to be taking part in this debate because, like the members opposite, I believe this is an extremely serious matter. Indeed, I congratulate the Official Opposition for having presented this motion and giving us an opportunity to have this debate. I also wish to congratulate the Minister of Energy, Mines and Resources (Mr. Lalonde), for the manner in which he answered questions in the House on Friday, after the announcements were made, and the way he explained exactly what the situation was and why the Alsands project had been dropped and the Alaska pipeline project postponed. I also wish to congratulate the press because it demonstrated that it understood the reasons behind the decision or rather the decisions that were made. First I would like to quote from an editorial in *Le Droit* which appeared on May 1, 1982, and reads as follows:

Shell's decision to pick up its marbles was based on a series of factors, and could not possibly have been changed by a last-ditch attempt by Ottawa and Edmonton to save the project. There was, of course, the whole issue of private sector participation, which was intended to make up 50 per cent or more of the project. Furthermore, there is a certain risk involved in this kind of technology, and although Syncrude has been operating for nearly three years, all has not been smooth sailing, and incidents have been many and costly.

That is a fairly accurate analysis of the situation, and this morning, there was an article in the *Globe and Mail* which I would also like to quote. It shows that there is a fairly basic understanding of the problems we are facing.

[*English*]

The article is written by Peter Cook. In part it reads:

However, despite the general dismay that greeted news of the demise of one megaproject and the postponement of another, economists point out the decisions were not unexpected, and that the loss in growth need not necessarily occur.

Expansion in the economy will almost certainly be set back in the short term. And the cancellations represents a blow for the federal government's economic strategy. But growth could still take place at a similar rate through 1985, and may not be diminished at all.

Indeed, some economists look to a revived international economy—spurred by the lower oil prices that torpedoed Alsands—and contend this could provide fresh momentum for Canadian exports, and the economy, in the next few years.

The opposition members have failed to recognize this, and I do not blame them, because they do have a function in this House, and that is to oppose systematically. They must advance the most negative arguments they can muster. They do that quite liberally, I might say, and sometimes it tends to distort the public's perception of the truth. I might point out that I was very pleased with the attitude of the Leader of the New Democratic Party (Mr. Broadbent). His attitude was much more reasonable because, in effect, he knows what the situation is.

Mr. Lewis: He is back in bed with you.

Mr. Blais: On the other hand, the Tories feel that by ranting and raving somehow the decision will be changed, as though it were in the hands of the government to change the decision on the Alsands.

Mr. Lambert: You don't know how silly you are.

Mr. Blais: If you look at the press release issued by Shell Oil Company at the time of its decision, you will see quite readily that the decision was Shell's decision. Shell Oil recognized there was an effort on the part of both the Alberta government and the Canadian government, hand in hand co-operatively, to attempt to maintain the Alsands project.

As you know, Mr. Speaker, during the month of March the federal government paid for the operating expenses of Alsands because we wanted to have that extra month to permit some additional negotiations to take place. Shell stated as follows:

We respect the efforts governments put into developing the most recent proposal. In some respects it is an improvement over the previous offer. Shell has given careful consideration to the proposal but has decided that in the current and foreseeable economic and industry environments we cannot proceed.

A high level of debt is envisaged in the government's proposal. During the six-year-long construction period, major uncertainties over inflation, interest rates, capital availability and oil prices will prevail. In these circumstances, we believe it would be unwise to burden a project of this magnitude and operational risk with an extremely heavy debt load, even with government loan guarantees. Were Alsands to proceed on this basis, a very high proportion of the project's revenue would be required simply to cover operating and debt servicing costs.

Those are the reasons for the cancellation of the Alsands plant. The only solution there could have been would have been for the federal government to have undertaken the Alsands project and financed the whole thing itself. Could you imagine the opposition's opinion of that particular initiative? There is absolutely no way that they could recognize any right on this side of the House. Their basic philosophy is that

government ought not to interfere in the marketplace. The marketplace has made a decision. Shell Oil said the risk is too high, and those babes on the other side, in complete innocence and completely blinded by their own partisan interests, advanced certain principles that are completely contrary to the basic tenets of their particular philosophy. I could understand the position of the NDP.

Mr. Kilgour: It is like yours.

Mr. Blais: The Leader of the NDP said in Vancouver, referring to the Alsands project:

Given that the Shell people made the decision—

Because he recognizes that it was the Shell people who made the decision.

—based on the current price of oil and the supply and their predictions about what the future holds, it doesn't make me question the decision not to proceed.

That is the hon. member for Oshawa speaking. He continued with the following:

The resources are going to stay where they are;—

That is evidently so. He continued:

—they aren't going away. So when it becomes economically viable to develop the oil sands then PetroCan or some combination of the federal and Alberta governments should go ahead.

That is a very commendable attitude to take, and it is the proper attitude to take. I can see quite well why the hon. member for Oshawa did that. On Friday, while the Tories thought that we were not doing enough, the NDP were thinking that we were doing too much. In fact, in the question posed by the Leader of the NDP to the Minister of Energy, Mines and Resources, he said that we were bribing the private sector participants. Evidently we are in a difficult position being on the one side buffeted by the reactionaries and on the other by the radicals. I believe the decision that we made was the proper decision to make.

• (2310)

Another matter I should like to bring to the attention of the House is that oil sands programs and projects have had a hard time. The tar sands were discovered more than 100 years ago. Everyone attempted over that period of time to try to extract very valuable oil from the sands. They did not have to explore for it because it was there. There was a recognition that there were more than 600 billion barrels of potential oil resource.

We recognize that the first attempt was made by the GCOS group. They did not make any money until such time as international prices were somewhere in the vicinity of $8 to $10. Before that time they could not make money because the entire operation was a very expensive one. When Syncrude came forward Atlantic Richfield pulled out because in effect the proposition was too risky. At that time the federal government put in $300 million and talked the Ontario government into becoming involved as well, and we rescued the Syncrude plant. Although that plant was aimed at 125,000 barrels per day, it is now producing at the level of roughly 80,000 barrels per day because of difficulties in technology.

As the Minister of Energy, Mines and Resources admitted quite candidly, it is not possible to get all wrinkles out of the tar sands technology as yet. We are doing immensely well, but we do not have all the wrinkles out. With high interest rates, high inflation, and difficulties in terms of international prices—up one day and down the next—a very risky environment is created. In that context we cannot blame Shell for pulling out, even though the federal government and its agent, Petro-Canada, were ready to stay in. I do not think it would have been a wise decision for the government to have gone ahead by itself, or in conjunction with the province of Alberta, with that particular project.

The Tories are so inconsistent that they are looking avidly for diversion or for some distraction in order to draw the attention of the public away from their own internal squabbling. The hon. member from Calgary, who is allegedly the Tory critic for the environment, is a loyalist of the first order. In effect he is attempting in any way he knows how to try to keep his leader in place.

Mr. Kilgour: Mr. Speaker, I rise on a point of order. Is the relevancy rule to be applied, or will this jackass be allowed to continue?

Mr. Deputy Speaker: The hon. member is out of order. The Minister of Supply and Services (Mr. Blais) has the floor.

Mr. Blais: I suggest that Beauchesne would not allow that term. I ask the hon. member to take a look at his own attitude. We here are parliamentarians. If the hon. member's fuse is so short that he cannot stand the heat, he should remove himself from the kitchen. This is not the first time he has shown vitriolic temper and an inability to control himself. It is unfortunate for a young man of his age with such a glowing future. At least that is what his voters thought.

Mr. Rose: Behind him.

Mr. Blais: Yes, behind him. When we look at the situation involving government participation, and at the Tories in terms of their own tactics, we realize that they are attempting to keep their leader in power. We heard the clanging of the bells, and now they are attempting to keep us in the House all night to debate this particular issue. They are trying to draw attention away from the lacklustre leadership of the hon. member for Yellowhead (Mr. Clark). The fact is that they are having a convention soon. I do not exactly remember what date. They will not have a vote at their convention because they do not want their own members to advise them democratically as to what they want them to do with their leader.

They have a fund raiser travelling around the country allegedly raising funds, while he is organizing himself for the next leadership convention. That is the type of situation at which the Tory party is looking. The only way it can get its members into the House of Commons is by raising this type of issue with various spurious arguments which are absolutely untenable and absolutely unfounded. The hon. member for Edmonton-Strathcona (Mr. Kilgour) is one of the first ones to

walk around with a blindfold over his eyes. He is so partisan in his attitude that he cannot see the truth when it stares him in the face.

The Gallup poll coming out tomorrow morning—or is it out now—will show that the Tories went down three points, when the government faced economic difficulties. We know that we are facing economic difficulties, but we went up three and they went down three. This is as a result of the so-called sterling quality which heads their party and shows the way.

An hon. Member: And the bells!

Mr. Blais: And the bells, of course. The ringing of the bells indicated the decision-making and judgment of that party. For the life of me, I cannot understand the Tory party.

Mr. Shields: Mr. Speaker, I rise on a point of order. I understood that we were conducting an emergency debate. I would ask that Your Honour rule on a point of relevance.

Mr. Deputy Speaker: It has been extremely difficult for the Chair in regard to relevance on both sides of the House. This is a difficult debate. The Minister of Supply and Services has the floor.

Mr. Blais: Mr. Speaker, I am right on point because in effect what I am saying motivated this debate. It was surely not the argument advanced by the opposition; its arguments were full of holes. Members of the opposition completely skirted the issue. I have indicated the reasons for the Alsands project being cancelled. They know the reasons full well. They know that Alberta co-operated with the federal government and recognized that it was impossible to go further than we went co-operatively. Hon. members opposite should recognize those facts. There must be another reason which caused them to disrupt the House and its proceedings since we resumed this session. Of course I am referring to the leadership difficulties within their own party and their inability to maintain solidarity.

Returning to the question of the oil industry, there was an argument that the industry cancelled this project because of a difficulty with cash flow. There has been a reduction in its profits this year over last year, but the profit in the industry in 1981 was $8.5 billion. "That ain't hay!" There are other figures which are of interest. Between 1970 and 1979, the last year for which I have figures, the industry spent $20 billion on exploration and development of resources. Of that, Canadian taxpayers paid $10 billion, or over 50 per cent of the expenditures for exploration and development.

Let us take the latest year, 1979. The profits in that year for the industry were $4.7 billion. Its expenditures for exploration and development were $5.4 billion. The cost to Canadian taxpayers for that exploration and development was close to $3 billion. When we consider the cost to taxpayers, we must remember that 61.7 per cent of the profits of that industry in 1979 were represented by tax expenditures generated as a result of its exploration activities. In effect, as Canadian taxpayers we put up 61.7 cents of every dollar which went into oil companies in the form of profits in 1979. As the hon. members from the NDP admit, it is a result of government policy. We wanted to generate the kind of activity which has been generated in the oil and gas patch.

• (2320)

In 1981 their before tax profits were $8.5 million. Although there was a reduction, and there was a reduction in their percentage of profits, they managed to export from Canada over $956 million in dividends and interest payments. Nine hundred and fifty-six million dollars left the country from the profits of those companies.

At the same time, when you calculate that the number of proven reserves in the sedimentary basins of Saskatchewan and Alberta is close to 5 billion barrels, and that is multiplied by the value of today's barrel of oil at $25.75, you figure that the value of the oil in the ground is over $123 billion. That is a lot of money, and when I hear members opposite talking about financial difficulties I do not see where they are coming from when I consider that particular analysis. Also, that amount does not include Hibernia and the Beaufort Sea, nor does it include the heavy oil. It only includes conventional crude.

I merely say that the decision was made by the private sector. It was the proper decision under the circumstances. The hon. members opposite who support the private sector's wisdom shoud recognize that there was nothing that the government could have done besides what it did, which was to try to offer some way of keeping that project alive.

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

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I do not think that anyone can be jubilant about the collapse of the Alsands project or the Alaska highway gas pipeline. It is an extremely serious situation for our country and no one can make light of it. I do not know how much partisan gain there is in it for anyone.

While I agree that these matters are serious, what is even more serious to me is that these projects, and a number of others which have collapsed or will collapse in the near future, due to the world economic condition, are based on the view that by launching enough megaprojects—approximately $400 billion worth by the year 2,000—the spin-offs will somehow solve all our problems. This is a band-aid approach to a very serious problem.

I am not saying that megaprojects are not necessary but that it is absolute lunacy to base one's country's whole industrial strategy on that approach. What disturbs me to a greater extent is that, while I criticize the policies of the Liberal government on these matters, I do not see any alternatives being proposed by those members to my right.

On the one hand we are told that the marketplace should determine what has happened, and in the case of Shell that is what occurred.

The hon. member for Carleton-Charlotte (Mr. McCain) says that, after all, the world oil prices will come down.

Mr. McCain: Up.

Mr. Rose: The hon. member for Carleton-Charlotte has said during the past two days that there are indications that there may be an increase in the world oil price and an invigoration of the OPEC oil cartel. I am sure that I did not betray what he said. I would like to know how that hon. member knew that, while Shell Oil does not. That company is an internationally huge giant which has pulled out of Alsands at the same time that the hon. member for Carleton-Charlotte somehow knows that oil prices will rise and everyone will be happy again.

If you heard the speech of the Leader of the Opposition, it proves that both the Liberals and Tories have based their whole economic strategy on megaproject developments and their economic spin-offs as the key to industrial and manufacturing recovery.

It is our view that that confidence is misplaced for a number of reasons. I will try to outline a number of themes which have been heard before. It seems to me that this approach continues the export of resources at the expense of job creation in our manufacturing sector, something which has existed in Canada for around 50 years. What happens is that we export all the resources possible while exporting the jobs as well. The government adopts the band-aid approach philosophy which is to start the magaprojects as soon as possible in order to create many construction jobs. Many construction jobs are created, perhaps up to 40,000 on some jobs.

Mr. Kilgour: Is that bad?

Mr. Rose: Not a bit. What I am saying, though, is that there is not a proper balance. Once those jobs are finished, what is left?

Mr. Kilgour: Seven thousand five hundred permanent jobs.

Mr. Rose: There is nothing wrong with that either, but at what cost per job?

The other alternative is that if the same money is put into manufacturing—$4 million per job on a megaproject compared to $100,000 a job in manufacturing—it would be more beneficial. It would seem to me that the money used to create jobs in megaprojects is misplaced. I do not say that there is no need for magaprojects, or oil security, or protecting ourselves from vulnerability to supply cutoffs in international situation. What I am saying is that we are headed in the wrong direction when we go full bore for one project, the huge, centralized, capital intensive energy project.

We opposed the pre-build on the pipeline, and I will tell you why. There was no guarantee that the United States would ever fulfil its obligation. We saw what happened in the last number of days with the Minister of Energy, Mines and Resources (Mr. Lalonde) and his ironclad agreements. The Tories supported it, but Canadians got nothing out of it.

We had no guarantees in the Alsands project whatsoever, or for the Alaska highway pipeline that there would be Canadian jobs or that the Americans would build their part of it or that we would even have Canadian content exclusive of import content. This same situation is happening in the Beaufort Sea and in the construction of drilling rigs and tankers. It is the same inane strategy which does not protect Canadian jobs. All it does is continue the complete dependency we have on exporting our raw resources.

We have called for an alternative stragtegy which at least should be considered. The government should not blindly and stubbornly carry on a policy which has resulted in the problems we now have. We know that the economic viability of many of the major projects is doubtful. The price of energy did not rise as was anticipated in the Alberta oil agreement. Within that agreement there was the anticipation of certain price structures rising in certain stages in world oil prices. We now have extreme interest rates, and difficult financing problems, combined with lower demand. Lower demand may be a result of high prices which would result in conservation. Obviously, if prices are high enough people will use less energy. That is one factor.

Megaprojects are collapsing around the heads of the Liberal government. The large coal plants in northern British Columbia are on the verge of collapse, but probably will not collapse because the current provincial government cannot afford to let them fail. They will not continue because of economic viability. No one is happy about this situation, but it is the reality.

The Conservatives ask us to look at the economic realities, but when we do address the realities we are called doomsayers or pessimists. If your whole strategy is based on megaprojects for the development of jobs and an industrial strategy for Canada, and that collapses, what do you have left? You do not have an alternative. We should be developing the alternatives far more. We should be putting far more effort into developing conservation and renewables. We are not doing that. We have a single-minded megaproject purpose that is capital intensive and, up until now, has been a flop.

• (2330)

The third point is that the Liberal government, and I do not think the Conservatives would be any different, has gone to extraordinary lengths to give incentives to private industry. Even those have failed. I do not have to remind hon. members of the speech by the Minister of Supply and Services (Mr. Blais) about 65 per cent of the profits of the oil industry, almost a billion dollars last year, which was provided by the public.

Look at the PIP program, 93-cent dollars for poking holes in the Beaufort Sea and off Hibernia. I hope they find something there. It is a tremendous risk. We do not know what will happen to Dome Petroleum either. It sold a subsidiary the other day. That was to help the old cash flow.

We should be looking at the old cash flow all right. We have all kinds of money to give to the oil companies to provide jobs

and for them to find oil and that sort of thing. However, there is no money to lower interest rates on mortgages.

We do not intend to gloat about this business of the collapse of Alsands or the Alaska pipeline, all that fiasco. It is nice for us to stand here and say, "we told you so; you did not have the ironclad guarantees; you got what was bound to come." If North Slope gas is too expensive to ship to the Californias or the Californias do not want the stuff, why would any private consortium that is market-wise—they are not stupid or like socialists but are bright people—build a pipeline to carry that North Slope gas down the Mackenzie Valley if it is not economically viable? One cannot argue with that. They will not do that as long as they can get our gas nice and cheap.

We know the song about Canadian Hunter. What we do is say that we have all these gas rigs running around so we need some incentives for drilling. They say that if they are given a few incentives, they will get the industry going, but they have a cash flow problem. They go to government to get the incentive. They drill, and they poke a lot of holes, and find some gas. Then they find they have a little problem. They have all that gas and they have it capped.

The only way they can get anything out of the gas with their cash flow problem is to export it. After they export it, they need a little more incentive for drilling. They have exported all they had and again have a cash flow problem. What was done with oil will de done with gas. What was done with oil at a million barrels a day in the early seventies will be done with gas.

It is time that the government reordered some of its priorities. We are not opposed to Alsands per se, Syncrude per se, or Cold Lake per se. We are opposed to the lack of guarantees in megaprojects for Canadian workers, sourcing and content, when Canadians are putting up the bucks. That is all we ask.

The government should not be Santa Claus. It should get value for its money. We should have an equity return on our investment if we are going to poke the money in and not give it away. That is only sensible. Even those sitting to my right should agree with that, but they do not believe us. Maybe the shelving of these things is a blessing in disguise. Maybe the government will abandon this single-minded approach and look for other ways. Maybe it will seek other ways to create jobs for Canadians and not depend on the big ticket item.

Maybe the government will have learned something. I doubt it, but maybe it will have. Maybe we will give it equal opportunity now to lowering the demand side instead of always worrying about increasing the supply. Maybe we will put some money into the renewable fuels. We hear all the time, including from the minister's own department, how important it is that we have conservation. The cheapest barrel of oil is a barrel of oil conserved. That is what the government says, but it does not follow that. It does not put any money into that compared to what it puts into PIP. I will tell you what the government is going to put in. It may put in $5 million, $125 million, $400 million a year or something like that, compared to $6 billion in the PIP program over four years. Give some of our energy-efficient manufacturers, the insulating people or double window people, that kind of incentive, the 93-cent dollar in the PIP program, and watch them go.

We have the most energy-efficient housing industry in the world. Give that kind of incentive to those people and they will provide jobs that are environmentally benign. There will be jobs in Windsor, Vancouver, Ottawa and other such places. We would not then have to send welders and other workers up into the God forsaken north, off those islands or onto the extremely dangerous oil rigs. Think about that for a change. Let us have a little more balance in this.

Earlier this evening the Minister of State for Mines (Mrs. Erola) tried to convince the House that the government has an admirable record of supporting conservation renewables. I cannot accept that. Let us look at the figures.

Here is the government's dedication to total conservation, $460 million per year. That is pretty good compared to what it was. The PIP program will spend at least ten times that much a year. We know where the priority is. Alsands is estimated to cost $13 billion. The Alaska pipeline, and maybe it should be called the Alaska pipedream, will cost $50 billion, the PIP program $6.5 billion, and the nuclear industry has already spent $4 billion developing the Candu which nobody wants. They cannot even sell it to Roumania. The Mexicans do not want it even though we will give them $6 billion along with each reactor.

What does the government offer? The free enterprise government of Alberta has offered 25 per cent ownership in Alsands, a bit socialistic I would say. A government like that buys Pacific Western Airlines. They would start things similar to the CNR and the CBC. Imagine that, 25 per cent ownership, and the feds put up 25 per cent. That is 50 per cent ownership for Shell and Gulf and PetroCan, and it was not enough. I can go into the details of the long-term financing and the other part of the offer, but it is obviously not enough. It is economically not viable in spite of that kind of generosity.

I do not blame the companies if they want to go on strike, but I do object to this. They went on strike in the case of Syncrude. They would not go ahead with it. I could give the details on that. I know they would fascinate you, Mr. Speaker. However, I will spare you of that. However, when it was all over in Syncrude, that 80,000-barrel-a-day wonder, the people of Canada put up 70 per cent of the money. In return they got 30 per cent of the equity. We want no more of that stuff. We have had enough of that. The government put up 70 per cent of the money and in return got 30 per cent of the equity. That is not enough. That is poor business.

I have heard a lot of catcalls from the romper room in the corner asking whether we are in favour of Alsands—is it necessary or not? I am not an energy expert, but we are committed to lay government. We have a lot of energy experts from Alberta. Virtually every member from Alberta is an energy expert. I do not know why that is. I suppose they are going to fight for their industry. I do not blame them for that. However, they are all experts. Everyone is an energy expert and a job expert. I am old enough to recall the Diefenbaker

depression. My father tells me about the R. B. Bennett depression.

Mr. Clark: Ask Les Benjamin about the Blakeney depression.

• (2340)

Mr. Rose: Perhaps the hon. member for Regina West (Mr. Benjamin) is a little depressed; I do not know.

We do not have many experts in the House of Commons on many topics. We are not supposed to be experts. We have even fewer visionaries. There are certainly no visionaries on the government side. There certainly were no visionaries in the Economic Council when it advised the alternate energy committee last winter that by 1990 the low price scenario for oil would be $85 per barrel and the high price scenario would be $155 per barrel. If the government bases its decisions on that kind of vision, it is bound to get into trouble with respect to Alsands. Shell Oil Company will not get into trouble, but the government and the minister have been dead wrong on their estimates.

With respect to whether the Alsands project should or should not go ahead, if private entrepreneurs will not take the risk—even the minimal risk, in view of the latest offer by the Government of Alberta and the Government of Canada—then perhaps it should be shelved. I am not in a position to make that decision, but perhaps we should scrap it. Perhaps we should spend the money on enhanced recovery from existing wells. Perhaps we would be better to spend the money on the development of heavy oil, alternatives, renewables, or a thousand other things. However, let us not try to have it both ways. Let us decide whether the thing is worth it. If it is worth it, let us go ahead and, if Shell will not do it, we can operate it as a public utility. If it is not worth it, let us scrap it.

Mr. Bill Yurko (Edmonton East): Mr. Speaker, I feel very sad indeed to be taking part in this emergency debate this evening on the demise of Alsands. I have been familiar with the Cold Lake project and the Alsands project for some time.

The Alsands project consortium applied to the Alberta Energy Resources Conservation Board for approval back on December 14, 1978, and the final approval for the project was given by the Alberta Energy Resources Conservation Board on December 21, 1979. I also remember that the application for the Cold Lake project was made in the fall of 1977. Why was the Alsands project not proceeded with within days after the approval by the Alberta Energy Resources Conservation Board on December 21, 1979? Why did the project not go ahead then? It was a very economic project at the estimated cost at that time. It did not go ahead because there was no agreement on oil pricing, and I will touch on that point a little later.

With respect to the Alaska gas pipeline, back in 1974 and 1975 I visited along the Arctic gas route to examine all the environmental installations which were being tested. It was the Berger commission which killed or sank the Alaska gas pipeline, and I will touch on that also a little later.

In the last 35 years the oil and gas industry in Alberta has grown by leaps and bounds, and both the provincial government and the federal government allowed the industry to grow and prosper. Indeed, both governments were very protective of the industry. The federal government was an ally of the industry back in those years. I was on the energy committee of the Alberta cabinet from 1971 to 1978, when I resigned. I was the only member continuously on the energy committee of the cabinet in Alberta, and I remember well how hard we fought to save Syncrude. We did save it because all governments co-operated.

However, we all know that the OPEC cartel started to set the price of oil and gas in the world in the middle 1970s. The establishment of the price structure in the world was transferred from the marketplace to political price setting. Indeed, the same thing happened in Canada. Our arguments as to how high the price of oil could be raised politically were many. I remember well the early arguments in the middle 1950s. Don Getty in particular said very clearly that the oil price would rise, then stabilize, and then drop. Most of us did not believe him, but I want to confirm today that he was right. Some thought that the price structure would just keep going on forever, and agreements were made based on price structures which were unrealistic.

As the price was going up, the Canadian government decided on two policies. I was a supporter of the government in 1979. The first policy was that the Canadian people would be protected from the world price. We all had different schemes and ideas as to how the price should rise and at what rate. I released a report. The Progressive Conservative government at that time had a remarkably good energy committee of caucus under the hon. member for Dartmouth-Halifax East (Mr. Forrestall) which put out a remarkably good report. As far as I know, that report was not even examined.

The second policy back in 1979 was that the federal government would get its share of price increases. The government simply said that the provinces and the industry could not handle all the extra money and that the federal government had to get its share. The government of those days decided that we would tax in the normal way, 18 cents a gallon at the pump, and we paid dearly for that. However, we said something else. As a government we said we would take 50 per cent of all the price increases above $2 a barrel.

What did that do to provincial thinking? The provinces felt that the federal government was coming in with a front-end royalty on oil and gas. The provinces got their dander up. Their hair was standing on its end, and they were prepared to fight tooth and nail. I remember sitting with the premier of Alberta, his cabinet, and some of the Alberta caucus. The tension was quite heavy because, for the first time, a federal government was introducing a royalty on a provincial resource. It was introducing taxation on crude oil at the wellhead. That happened in 1979. Many things have happened since.

If we had come to an agreement with the Government of Alberta back in 1979—and we could have—and if there had been some decent analysis on the part of ministers of the

federal government of the day and some of the members of that caucus, Alsands would be moving full steam ahead today, and so would Cold Lake.

But what happened? We were defeated on an energy policy of 18 cents a gallon tax at the pump. Some of us wrote to the people in charge saying that the tax should at least be split at nine cents a gallon per year for two years. Some of us said that the tax should be increased six cents a gallon per year for three years. However, we went forward with an 18 cents per gallon tax.

What really caused the difficulty was that 50 per cent tax on all increases above $2 per barrel because, as far as we in Alberta were concerned, that was a royalty. The PGRT is a royalty today, and that is the tax which has caused all the federal-provincial difficulty over the last several years. Certainly my provincial colleagues got their dander up, as I indicated earlier. They were adamant that they would get rid of such a tax.

• (2350)

Then when the new government came in and introduced its National Energy Program, what was its objective? Massively, it was to take money at the wellhead from the industry and recycle it in accordance with its policies, primarily to shift the activity from provincial lands to federal lands. Massive sums of money were to be shifted.

It was interesting that today in committee we spoke to Norcen. I asked Norcen how much of the PIP grants they would receive in the next 30 months, and they said some $130 million. How much were they to pay through the PGRT? They said that they would pay $20 million to $25 million over 15 months. However, they thought that their profits would be at least $40 million in 30 months. This is a massive transfer of money from some companies to other companies. That is the nature of the policy we have under the National Energy Program which we call Canadianization. When I look back to some of the letters I have written to prime ministers and to premiers concerning the energy matter since I came to this Parliament, I particularly like to refer to a letter I wrote to the Prime Minister (Mr. Trudeau) and the premier of Alberta on August 14, 1980, in connection with the Cold Lake plant. I wrote:

> Your failure to evolve an acceptable long term energy pricing package and energy strategy for Canada prompts me to write this letter. The primary emphasis of your current negotiations has been on evolving a continuing oil and gas pricing formula as well as an appropriate split between governments and industry of the revenues so generated. Many Canadians are concerned that the negotiations have reached an impasse. The possible effects of the present impasse on the assurance of future energy supply for Canadians is of concern to every Canadian elected to office.
>
> What particularly concerns me is the possible effect of the negotiating impasse on the approval and timing of the Cold Lake Heavy Oil project. It is critical that this project receive governmental approval, coupled with acceptable royalty and commercial terms, so that it may proceed. In my opinion, this project is, at this period of time, perhaps pivotal in assuring energy self-sufficiency for Canada beyond the year 2000. As you know, surface mining oil sands technology has been commercially established by virtue of the success of the Suncor and Syncrude projects. Subsequent surface mining plants are primarily based upon these two commercial successes. However, in situ extraction processes have not been proven commercially. Some 19 piloting proposals are in various stages of progress under the direction of the Alberta Oil Sands Technology and Research Authority but the Imperial Oil Cold Lake project is the first attempt at commercialization.
>
> The time frame on any commercial project is about 20 years—

How many people know that is from inception to its final production? My letter continues:

> —from inception to completion and the second in situ commercial heavy oil plant is not expected until the mid or late 1990s. Therefore, the Cold Lake Heavy Oil project is the first of a kind. It is a critical technology that must be commercialized now. Recovery efficiencies, production costs, environmental implications are critical factors that must be commercially established before this vast resource can be adequately tapped.

That heavy oil resource amounts to approximately 50 billion barrels of oil.

The National Energy Program is a child which was eventually christened through the Alberta-Ottawa agreement. However, it was hatched and weaned, and in my estimation, by political ideology, by political greed, by political arrogance, by political ignorance and even stupidity. Let me just go through each of these briefly, if I have the time.

Political ideology; nationalization and Canadianization over such a short time frame are just unworkable. Certainly we can nationalize on Canadian lands and even Canadianize on Canadian lands because we are beginning and moving forward. However, when we stop to Canadianize the industry on provincial lands, that creates nothing but chaos.

I was in the oil fields in 1947 at Leduc when it started. I saw Atlantic No. 3 gush and then go up in flames. It is a very complex industry, and one does not turn it around overnight. There is no reason, like Norway or Australia, to require Canadianization requirements on Canada Lands. However, it is utter foolishness to try to convert an industry which has grown over 35 years and reorganize it structurally to Canadianize it in a very short time. Political greed, taxation and royalty levels are simply confiscatory and rob the industry of most of its cash flow. The industry in Canada simply decided to mark time, to hold its own, until some stabilization came to the energy policy in Canada.

Without self-generation of capital, and having to borrow capital to the extent of $13.5 billion for Alsands, the requirements for cash under today's economic policies are such that one needs $40 to $50 a barrel just to pay the interest on the money. How could a project of this nature go ahead in this economic and fiscal climate? It is no wonder it collapsed. However, it was extremely viable when indeed it was dreamed up, and when it came before the cabinet and the energy resources conservation board in Alberta. It was viable in its time, but politics killed it. It was the politics, not of one government but, rather, of several governments, which killed it.

I do not have much time left in which to speak, so I will not go into some of the others, such as political arrogance, political stupidity and so forth, because I want to say something about the Alaska gas pipeline.

The Arctic gas proposal was a very fine proposal to take both American and Canadian gas across Prudhoe Bay and

down into the Mackenzie River Valley. That project was studied over several years. Environmental requirements were gauged and tested every step of the way. Then the government-appointed Berger commission looked at this project. A self-made messiah who was unsuccessful in politics decided that he would create a name for himself in history and he would kill the Arctic gas project. That was a project that was totally studied and I know because I visited most of the environmental study projects.

However, this Judge Berger, with the assistance of some self-professed technological experts, like the hon. member for Vancouver-Kingsway (Mr. Waddell), decided to hold hearings up and down the Valley and killed it. Bob Blair, the opportunist that he is, and I know him so well, knew exactly when it was dying. This smart fellow, an engineer, said, "Oh, I will toss in a proposal at the very last minute", and he did, a proposal which was at least three times as expensive as the Arctic gas line. He tossed it in at the right time. Do hon. members know what happened? Without a single environmental or technological study, the federal government accepted that proposal. Down the Alaska highway, a complicated route of unbelievable proportion, with a Canadian spur line called the Dempster lateral, crossing three mountain ranges.

Mr. Nielsen: Baloney.

Mr. Yurko: How many, four?

Mr. Nielsen: Baloney, one.

Mr. Yurko: Okay, one mountain range.

• (0000)

Mr. Nielsen: I am sorry, two.

Mr. Yurko: The expert said two. Maybe he can bring it up to three—two mountain ranges and a set of foothills.

Mr. Prud'homme: How is it that you are talking to each other now?

Mr. Yurko: Without a single environmental study the federal government approved a project of three times the cost, and yet people wonder why the United States hesitates. It is because the project never was economical. There is a much better route and I believe it is time, regardless of what the hon. member for the Yukon (Mr. Nielsen) says, that the government took a look at the original route again. If the government simply took 10 per cent of the difference in the cost of the two lines, it could settle every land claim in the Northwest Territories; it would really be in the order of billions of dollars. It could set up a fund so that all the native people whould be particularly pleased—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. The hon. member for Bruce-Grey (Mr. Gurbin).

Mr. Prud'homme: There is a speaker here.

Some hon. Members: Let him continue.

Mr. Deputy Speaker: Is there unanimous consent for the hon. member for Edmonton East (Mr. Yurko) to continue with his speech?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The hon. member for Yukon on a point of order.

Mr. Nielsen: Mr. Speaker, on a point of order, the hon. member has asked for unanimous consent to proceed. We are, of course, very willing to give it to the only independent member in the House. However, I wonder if he would explain whether he realizes that the route of the Dempster in traversing the Richardson Mountains goes through Rat Pass?

Mr. Yurko: Mr. Speaker, I think the hon. member is wrong.

Mr. Harquail: That is not the first time.

Mr. Prud'homme: No, it is not the first time.

Mr. Yurko: I understood it went through gopher tunnel! My difficulty is that if I get warmed up again I could go on for a long time on this issue.

I should like to say that this House has to make some changes to the National Energy Program and they have to be made in accordance with the motion I proposed under Standing Order 43 on April 29. When I put that motion I said:

> I feel certain that, on reflection, the Minister of Energy, Mines and Resources (Mr. Lalonde) will be pleased to second this motion.

I looked at the minister and he made no motion that he did not agree. Then I looked at Madam Speaker and she looked at the minister and the minister gave absolutely no indication that he was not seconding the motion. So Madam Speaker put the motion as if it was seconded, and if anyone reads *Hansard* they will see that Madam Speaker asked for consent and that some hon. members agreed and some said no. I wonder who said no, whether it was the Conservatives or the Liberals. I thought I had snuck on to the minister a terrific coup! My motion reads as follows:

> That the government immediately (1) cut significantly the petroleum and gas revenue tax; (2) provide exactly the same incentives for exploration and development on provincial lands as is provided for Canada Lands under the petroleum incentive program; (3) drop immediately the retroactive 25 per cent ownership requirement on all Canada Lands:

I honestly thought that the minister had seconded the motion because he did not jump up and say no; he did not shake his head and the Speaker put the motion. I hope he takes the matter seriously and moves to make some changes.

Today in committee I asked a representative of Norcen if they had a figure on the true cost of bringing oil from the Beaufort Sea f.o.b. Montreal. I am an engineer and we always make studies before we start to invest. The witness hummed and hawed and said it would be about $100 in 1990 costs.

How do they think they are going to bring that oil to Montreal on a profitable basis unless through massive federal subsidies—subsidies for transportation and boats, subsidies for loading and unloading stations, subsidies for exploration,

subsidies for development to a much greater degree than the government would ever have subsidized Alsands. The government is prepared to do it because it is a massive shift of activity from the provincial area to the federal government area. I think that is not fair, Mr. Speaker.

I want to speak briefly on megaprojects, Mr. Speaker, and then I will sit down. Megaprojects cost lots of money. When the Governor of the Bank of Canada appeared before the committee I told him that he was killing all the megaprojects and that the reason was that he was constantly juggling the three very important fiscal and monetary variables. One of these was the value of the dollar. He was varying it weekly, so why not yearly or every six months or every month? Thus the interest rate structure, the money supply and the inflation rate was bouncing. I said that under these circumstances there is no way a megaproject could be financed because they cost as much as $13.5 billion. You need stability for that, Mr. Speaker, so you must know what conditions will be five years or even ten years from now.

There is no stability in Canadian fiscal and monetary policy today at all. Megaprojects are dead. The only things that will be financed are projects that do not require much capital outlay and have a short period between beginning and production so that some of the money can come back. You must be able to get your money back in the shortest possible time in an era of economic instability. This means that we are going to have small projects in Alberta. There will be a small project at Cold Lake. In fact, if the federal government was really intelligent it would go to Imperial Oil and say that it wanted to fund that project totally as an experimental commercial project under that company's ownership and management. Someone has to commercialize that resource, Mr. Speaker. It is a fine resource—it has 50 billion barrels of heavy oil. It will be produced in little projects of 10,000, 20,000 or 30,000 barrels per day. The government would be acting intelligently to go along with Imperial Oil and the Alberta government on an experimental basis in order to commercialize that project.

I started out by saying that I was saddened, Mr. Speaker. I really am because I know how hard we worked on Alsands. I was responsible for choosing the town site and making the plans for the housing and infrastructure. We built a highway and we built a bridge and all that is down the drain now. It is indeed sad, Mr. Speaker, because it did not have to be that way.

Some hon. Members: Hear, hear!

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am very happy to have the opportunity to join in this debate. This is the latest hour at which I have ever spoken in the House. It is late for us, but it is too late for the Alsands project.

• (0010)

As I sat and listened to the debate it is clear that the government has developed its strategy and taken its position. In the arguments made by the Minister of State for Mines (Mrs. Erola), the Minister of Supply and Services (Mr. Blais) and the hon. member for Lincoln (Mr. Mackasey), there is the common theme that Alsands is not a great catastrophe and really does not have much effect on the NEP. They said the industry would not take it up and it is the industry's fault that it would not go. When they make that argument, Mr. Speaker, they are denying arguments they have been making over the past number of years. They deny government documents and statements that are made; they deny what every Canadian knows the Trudeau government has stood for and has been saying for several years now, that the kind of economic activity these megaprojects represent will regenerate all of the things we have been gradually losing over the years in Canada—the economic progress, energy resource development, the things we have to have if we are to have economic recovery and renewal.

They are denying that now, Mr. Speaker, and in a way which I do not think can stand up to logic. It might stand up in the political argument they can and will be making in the days to come, but different writers—and we can quote as many as they have been quoting—are talking about the disarray of the NEP and the need for the government to look at its whole economic strategy and devise a new approach because of the failure of Alsands.

It is interesting to listen to the NDP right now because they are walking on both sides of the street, as usual, and we have not had a clear statement from them on whether they support this project or whether they think it is something we do not need. The hon. member for Mission-Port Moody (Mr. Rose) made several interesting comments. I know he has a lot of background on this and has spent a lot of time looking at renewable energy opportunities, but his comments would have to leave the listener wondering what he was really saying about this specific project.

The reality is, Mr. Speaker, that Canada's energy requirements demand that very important projects like Alsands and Cold Lake, indeed the piepline, whether it goes through "rat's pass" or "gopher's hole", be completed. Those kinds of projects can account for economic investment in Canada amounting to some $65 billion in the next few years. We have lost them because of the wrongheadedness of this government.

What is this resource we are missing? The hon. member for Edmonton East (Mr. Yurko) mentioned 50 billion barrels of heavy oil in Cold Lake. I know he was confining his remarks to that area, but really what we are looking at is a resource of possibly 900 billion barrels of oil in the oil sands, 250 billion of which are economically recoverable at today's prices. The development of that resource gave Canada the lead in technology which is being used by other countries, and we were developing these resources to meet our energy needs.

We are here tonight with a requiem for a tarsands plant. But beyond the economic investment what have we really lost in the last few days? We are holding an emergency debate and I wonder what Canadians will think of that. In fact, we have been at a constant crisis level with this government. We started out badly several years ago and it has just been getting worse. We go from crisis to crisis in such a way that I think people are becoming almost conditioned to serious problems. Whether

it is agriculture, home owners or the unemployed, we are in a constant state of disarray and crisis. That is unfortunate, but this example might be a good way of judging what the Canadian people think. Certainly we are seeing the political reaction from the Liberals, and it will be interesting to watch how that develops in the coming days because by itself it is enough to cause Canadians to defeat this government if they had the opportunity.

So what have we lost, Mr. Speaker? We have lost the technology which I mentioned. Beyond that, we have lost something in the national economy. A previous speaker talked about the effect of the loss of investment. We have seen the dollar drop in the last 24 or 48 hours by nearly one cent. People are looking for it to go lower. That has happened because of the understanding that people in the money markets around the world have of the importance of that specific project to our economy.

We lost not just at the national level, but also at the provincial level. Right across the country we have companies which would have thrived on the economic activity, and the economies of individual provinces would have benefited greatly had this project gone forward.

We have lost the opportunity in the reasonably near future to achieve energy self-sufficiency by 1980, which was important to the previous government and which has been taken up by this government as an objective. What did this specific failure really do to that objective? What it really means is that by 1990 we are going to be responsible for importing an additional 300,000 or so barrels of oil a day. We have had some grand projections, but all the government's projections show the oil from the tar sands and heavy oil deposits comprise a significant component of the energy self-sufficiency curve we are supposed to be on. That will be lost. No matter what our achievements are in conservation—a 7 per cent reduction this year, which is fine and dandy—in the long term, even though our total demand in 1990 may be somewhat less than it is now, self-sufficiency is going to have to include the tar sands and heavy oil components and they will not be there.

My crystal ball is no better than anyone else's; I do not know exactly what is going to happen in international markets, or whether we are going to have more difficulty than we have had in the past in obtaining supplies from other areas, but it is clear that an increasing proportion of our requirements is going to have to come from outside the country. That means increased balance of payments; it means increased insecurity in times of emergency. It means the line that was the Ottawa Valley is gradually moving west in spite of the fact that we have the reserves—if we could develop them—in the tar sands and in heavy oils.

• (0020)

Points have been made about the opportunities as far as Beaufort and Hibernia are concerned. I am sure the government will continue to make these points. However it is a question of technology, whether it be the building of icebreakers, or the reason for the tragic sinking of the drilling rig off the east coast. Technology has yet to be developed in a way that will give us energy supply with a sense of certainty. Self-sufficiency in energy in Canada is in serious jeopardy now.

We have been talking about the megaprojects, megavisions, and perhaps the "microminds". All of these grand scale ideas have a common denominator that is important to Canadians. While they might be large projects, they impact on people and jobs. There are 100,000 people who are affected because of the job opportunities lost on these megaprojects. Those people are not just nameless blobs: they include students in school looking toward an engineering future or a future as control technicians trained specifically for these energy projects. We are looking at construction workers and all of the support systems required for projects like this. We are looking at employees in plants all across Ontario whether they are producing valves or steel, as in the riding of the hon. member for Lincoln (Mr. Mackasey). We are looking at jobs for countless numbers of Canadians. The projections are as high as 250,000. I do not know how many in total it would be, but if we do not start those projects and have a program that is able to continue, we have lost not just the investment, not just the energy security, but we have lost the opportunity for Canadians to be productive in their own country. That loss is a loss that even the New Democratic Party should understand, appreciate and for which they should be sorry.

The kind of planning the government has put forward has produced another loss with the tar sands plant. One member spoke about different situations around the world. He spoke about shales in the United States and projects in France. He mentioned that the Mexicans are not now going to develop a nuclear industry. But it is not that we might not be able to sell another Candu reactor to Mexico, on which we were counting; it is a question within this country of what kind of confidence business has. We must be cognizant of what kind of mood and climate there is for business, the way it looks at government, whether business is prepared to invest in Canada and Canada is considered a good risk.

The most powerful signal that anyone could get is the reaction of the consortium involved in the Alsands project. It has shown that there is no confidence among the business community. Business simply has no confidence in the kind of planning on programs which the government has envisaged. Procrastination has occurred in the government's planning program. Potentially that will affect the nuclear industry even at home because 40,000 jobs are at stake.

How many other industries or activities that have not yet been conceived are jeopardized now because of the lack of business confidence? How can Liberal Members of Parliament supporting government and government policy explain that while at the same time they talk about the rip-off perpetrated by the oil companies on consumers? How can Liberal Members explain why private investment in the billions of dollars has been flowing out of Canada at an extraordinary rate? Well over $5 billion in private investment in 1981 flowed out, quite

separate from the energy projects and the oil industry. That money flowed out of the country because there was no confidence here. This is just another example reinforcing what is already in the minds of people around the world—that Canada is not a good place in which to invest right now because of the government's attitude.

While we are looking at the losses we have had, I think we have come to the point in time when we have a requiem for a tar sands plant.

We cannot leave this subject without talking about the need to redefine what we have to do and what is necessary if we are going to avoid not just the loss of another megaproject but the continual erosion of confidence and the continual loss of the economic activity we need for Canada.

I do not want to leave things on a negative note. There can be specific examples in the energy area of things we could do. A small project in Cold Lake was not a bad idea. I believe that was put forward by the hon. member for Edmonton East. But I do not feel that it is adequate. It will not solve our problem. A small project like that, while serving as a reasonable example, will not restore the confidence of the business community or of Canadians in their country.

We have witnessed the introduction of the National Energy Program. That was followed by a budget and tax reform all on the same day. These measures have confirmed in the minds of Canadians that the government does not want to encourage investment. The government does not want Canadians to prepare for their own future. This government has taken away many of the options and opportunities that Canadians have as they work and try to build their own future. We need to restore those things. First, what we need is a new budget; there is no question about that. This is of paramount importance at this time. We need to do several other important things at this time. We need new and fresh ideas. There can be many specific examples within monetary and fiscal policy, but a new budget is the first part of a new process that we must have.

Second, we must have a new minister of energy. The Minister of Energy, Mines and Resources (Mr. Lalonde) is in the United States now. If he stays in the United States too long he may start destroying their energy scene like he has destroyed ours. However, I have a lot of confidence that the Americans will not let that happen. However, I would not mind if the Americans kept him there for a while longer to give us a chance to recover.

An hon. Member: He should go farther south.

Mr. Gurbin: He may feel more at home farther south. The next thing we need is a new Minister of Finance. The new finance minister will have to be accompanied by a couple of new top civil servants as well. Any new minister of finance will have to get off the track that is being followed now. The track we are on now is clearly not working. The present Minister of Finance (Mr. MacEachen) has tried it for long enough now but so much of the restorative capacity has been placed in jeopardy that we may not even have an opportunity to get back on track if we do not get rid of him quickly. Therefore, the Minister of Finance has got to go.

The final person who has to go is the Prime Minister (Mr. Trudeau).

Mr. Nielsen: Shakespeare wrote in one of his plays that the fish starts to rot at its head!

• (0030)

Mr. Gurbin: Despite the specific actions of the Prime Minister which have caused confrontation and disunity, he is gradually uniting the country in its dislike of him. I am sure that if the Prime Minister were the final person to go it would be supported right across the country. It is important for this to come about quickly if we are to get on the track of economic recovery on behalf of Canadians.

I humbly request that Mr. Speaker use his good offices in some way to help us call an election.

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I want to take part in the debate this evening, or rather this morning, to say that I am sorry to learn that construction of the Alsands synthetic oil plant has been suspended. However, before speaking to the motion introduced by the hon. leader of the opposition, I would be remiss in my duty if I did not congratulate the hon. Minister of Energy, Mines and Resources (Mr. Lalonde) for his gigantic and perhaps first class work during the last two years. While the minister has often been criticized, and severely criticized in the last few days by the opposition, the fact remains that the Canadian people are grateful for the energy policy he has formulated for Canada, especially as far as oil pricing is concerned. The suspension of construction at the Alsands plant does not jeopardize the energy policy of this government, and the Canadian public still has an advantage since the average price of crude oil amounts to 75 per cent of the world price and Canadian consumers still pay only 54 per cent of the world price for conventional oil.

Mr. Speaker, Canadians ask themselves one question at the present time: Will there be a shortage because of the suspension of work at the Alsands synthetic oil plant? The answer is no because Canada fortunately has other potential supply sources. The Alsands situation is regrettable, but we must now concentrate on these other sources, which will become more and more economically advantageous for Canadian taxpayers.

On April 30, the hon. Minister of Energy, Mines and Resources stated and I quote:

> The new potential in the Arctic and the offshore areas is most encouraging, and we are still confident of reaching the target of self-sufficiency before 1990. We support exploration and development in these regions with our incentives and pricing policy. The large-scale exploration operations in these regions mean new contracts for the maritimes, oil equipment and related industries in Canada. As the traditional centre of the oil industry, Alberta, will receive considerable benefits from this activity, just as it will benefit from exploration for new oil in Western Canada, which is now as attractive as anywhere else in the world.

The minister went on to say:

Co-operation with the Alberta government will continue to be a priority and action will be taken to promote industrial activity in this province to compensate for the work planned by Alsands.

And the minister also stated:

Since the energy pricing agreement of September 1, there has been close co-operation between both governments and the final offer to the Alsands group was extremely generous.

The hon. Minister of State for Mines and Minister responsible for the Status of Women, who spoke earlier in this debate, gave the background of the joint offer which the governments of Canada and Alberta made to the companies of the Alsands group.

I cannot go back to those details, however I must stress that despite the very reasonable and significant government offer, the companies did not find the project feasible in the current economic context, and the same situation prevails south of the border. All hon. members are aware that a few days ago Exxon suspended a gigantic oil deposit project in which it had already invested $400 million.

As mentionned by the minister, the financial challenge was too great at this point in time for the Alsands project to proceed, because the companies were reluctant to commit themselves, partly because they realized there were excellent alternatives, especially in the Canadian offshore areas. When the global economic situation improves, there will be an opprotunity to reconsider the Alsands and similar projects, perhaps within a year, as the minister stated. They could even be implemented at a lesser cost to the Canadian taxpayers.

As I said at the beginning of my remarks, Mr. Speaker, I share the disappointment felt by hon. members and all Canadians who saw in that gigantic project a number of economic benefits, especially a great number of jobs. However, we all know there are limits to the sacrifices Canadians can make toward the implementation of such a project. The risks are too high, and the Canadian and Alberta governments did all they could for the Alsands project to proceed. Private corporations could assume no more risks, neither could the governments. And this by reason of the uncertainty on future global oil prices and interest rates. Private sector participants did not feel they could go ahead, even under the less risky conditions deriving from the Canadian and Alberta government offers. Canadians should not lose confidence in exploration and the revival of the Alsands project. In these days of special difficulties for the world economy, large energy projects are postponed throughout the world, even south of the border.

I referred earlier to the famous Exxon project. We have learned from experience that rapid changes in economic conditions are the rule rather than the exception. Economic circumstances might very well favour the Alsands project sooner than we think. Mr. Speaker, it should be noted that oil consumption declined significantly over these last few years in Canada. I learned this afternoon there was a 17 per cent decline in the consumption of heating oil in Canada and a 7 per cent decline in crude oil during 1980. Moreover, 200,000 home owners used the heating oil substitution program. It is important that Canadians be made aware of these facts in this debate. Despite what the opposition may say about the government energy policy, Canadians can boast of paying less than the world price for their gas. In a few provinces of Canada, the price of gas per litre is much higher than, for instance, in Quebec. If a Quebecer pays more for gas, it is not on account of the Canada-Alberta agreement on prices paid to producers but as a result of the provincial tax recently decreed by the Minister of Finance. I see that the hon. member for Joliette (Mr. La Salle) is looking at me when I say this, but he could have explained earlier why the price of gas is higher in Quebec than in the other provinces.

Also, under the Canada-Alberta agreement, natural gas will be made available in Eastern Canada, including Quebec, especially in the Gaspé Peninsula at very reasonable price. It is important to recall those steps taken by the Minister of Energy, Mines and Resources. Once again, the hon. member for Joliette could have mentioned it in his speech instead of asking for the resignation of the Prime Minister (Mr. Trudeau).

Mr. Speaker, the expansion of the present networks of gas pipelines as well as their extension in new areas such as the Gaspé Peninsula will stimulate industrial development. It is a long-term development and we feel that new jobs will be created in depressed areas thanks to the gas pipeline. I see that the hon. member for Joliette is nodding, it will be built but it will take a few years. I said that it was a long-term project.

I would therefore say, Mr. Speaker, that the energy policy designed by the minister and the government deserves more praise than criticism.

Mr. Laniel: Because I know that the hon. member who will rise after me and even the hon. member for Joliette (Mr. La Salle) are not likely to say anything new, Mr. Speaker, I should like to remind the House that today is still May 4. Although an effort was made to advance the date on the calendar, I want to say to those who are responsible for that that we are still at the same time we were yesterday when the Progressive Conservative Party started this debate and that it has made no progress since, Mr. Speaker.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I realize that it is getting late when I see that the ideas of my hon. friend have fallen asleep. It is now 12.45 a.m. and today is May 5, and we have merely adjourned the ordinary business of the House to deal with a very important issue. If the hon. member cares to have a look at Standing Order 26, he will see that we may even sit this afternoon to debate this motion and that the time will not be eight o'clock yesterday.

S.O. 26

Mr. Laniel: Would the hon. member allow me a question?

Mr. Lambert: Not at all. In this respect, the hon. member might rise after me and make his own remarks.

• (0040)

[*English*]

This Alsands question is merely a symptom of the times. It is only the culmination of a situation which has been brewing over the last several years.

There are many things which I and my colleagues from the province of Alberta could demonstrate have happened over the past 18 months since the declaration of the National Energy Program, that ill conceived, dastardly raid by a greedy federal government on the petroleum resources of the provinces of Alberta, Saskatchewan and British Columbia. Ever since the commencement of that program we have seen a decline in cash flows; we have seen the government go back on its word to Suncor, for instance, with regard to the price of its synthetic crude; we have seen taxes at the wellhead imposed by the Government of Canada through the petroleum and natural gas resource tax. As well, we have seen the leaders in the petroleum industry have their profits drastically cut back.

Of course, that fact does not worry members of the New Democratic Party because according to them the leaders of the petroleum industry should not make any profits whatsoever. Those NDP members do not realize the expenditures which must be flowed into research and development projects for each subsequent year in order to develop new resources. Where will that cash flow come from?

Mr. Laniel: What are they doing in the United States right now?

Mr. Lambert: The hon. member who just intervened has displayed his obvious ignorance of, and the attitude of members from central Canada toward, the oil industry. What are they doing in the United States? It is Canadian drilling firms who are in the United States. There are 260 drilling rigs, both seismic and original, which went south. I can show the figures from the Canadian Oilwell Drillers Association as to the number of rigs which are operating in western Canada. There are only approximately 440, with some 70 which are sitting idle, far more than any previous year.

We have had nine out of 35 heavy oil equipment trucking firms going bankrupt in the past few months. In my constituency I have seen three long-established heavy equipment firms go bankrupt since November. One of the largest firms in western Canada is reputed to be on very shaky ground. I hope that is not true and the denial is correct but I have heard the story.

However, this is symptomatic of the problems which exist today. My colleagues from Edmonton-Strathcona (Mr. Kilgour), Edmonton North (Mr. Paproski) and the member for Edmonton East (Mr. Yurko) will all attest to the fact that in our city, wherever there is an industrial patch in which there are oil industry supply and service firms, it is shameful to see the number of "out of business" and "closed" notices. They are a shameful reminder of our economy today.

We have seen these small Canadian business firms go bankrupt. Did the Minister of State for Small Businesses and Tourism (Mr. Lapointe) have any concern for the damage the Minister of Energy, Mines and Resources (Mr. Lalonde) was wreaking throughout western Canada among the oil supply firms? No, not one bit. It is where the government's concern should be. It is not the Exxons, the Gulfs, the Texacos or Shells who are taking the worst beating. They are taking a beating but they are big enough to survive. You see that when you cut off, super-tax or pillage an industry. You cut off the cash flow. Then there is trouble. Even a company controlled by the Government of Canada, Panarctic, cancelled plans for two offshore drill rigs. That put 750 men and women out on the street in Edmonton, that one stroke of the pen.

• (0050)

The hon. member does not know that Alberta, Edmonton in particular, leads Canada in the construction of drill rigs that are sold all the way to Australia. They are put into operation in the North Sea. They are built for export. This is the scale that has been developed by Canadian workmen and women since the start of the oil play in 1947. At that time we did not have a welder who knew how to do anything with an oil pipe. With a lot of hard work and a lot of movement by Canadians into Alberta under Americans with know-how and money, the industry was built up in Canada. In just two years the Government of Canada has knocked it to its knees. Why? Because it was so money-hungry.

Ralph Hedlin wrote a very interesting article in the May 3 edition of the *Alberta Report*, page 16. I will read a couple of paragraphs:

> A year ago, more or less, an Ottawa newspaper reported an interview with Prime Minister Pierre Trudeau. Self-sufficiency in crude oil, said Mr. Trudeau, could be achieved through any of several routes. Alberta could cooperate or not. Canada's oil supply world, on that euphoric day, was seen to be simple and manageable.
>
> "Trudeau said he would work around Alberta and Premier Peter Lougheed if necessary to make Canada energy self-sufficient. The Prime Minister said he needn't use the federal government's declaratory power or give in to the western province to move the country closer to supplying all its own energy needs.
>
> 'I don't have to choose either,' said Trudeau. 'If that were the only choice it would be very, very difficult. Fortunately there is another possibility. We look toward Hibernia, we look toward the Beaufort, we look toward the high Arctic.' "
>
> In this scenario incremental Alberta production wasn't necessary. There were many strings to the oil supply bow. Given the Beaufort, the Arctic Islands, given Hibernia, Alberta could peddle its papers; oil supply was seen to be easy. A year later the options had defined themselves more precisely in this prime ministerial scenario. The Arctic Islands are still promising for those able to wait a couple of decades. The Beaufort is probably commercial but a maze of regulatory processes have to be threaded before oil deliveries begin. The game, clearly and inevitably, must include Alberta and it must include the east coast offshore.

Then we get a description of the Prime Minister's fight with Premier Peckford and the people of Newfoundland. That is not going to go the Prime Minister's way. Therefore, it comes back to Alberta, but only belatedly. The Minister of Energy, Mines and Resources along with the province of Alberta made a one

minute to midnight offer to Alsands. It was done at the very last minute, but it should have been done much earlier.

Mr. Laniel: Because of whom?

Mr. Lambert: Because of the intransigence of the federal government. May I say that in this offer there are considerable concessions from the last budget under the Petroleum and Gas Revenue Tax Act. Those are the things that caused the problems all along. It started back in the days of John Turner and when Donald Macdonald was minister of energy. They laid down what the Government of Canada would take out of the petroleum industry when the OPEC countries started. They laid down the punishing gas export tax. They are the ones who put on this damm fool subsidy which costs Canada billions of dollars every year, paid for by the export tax which was taken out of the oil industry and the pockets of people in Alberta and Saskatchewan. It was also a tax on the rest of the people in Canada.

Progressively we saw taxes added to the price of fuel. Canadians paid a tax to encourage people in central Canada to consume more oil and gas. It culminated in the performance of the Liberal party in the 1980 election over the excise tax.

An hon. Member: There is one Liberal in the House.

Mr. Lambert: That is how much they care. However, I see my good friend from Valleyfield here. Outside of him, the Liberal party is not interested in what has happened to western Canada, and western Canada is not interested in the Liberal party. It has shown that in federal elections and provincial elections, and I can guarantee that the Prime Minister and several of his ministers almost require a visa in their Canadian passport to visit those western provinces. That is how welcome they would be.

About 18 months ago members on the government side were very proud to be twinned with western Canada constituencies. They would not dare go out there now. However, they were supposed to find out what the people thought. They have not listened. They do not want to listen to western Canada.

I could read miles and miles of statistics about towns like Brooks, Lloydminster, Drayton, Fort McMurray or Grande Prairie. When we go into these towns we see vast unemployment. The trucks have to be sold at auctions at a quarter their value because the operators cannot afford the heavy licence fees and heavy finance payments. A big truck costs perhaps $150,000 or $180,000. Try financing that when there is no work or very little work. In the cities, service firms, restaurants, catering companies and others are in difficulty. The hon. member from Valleyfield and other hon. members can say, "Well, come and see some of our shoe towns and some of our furniture towns". We have never refused to go and see them. We know they are in trouble. However, what they refuse to understand is that the policy of this government has deliberately put those towns in the same position. And hon. members opposite wonder why there is alienation, why people are concerned and why today my leader insisted that there be a motion to adjourn the House for this debate. I wish hon. members opposite would come in and listen.

• (0100)

Mr. Nielsen: They are all gone.

Mr. Lambert: But no, we see a dumb insolence across the way. There is total neglect.

Mr. Prud'homme: It is your day.

Mr. Lambert: That is why there is frustration among my colleagues. If hon. members would just come in here, we could have a very worth-while dialogue. I would be interested in listening to them talk about their problems in the furniture industry, in the shoe industry and in the textile industry. We do listen to them. They do not realize it, but we hear them.

Mr. Laniel: You support textile and shoe imports.

Mr. Lambert: The hon. member is reading my mind. He has never spoken to me about this. He would not know what I think about these things. He has never talked to me about them. What he is talking about right now is just a lot of nonsense, with all due respect to our friendship.

Mr. Laniel: You import Ladas.

Mr. Lambert: I have a Canadian car.

Mr. Laniel: I hope I go to Dieppe.

Mr. Lambert: I will show the hon. member some good ways to get into Dieppe, right over the beach. It is a terrible reflection that in this debate—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but his allotted time has expired.

Mr. Laniel: Mr. Speaker, with all due respect, I think the hon. member should be allowed five minutes more.

The Acting Speaker (Mr. Ethier): The hon. member may continue if there is unanimous consent.

Mr. Laniel: I speak for my party.

Mr. Lambert: Mr. Speaker, I will not abuse this beyond two minutes; otherwise I might place too much emphasis and too much value on those interruptions.

Mr. Prud'homme: It is good to be friends.

Mr. Lambert: What has to be done? The conventional oil industry is more than satisfied with the proposals put forward by Premier Lougheed whereby there will be a remission of royalties and an increase in certain incentives.

Speaking of incentives, I want to put the lie into the mouth of the Minister of Supply and Services (Mr. Blais) when he says that incentives paid to oil companies as a result of activity are moneys paid out by the Government of Canada. That is nonsense. That is an utter fallacy. If there were not any

activity, there would not be any allowances. There would never be any income earned, so therefore incentives do not cost the Government of Canada one blessed penny because there would not have been any work done in the first place. The program put forward some two or three weeks ago by the Premier of the province of Alberta offers some help. It restores a degree of confidence. After all, this government does not know what confidence in the oil industry means. The government upset the industry once before with a white paper on taxation. It took three years to get things back on an even keel after that Benson white paper on taxation in 1968. It will take time to turn the industry around. Unfortunately, some more firms will have to go under. Time is against them, and people cannot live just on time.

Alsands would have been great, but what we have is a culmination of a tremendous effort by a government which knew not what it was doing. It was wrecking an industry because of an insatiable desire and greed for funds and power as it attempted to socialize the oil industry. Canadianization was nothing but another word for socialization.

I hope our friends across the way will read some publications. I will supply them with factual, intelligent descriptions of what is happening in the petroleum industry in Alberta, Saskatchewan and British Columbia. Let those who have some goodwill and intelligence read and understand. Then we in Parliament will have accomplished our task. We will have convinced the government that it has been in error and that this is a hairshirt Canada has fashioned for itself.

The Minister of Energy, Mines and Resources and the Minister of Supply and Services have resorted to an old barristers trick of confession and avoidance. The hon. member for Lincoln (Mr. Mackasey) has done that too. They say, "Yes, but look what happened elsewhere. We are no different from the others". That is a poor way out of this situation. Let us see what we can do to turn it around. Let us have faith with what Premier Lougheed was trying to propose, and let the Government of Canada participate in a similar type of program. Then we will believe the government; but until then it is out to lunch and cannot convince anyone of its bona fides and its interest in governing us in western Canada.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker—

Mr. Prud'homme: I will stay for my good friend!

Mr. Darling: I am delighted to see the hon. member for Saint-Denis (Mr. Prud'homme) here.

It is a privilege to be able to participate in the debate this evening and also to get on so early. A while back we had a similar debate which went through the night and into the morning. I believe I rose in my place to speak at about ten minutes to seven in the morning, so I thank my colleagues for allowing me to speak a little earlier.

Mr. Kempling: You are more important now.

Mr. McDermid: It is because of the high esteem in which we hold you.

Mr. Darling: My colleague says it is because of the high esteem in which my colleagues hold me. I do not know if there was gentle sarcasm in that!

Mr. McDermid: No way!

Mr. Darling: Back in 1980, just over a year ago, the government unveiled its National Energy Program. At the beginning of the book outlining the government's strategy were introductory remarks by the Minister of Energy, Mines and Resources (Mr. Lalonde) entitled "An Energy Program for the People of Canada". In light of the recent collapse of a major segment of the program, I feel it would be more than appropriate to recall some of the emphatic, self-assured statements by the minister concerning this grandiose scheme. I quote:

• (0110)

> This is a set of national decisions by the Government of Canada. The decisions relate to energy.
>
> They will impinge, however, on almost every sphere of Canadian activity, on the fortunes of every Canadian, and on the economic and social structure of the nation for years to come.
>
> They have major, positive implications for the federation itself.

How prophetic, in a way not anticipated by the government, these words have become.

Because of these "national decisions by the Government of Canada", the fortunes of Canadians have indeed suffered. The economic and social structure of the nation has been dealt a devastating blow, now and for years to come. With the failure of Alsands, the very serious problem of western alienation will only increase and result in major, negative implications for our federation.

Also included in the self-congratulatory opening comments were the following remarks by the hon. minister:

> We are second to none—and in many respects we lead the world—in the techniques and the organization required for the exploration and development of primary energy sources.

The government described itself as second-to-none. With its record in matters of energy being lowered to match that of its record in matters pertaining to the economy, I would agree that this government is unique; unique in a uncomplimentary form; unique in that, according to the dictionary, the government has no equal; unique in that no other government in the world today, given the resources and potential of this nation, has made such a mess of governing. In this it is unequalled.

Canadian expertise, the government said, was internationally acclaimed and such expertise would enable Canada to contribute in aid of others less fortunate. With the massive problems connected with the government's energy pricing policies and now with the collapse of Alsands, we will be making a contribution of our expertise, but not in the way intended. Most Canadians who are expert in the energy field have already moved out of the country and more are following week by week.

Referring again to the minister's opening remarks in the introduction to the National Energy Program, I quote now the

first of the three precepts which dictated the federal government's action:

> It must establish the basis for Canadians to seize control of their own energy future through security of supply and ultimate independence from the world oil market.

It is very well known that whenever this government starts to seize control it has a habit of repeatedly choking its victim to death.

To put into perspective what has happened, I turn for a moment from the remarks of the minister back in 1980 and quote from today's issue of *The Toronto Sun.* Laura Sabia, an outstanding columnist—

Some hon. Members: Oh, oh!

Mr. Darling: Yes, that is quite right. But for a little ill luck, she might have been sitting in this very chamber today participating in this debate. We hope to see her here following the next federal election.

Some hon. Members: Hear, hear!

Mr. Darling: Laura Sabia states:

> Friday, April 30th, will long be remembered as "black Friday". On this date was scuttled the $13.5 billion Alsands megaprojet. Into the scrap heap went the possibility of over 50,000 jobs, plus spin-offs for the steel, construction and manufacturing industries and an infusion of $450 billion into the economy. Gone, our hope for self-sufficiency in oil by 1990.
>
> Not only did the Alsands go down the drain but the Alaska gas pipeline was delayed for two years by the oil companies and may never be built at all. Two hefty blows in one day, courtesy of Pierre Trudeau's disastrous leadership, Marc Lalonde's arrogant National Energy Program and Allan MacEachen's calamitous—

The Acting Speaker (Mr. Ethier): Order, please. I would remind the hon. member to refer to other hon. members by their constituencies, not by name. Order, please.

Mr. Darling: Your Honour must appreciate that I was reading the editorial from the *The Toronto Sun*, and those are the words in the article.

Mr. Speaker, I think these three could go down in history as the "demolition trio". There is no question about that. I heard the story going around Parliament today that the Secretary of State for External Affairs (Mr. MacGuigan) has been discussing with the Minister of National Defence (Mr. Lamontagne), believe it or not, some assistance for Argentina. Therefore, they will send our three most devastating destroyers to Argentina—Trudeau, MacEachen and Lalonde. If they do not put Argentina on the rocks, nothing will.

Some hon. Members: Oh, oh!

Mr. Darling: The column went on to say that the federal government has lost all credibility and is incapable of governing. A passage worth repeating states:

> It is incapable of governing. It has lied and deceived the electorate. It promised cheap gasoline and gave us the most expensive on the North American continent. It promised us the Alsands and the Alaska pipeline and scuttled both by stupid policies and arrogance beyond measure.

This reference to arrogance, a well-known trait of this government, leads me back to the second of the federal precepts for a National Energy Program. This one stated such a program must offer to Canadians, all Canadians, the real opportunity to participate in the energy industry in general and the petroleum industry in particular, and to share in the benefits of industry expansion.

The government, promising that, under its National Energy Program, Canadians would share in the wealth, has created a situation in which Canadians give up what little wealth they have left. For Canadians, participating in the energy industry has meant higher prices for gasoline and home heating oil. It has meant that over two thirds of the cost they pay for these energy products goes toward taxes.

Again, let me remind the House that in December, 1979, when the Clark government was defeated on the proposed 18-cent gasoline tax, the then leader of the opposition, the Prime Minister of today, went around the country saying that an 18-cent a gallon tax was astronomical and terrible and that if he and his government were returned to office, there would be a ceiling of 14 cents a gallon for gasoline tax. We know what the story is today. We are now paying upwards of $2 a gallon. I am quite sure that the electorate of Canada would love to have second thoughts and the opportunity to vote again.

Participating, as I mentioned earlier, means buying Petro-Canada, with tax dollars, at four to five times the market value and paying additional tax dollars to complete the deal.

We now come to the third great theme behind the government's now crumbling energy program. The minister said in 1980:

> It must establish a petroleum pricing and revenue-sharing regime that recognizes the requirement of fairness to all Canadians no matter where they live.

Just over a year later, this magnificent vision has become transformed into an opposite and depressing reality. The reality of the government's concept of fairness has been to impose a series of special taxes and levies, price increases which do affect all Canadians, no matter where or how they live. And how you live is often more important than where you live. Those least able to afford this peculiar brand of "fairness" are the ones who pay a greater percentage of their income in taxes to support it.

• (0120)

Speaking of fairness reminds me of a story which I believe I have mentioned before. A little boy had just entered school for the first time. He came home looking very glum so his father asked what was wrong. He said, "I don't like my teacher, she's mean." The father said "What do you mean, she's mean?" The boy brightened up and smiled at that and said, "She's mean but she's fair—she's mean to everybody!" I could say that the government is mean but it is fair—because it is mean to everybody.

In 1980 the government described its National Energy Program as a means of making more efficient use of energy for Canadians by Canadians. It was to be a means for bold, decisive steps, not generalities, for practical programs, not just

ideas, for rapid and concrete measures to resolve problems, not just pious hopes.

In 1980 the government said that the program meant security, opportunity and fairness. Those were fine-sounding words and I presume everybody was elated by them. In 1982 the government's National Energy Program means insecurity, lost opportunities and unfairness. In just a few short months the government has dropped the torch of energy self-sufficiency that it began carrying so high and so proudly and Canadians have third degree burns as a result.

When the government said that through its national energy policy it was going to set the country on fire, that was not just an analogy. Unlike the legendary Phoenix, the Canadian economy may not rise easily from the ashes of this latest government fiasco.

In its panic and haste to divert attention from the Alsands disaster the government, in addition to down-playing the consequences of the loss of the megaproject, has suggested it would get other projects going using money and concessions offered in the eleventh hour salvage attempt on the Alsands. The reaction of industry has been cool, to say the least. A spokesman for the Esso project at Cold Lake, Alberta has been quoted as saying that the generally unfavourable economic climate, coupled with the severe drop in the oil industry revenues resulting from the National Energy Program, makes it difficult, if not impossible, for that firm to contemplate resurrecting the Cold Lake project. The reaction from industry should come as no surprise—once burned, twice shy!

Having laid waste the economic base of one province, the government has been focusing its attention and its evil eye on the potential base of others, this time in the east. This is what the government means when it says that it wants to practise fairness to all Canadians regardless of where they live.

Our philosopher king, who obviously lives in the clouds, has spent most of his energy on the patriation of our Constitution and his Charter of Rights. We are now masters in our own house, he proclaims, as he pirouettes in glee. He does not care that the house is heavily mortgaged, that there is little food on the table, that most of the occupants are out of work, that the neighbours are angry, that the security devices are obsolete and that the foundation is crumbling. The response to another thunderstorm, another catastrophe, is another shrug from him. The contempt this government has for the people who pay its way seems boundless. The leader of the government, of this arrogant band of purse-snatchers and pickpockets, should not be allowed to continue his coy musings about retirement. He should be forced to retire, and naturally his cabinet should join him in exile. "Throw the rascals out" is an appropriate cry.

Some hon. Members: Hear, hear!

Mr. Darling: I will admit that there are some pretty good members on the other side, but it is those who got us into this mess that I am talking about. The unfortunate part is that some of the good guys have to go with the bad guys. That is the way it has to be.

Mr. Prud'homme: Thank you!

Mr. Darling: The loss of the Alsands project is only one of the many disasters to hit the country under the rule of this government. I do not think this country can bear much more.

The Minister of State for Mines (Mrs. Erola) who spoke first in this debate for the government said that the demand for oil is not as great today because of the 7 per cent reduction in its use at the present time due to conservation, insulation and other things. I believe she is partly right, but another reason for the reduction in the use of fuel oil is the atrocious price that we pay for it. We are all aware that there is a glut of oil in world markets and that the price is going down as a result. The price has gone down drastically for our neighbours to the south. I believe that in some western states gasoline is selling for under $1 per gallon, but here it costs over $2 and is going up.

What can we look forward to? A bill was given second reading just a week ago which would give the government the power to add 58 cents per gallon to the price of gasoline and fuel oil, at its discretion.

Mr. Nielsen: And without parliamentary approval.

Mr. Darling: I guess they will get that at third reading. This is another thing that Canadians can look forward to. I can assure you that will be a step in the right direction toward conserving oil even further.

It is a well known fact that people on low incomes have turned down their thermostats because they cannot afford the cost of heating. I suppose they wear sweaters and socks in the house in order to conserve fuel and still remain reasonably healthy.

We know that we might as well be talking to the wall as talk to the government. It does not have the guts to let the Canadian people decide. It has another two years in its mandate and we can be sure that it is not going to do much in that time.

Three ridings in this country have no representation at the present time, Mr. Speaker. If the government does not want to call a general election and defend its policies, the least it could do is call three by-elections within a reasonable time and test its popularity that way. We hear the minister say all the time that the people are behind them. They are a long way behind, Mr. Speaker, and they are not going to get any closer! Those three ridings, Leeds-Grenville, Timiskaming and Broadview-Greenwood are now vacant—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member—

An hon. Member: Carry on.

Mr. Prud'homme: Let him go.

The Acting Speaker (Mr. Ethier): Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Laniel: Why doesn't the hon. member talk about the tar sands? He didn't say a word about the tar sands.

Mr. Darling: The hon. member should read my comments. I certainly spoke about the tar sands or the lack of them.

Mr. Blenkarn: Tell him again, Stan. Don't let him get away with that.

Mr. Darling: We are well aware of the tar sands. I am not an expert on the tar sands but I know the damage that has been done. Many of my expert colleagues from Alberta have put on record the figures which show what the government has done with respect to the tar sands.

Mr. McKinnon: You visited them, Stan.

• (0130)

Mr. Darling: Yes, I visited them on two or three occasions and I was absolutely amazed and thrilled to see the operation. To know that the expansion is now going to be phased out is certainly a tragedy. And this government has the responsibility for it. It is the old story of put off and put off. If this deal had been made two years ago the oil companies would have grabbed it, but no. This is the greatest government for putting things off; the former minister of national defence can certainly attest to that. I sat on the Standing Committee on External Affairs and National Defence for a number of years. I spoke on this subject in the debate last Thursday and pointed out that through procrastination this government has left the Canadian Armed Forces in the worst shape they have ever been as far as equipment is concerned. We were promised six frigates about eight years ago, and where the hell are they now? Still on the drawing board. I am quite sure the former minister will say that the earliest they will be in the water is 1988, and probably 1989. The estimated price, talk about squandering money, was about $1.4 billion. It is now $4 billion, and what will it be by 1988? Probably $7 billion. This is just another example of a government that is squandering money and not doing what it should when it should.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, it is a pleasure to rise and speak on this motion. I commend the Chair for allowing this debate. It is important because of the simple fact that the government's economic strategy is based on these energy megaprojects, and the government expected them to stimulate the economy. That stimulus is essential at a time when we have close to two million unemployed, if you consider those Canadians who have given up looking for work out of despair and in recognition of the fact that the jobs are just not there. But now that has all gone by the boards and we have a situation of the highest unemployment rate since the depression, and inflation continues to rise.

That, Mr. Speaker, is really something which is new to industrialized economies. Traditionally, when unemployment rose, influence would fall. But now we have both evils together. High interest rates hurt the average Canadian, the small businessman, and in fact they have been a contributing factor to the destruction of these energy megaprojects. What we have today is a bankrupt economic policy which has led to high unemployment with no let-up in sight. Not only was the economic strategy of this government based on energy megaprojects, but so was the economic policy of the last government. In fact, the famous, or shall we say infamous, remark of the former minister of finance, the hon. member for St. John's West (Mr. Crosbie) about short-term pain for long-term gain was simply a statement about energy resource development and the attempt to ride the wave of increasing world energy prices to prosperity.

Ever since it came back into office this government has attempted to build an economic strategy based on increasing world energy prices. It has just not worked, Mr. Speaker, because it is based on false assumptions. Somehow they got the notion that energy prices were going to continue straight up and the government could thereby increase its revenues and solve the deficit problem. They could create big energy projects and stimulate the economy to provide employment. However, world energy prices simply have not followed those straightline predictions, and it is rather ironic that the two free-enterprise parties made the same error in judgment. They did not take into account that world energy markets are not static and that rising prices would themselves bring on new sources and change the whole price picture.

The government also underestimated the impact of conservation. It did not realize that individual Canadians would take action by insulating their homes, driving smaller cars and driving less. They did not take into account the full impact of individual conservation efforts, and that threw off their whole strategy with respect to these energy megaprojects. The government has, in fact, misread the entire economic situation and built its vision of the future on false assumptions, on a misreading of world energy markets and an underestimation of the capacity of Canadians to conserve energy. They even misread the industry's capacity to finance these large projects because they did not take into account the impact of their own policy of very high interest rates. This policy is, of course, one that was followed by the previous government as well.

Rather than have governments which rely on the exports of natural resources to create employment, rather than a policy which relies upon a few very large projects to stimulate the economy, what we need is an alternative plan of investment, and we need it now because the economy needs stimulus now and the people need jobs.

Therefore, Mr. Speaker, I want to take some time to outline an economic strategy which the NDP has already unveiled to the Canadian public, and which we call a new employment option for Canada. I want to outline it in detail because I want people to be aware of the fact that there is another approach to economic matters, and that it is possible to stimulate the economy to create jobs in a very real, sensible and sane manner. The proposal which my party has outlined really consists of five basic steps. The first step is really a matter of economic planning, of planning for job creation in Canada. The notion here is that the government will negotiate seriously with multinational corporations to have them sign production

agreements with Canada in which they would ensure that goods were produced in Canada to service the Canadian market. In other words, if a multinational corporation wanted to have access to the Canadian domestic market, it would have to manufacture in Canada and produce goods in Canada. The corporation would have to take our natural resources and process them into finished goods for the Canadian market. We would make sure that companies understood we were serious about their manufacturing in Canada if they wanted to have access to our markets in order to make a profit. Companies would gain access to our markets based upon their willingness to manufacture in Canada, in other words, to create jobs in Canada. The first part of the new employment option for Canada would be to negotiate seriously with multinational corporations in order to create employment in Canada and not just take advantage of our market without doing any manufacturing here at all.

• (0140)

The second plank of this new employment option for Canada would be aimed at the export market. What we would be seeking to do would be to underwrite the risks that entrepreneurs take when they enter into the export trade. Other governments, such as West Germany and Japan, make available to companies and entrepreneurs capital to underwrite certain risks. We should be doing that in Canada. Canadians are some of the greatest savers in the world. We put aside much of our income in banks and in other financial institutions. We should use this capital which Canadians create by saving in order to underwrite the risks faced by our exporters. Comprehensive coverage of production, credit, accident, commercial, exchange rate, inflation and market development risks should be provided. This is already provided by countries such as West Germany and France. It is time that Canada took the export market seriously. We should have a comprehensive plan to underwrite the risks of exporters so that we could capture a greater share of the international market in order to provide jobs for Canadians.

The third plank of our new employment option for Canada involves tax cuts. We propose a tax cut for low and middle-income Canadians. The purpose of this tax cut would be to stimulate demande in the Canadian economy so that the presently underused capacity of Canadian manufacturers could be used now when there is a need for jobs. Therefore, by providing a tax cut for low and middle-income Canadians, we would put more dollars in the pockets of ordinary Canadians who would spend that money and thereby create demand for goods and a possibility for Canadian manufacturers to provide jobs for Canadians.

The fourth plank in our new employment option for Canada is an excess profits tax on banks. The reason for this is that banks have been benefiting from the very high interest rates presently prevailing in Canada. They have the capacity at the present time to pay excess profits tax. By imposing this tax we could take the revenue raised by the tax and invest it in a housing program in Canada to meet the much needed housing needs. In the process, we could create further employment. We could take part of the excess profits tax and put it into some system of mortgage relief, as has been done by the new Manitoba government. The new Manitoba government has provided direct mortgage relief for ordinary Manitobans. An excess profits tax on banks could provide the revenue necessary to provide this necessary mortgage relief for ordinary Canadians right across Canada.

The fifth plank of our employment option for Canada relates to interest rates. Quite simply, it is time that we had a made-in-Canada interest rate to remove the threat of very high interest rates for small-business men, farmers and ordinary home owner. Any person who reads the financial pages of Canadian newspapers knows that there are many economists in this country who indicate that the present interest rate policy is far too high, that there is room to move the interest rates in this country downward, and that the present policy of this government of keeping very high interest rates is not justified on the basis of economic factors alone.

Those are the five points of the new employment option for Canada as proposed by the New Democratic Party. This employment option really comes back to the fact that we need to take our natural resources and process them here in Canada. We need to create manufacturing jobs here in Canada. It is not enough simply to take our rich natural resources and sell them off to other countries, whether south of the border, to Japan, or wherever. It is necessary for us to take hold of the wealth we have here and to process it here in order to create the kind of employment we need in the country. At a time when we have close to two million unemployed, if we take into account those who have stopped looking for work as well as those who are on the active unemployed lists, it is a time to adopt a new, different and aggressive approach to economic development in Canada, an approach that is based on the fact that Canadians have the education, the capital resources and the intelligence to manufacture goods in Canada. It is simply not necessary to give away our natural resources and our manufacturing jobs to other countries. It is time that we saw the possibility of manufacturing in Canada. We should also remember that manufacturing is not only done in Ontario, but that it is also done throughout Canada. If we took an intelligent approach to the creation of wealth and employment in this country we could have very strong centres of manufacturing in all regions of Canada. It is not necessary to leave all the manufacturing to one region of the country. We could make some rational and some intelligent choices so that every region of the country had a fair share of the manufacturing potential that is Canada's.

It is fortunate, indeed, that the Chair has allowed this emergency debate with regard to the energy megaprojects. It is important because this debate gives us an opportunity to point out the bankruptcy of the government's economic policy which has been based upon resource giveaways and based upon one or two very large energy projects. Fundamentally these energy projects were based upon false assumptions about the energy markets of the world and about the continued behaviour of individual Canadians. This debate really shows that the

economic strategy of the government is completely bankrupt and that it is time to find new ways in which to stimulate the economy. The energy megaprojects will not be here to stimulate the economy. We must have a rational plan of investment to stimulate the Canadian economy and to create employment. There is no greater need in the country today than the need for jobs for ordinary Canadians.

• (0150)

Mr. Bill Domm (Peterborough): Mr. Speaker, it is approaching 2 a.m. on May 5 and we are almost in the same position we were in two years ago when we were debating the National Energy Program. It is sad that it has taken this long to discover that the policies of the present government are leading us fast down the road to high inflation and high unemployment. Also it is sad to think that the present government campaigned in the 1980 election by promising to create policies which would wrestle inflation to the ground, create maximum employment for Canadian people or less unemployment, and stimulate the economy so that it would recover from what it perceived to be a problem when we were in government.

Liberal mismanagement, namely in the National Energy Program, is creating major problems in my area of Peterborough with Canadian General Electric and in Oshawa with the General Motors Corporation. We must remember that there is no greater user of trucks and truck bodies than Alsands and similar projects. The government has created a policy which has driven the private sector out of the country to find areas in which it can develop in a free enterprise system, free of government intervention.

A leading editorial which appeared in a Toronto newspaper yesterday really summed up the situation. It reads:

> We all know some of the villains in the megaprojects fiasco. Alsands is dead largely because Prime Minister Trudeau and Energy Minister Marc Lalonde wanted to play at being bigtime businessmen. That's what the National Energy Policy is about. Getting private oil companies out of the field and government oil companies in their place.
>
> It's fun being a businessman based in the PMO's office. You get all the advantages—big limos, private planes, big big deals—and none of the disadvantages. Like using any of your own money or facing shareholders' meetings.
>
> Eventually the taxpayers run out of money and the government runs out of rhetoric. Then the deal that should have been offered private oil companies in the Alsands project is finally offered them, except it's several years and God knows how many broken promises too late.
>
> The companies don't trust the government and the megaprojects go belly up. All we can say is that if the Alsands deal offered was fair last week—it was fair two years ago.

I know all these matters disturb members of the government because they have to return to their constituencies and justify why there are 1.25 million people out of work and why the inflation rate approaches 13 per cent when last month the Americans were in a minus position. They must explain why all these people are unemployed when they promised in the last federal election campaign that their programs would create jobs and lessen unemployment. This is simply not the case, and they have no logical explanation whatsoever for the disastrous situation in which the country finds itself. They can use all the verbiage they want. They can spew out $70 million in advertising, using the money of taxpayers, in an effort to convince Canadians that their policies are working, but the bottom line is there and it will always be there—if people are unemployed, if they cannot put food on the table, if they are losing their homes, if they cannot adjust to economic policies which are creating high inflation and high unemployment, and if the agricultural community is facing the highest rate of bankruptcies it has ever faced, the government will not survive. The people will eventually realize that they have been literally hoodwinked.

Even the briefest review of energy and industrial opportunities awaiting the country, not only in the west but in the north as well, would impress and persuade anyone of the government's present folly and inexcusable mismanagement in letting these opportunities slip through its fingers. Month after month, year after year, Canadians have awaited an energy policy and an industrial development policy which truly match and do justice to the potential of the country. The size of the immense projects, highly touted by the government a mere six months ago, is truly awesome and together they are worth more than $400 billion. This size is only matched by the immensity of the blunder of the government in failing to get the ball rolling in the industrial energy sector.

Apart from this inexcusable lapse on the part of the government, a lapse which should demand the resignation of every minister involved, Canadians have faced record rates of gas price increases since the Liberals came into power only two years ago. The significance of rising gas prices and the loss of these megaprojects have not been lost on Canadians. We actually have a government in office today which told Canadians just two years and a few months ago that they should not re-elect the Conservative government because it was about to raise the price of gas by 18 cents. The assurance of the Prime Minister (Mr. Trudeau) in the campaign at the time was that he would not raise the price of gas in excess of 14 cents. Those were his words. What has he produced? What are the results of the campaign promises of Liberal members in 1980?

These Liberal sheep on the other side of the House—and I notice that they are all fast dispersing—have presided over one of the most divisive political and economic rifts between the provinces and the federal government the country has ever witnessed. Now they have pretty well scuppered the most important industrial project in Canada this side of 1990. The chances of Canada ever becoming energy self-sufficient by 1990 are fast disappearing. Hostilities between different parts of the country, between business and labour, and between government and corporate concerns have been fostered, encouraged and even initiated by this guilty government.

What makes this most hurtful to Canadians who care about the country is that these animosities need not exist. I am sure my colleagues from the west will support me when I say that there exists an interdependence of feeling or a mutual atmosphere of co-operation among all working people and their families right across the land. There is nothing which unites these people more right now than their frustration with the

absolute lack of pragmatic and practical initiative in the field of industrial energy development on the part of the Liberal government.

• (0200)

In October, 1980, when we were debating government mismanagement of the energy sector in Canada, I said in the House that the people of my riding of Peterborough and all those who live in the industrial heartland of Canada could see very clearly that what is good for the oil producing provinces is very good for the so-called consuming provinces. The government might also wish to ask an Ontario worker whether he would care to choose between losing his job because of lost orders to his firm, because it has gone under or because it has given up on a misguided and ill-thought-out energy program. It is a national energy program that has been pursued for political reasons and which has resulted in a great opportunity being lost.

I know that the workers of one Ontario company, which made the bucket wheel reclaimers for the Syncrude plant are a few of many who will be thrown out of work because the government has not been able to get Alsands and Cold Lake on the track to maintain their business. In my own riding of Peterborough, that city's major industry, Canadian General Electric, depends very heavily on our energy sector. Recently, I spoke to a representative of Canadian General Electric which employs over 4,000 people and he told me that any expansion in any area where electricity development is involved will benefit Canadian General Electric. He said, "Our whole market is based on the expansion of industry, and the more developments and capital investments there are, the better it is from our point of view." The better it is for virtually every company in Canada from our point of view. Obviously there is a tremendous ripple effect which would have occurred had Alsands gone ahead.

Mr. Laniel: Why do you rejoice about it?

Mr. Domm: There is no rejoicing on this side of the House, Mr. Speaker. We are not here at 2 a.m. on May 5 to debate the National Energy Program because we are rejoicing about it, as the Liberals are. We are here now because the Liberals do not care.

It is not just Canadian General Electric or the bucket reclaimer manufacturers who are affected. It is also those factories which produce motors, industrial controls, wire and cable and many other products for the resource exploration market. I am sure that the hon. member on the other side has some industry in his riding—at least I hope he does—which is not suffering from the loss of Alsands through the ripple effect. If he does not have an industry, let him stand up when it is his turn to speak, and if he has enough nerve to speak to his constituents, let him tell them that the loss of Alsands and the Alaska pipeline means absolutely nothing to Canada because then he will be saying what he is saying in the House.

That is the problem. The Liberals do not repeat what they say in the House when they return to their ridings to explain the loss of Alsands. Surely I should not have to impress upon the hon. member—now there are two out of 145 Liberal members sitting on the other side representing Canadians from coast to coast—

Some hon. Members: No, no.

Mr. Domm: I very seldom take exception to anything one of my colleagues says, but I will tell you that I am a member of Parliament for Peterborough and I represent constituents from coast to coast. The problem is that very few of the Liberal members on the other side of the House are here. They know there is an emergency debate. Sixty per cent of them were present during question period at two o'clock this afternoon and less than 3 per cent are in the House tonight at 2 a.m. to take part in this debate. This debate is the result of action taken by the Liberal government, not by the Conservatives. The hon. member for Beauharnois-Salaberry (Mr. Laniel) has sat in his place all night and said nothing. I hope he will rise to speak.

Mr. Laniel: I will be here all night.

Mr. Domm: If he wants to ask me questions in his 20 minutes, I will be very pleased to answer them.

It should not be necessary to impress upon this government the fact that losing the chance to develop the tar sands industry and the pipeline industry in the west, or indeed any other project in any part of Canada, is holding up industrial development and causing economic insecurity in the whole nation. That is very clear to everyone on this side of the House. I fail to see why it is not clear to every member on the government side and in the other opposition party. I am sure, however, that NDP members are more receptive to the loss of jobs than hon. members opposite. It is time that members in the government began to speak for the people they represent in their ridings.

I believe that Alsands alone was going to be responsible for approximately 129,000 barrels of oil per day—barrels which are still imperial. If those 129,000 barrels a day are converted into gallons, and if we converted that loss to see the money which is flowing out of Canada because of the cancellation of Alsands, we would find that we have lost $13 billion worth of capital to create industry and feed companies such as General Motors, Canadian General Electric and many other companies across Canada. If the hon. member does not care to admit it and just continues to sit back smugly, he will be held accountable at the time of the next federal election.

Eighteen months ago we told this government: "The Cold Lake project alone accounts for $10 million a month in running, development and support costs. Imperial reckons that this can continue for only four months at the outside under present Liberal government policy." That was 18 months ago.

During the debate earlier this evening I heard purportedly responsible people on the government side, as well as some from the NDP, trying to rationalize the removal of the oil

companies from the Alsands project by saying that the companies could not justify the investment. Why then are they investing that money in exploration and development in the United States of America? Why have they pulled money out of Canada and invested it in other places? If you listened to the press conference given by the principals of Alsands, you would have heard them state the reason. They said that one of the principal reasons they were pulling out of Alsands was the political climate. That climate was not conducive to investment and the injection of private capital.

If the hon. member has any experience in the business sector, which I hope he has, he will know full well that one would not invest one nickel in the business sector today if a return was not foreseen and there was fear of government expropriation. Business people are not prepared to invest money while there is fear of expropriation by a socialist government.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Domm: I would like to thank the lone government member in the House for agreeing to extend my time.

• (0210)

Let us discuss the Ontario economy. We are not only trying to develop the west. I wish this government would get it out of its head that anything that happens in the west benefits only the west. The loss of Alsands has cost millions of dollars to the province of Ontario alone; $6.2 million of that would have accrued directly to Ontario. The impact of Alsands alone on the Ontario economy would have been enormously helpful. For example, $800 million would have gone to the iron and steel industry in Hamilton, $730 million would have gone to the metal fabrication and machinery industries in Toronto, $740 million would have gone to the manufacturing and processing plants of central Ontario, $325 million would have gone to transportation equipment, $370 million would have gone to finance industries and $750 million would have gone to trade and services, and this is only a partial list.

I am sure that any member opposite could stand up today and talk about the spin-off effect of the loss of the pipeline. Ask the minister from Hamilton how many jobs that will cost Stelco and the city of Hamilton. I am sure he would inform you it is a terrific loss of jobs. It will create much unemployment in the peninsula and in the automotive industry in Oshawa in the riding of the Leader of the New Democratic Party. It will create acute problems in my riding of Peterborough with Canadian General Electric. This is a fact that is known by every political leader. If he is honest, he will report, first, that these two losses are a major contributing factor to unemployment and, second, that the major problem we have today is dissatisfaction with the present Liberal government. I know it pains the other side to hear about the only truly practical, sensible and workable budget that has been introduced.

In conclusion, it has been my personal misfortune to view over the last couple of years a series of legislative measures all of which come under the general heading of the National Energy Program and all of which have resulted, to one degree or another, in the situation we have today. What in fact this present government has imposed on Canada to the country's cost is a plan which will convert this nation into an impoverished, socialist state. It is doing this through its national energy policy in concert with various acts of Parliament. These acts have transferred exploration recovery incentives to Canada lands, for example. It has reduced the share of revenues to the oil companies by some 12 per cent, companies that have now quite properly put a halt to all further development and have shifted their teams to other parts of the world. They have decreased incentives and subsidies to those companies that have minority Canadian ownership interests. This will lower these companies' market values and thus make a takeover bid by the federal government easier in the future through the Canadian ownership account.

At the same time, the Liberal government sought to increase the proportion of oil and gas revenue it receives from the provinces. As nationalization of the oil companies increase, provincial revenues decrease because federal oil companies do not have to pay provincial royalties no matter where they are located. Consequently, the federal Liberal government is determined, along with its partners to the left in this House, to nationalize the Canadian oil industry by 1990 and put it into public ownership and not, as they maintain, forge ahead in industrial development and obtain self-sufficiency. Let us admit and let this government admit clearly that it alone is singularly and totally responsible for losing Alsands and the pipeline.

Mr. Bill Kempling (Burlington): Mr. Speaker, in the summer of 1980 I was in Ottawa looking after some matters in my office. I happened to bump into a member of Parliament from Quebec at the entrance to the Parliament Buildings. We stopped in front of the door and chatted. He had just returned from Washington where, along with some other members of Parliament, he had met some American Congressmen. They have discussed the energy problem facing the United States and Canada. He said the Americans told them that if we did not move to the world price for oil, we would be the only country in the western world which had not moved in that direction. They forecast that if we did not move that way and did so rapidly, we would have a very serious problem with our energy pricing two or three years down the road. How prophetic those words were!

I asked him at the time what he was going to do about it. I will not identify the member. He is a good friend of mine, a Liberal from across the way. He named the Prime Minister (Mr. Trudeau) and the Minister of Energy, Mines and Resources (Mr. Lalonde), something I cannot do under the rules of the House. He said that until we rid ourselves of the Prime Minister and the Minister of Energy, Mines and

Resources, we are not going to get anywhere with oil pricing or energy self-sufficiency in this country and we are going to be in trouble with our energy program.

I am not surprised he said that about the Minister of Energy, Mines and Resources. I am sure everyone remembers the oil pricing formula that he gave when he was energy critic. I will quote him in case anyone forgets. He said:

If the price of conventional is X, you will have a price of X plus Y for the non-conventional oil, and then the international price—you know what it is—but we have indicated we will continue to subsidize the price . . . So what you would end up with would be a mix of these prices.

What does that mean? That is what he said. It was quoted in *The Globe and Mail*. Therefore, it is not surprising that we have to rid ourselves of that minister.

In question period on Friday, April 23, I told the Prime Minister that I would donate $1,000 to assist him in his adjustment to retirement if he would go. He replied that it sounded something like a bribe. I was serious. I said I did not even want a tax receipt for it.

A strange thing happened today. First I should say that when I was home on the weekend dozens of people approached me and asked me whether I was serious. When I replied yes, they wanted to donate money to this fund. Today I received a letter in the mail. Believe it or not, it came by courier from Kelowna, British Columbia. It reads:

We read recently that you had offered $1,000 to Prime Minister Trudeau to help him adjust to retirement, but that that was rejected.

Perhaps the amount was too small. With this in mind we decided to help out in our little way. We accordingly enclose cheques in your favour totalling $15—sorry it is not more but you will probably receive further contributions from other enthusiastic citizens across Canada.

This money is to be held by you to be given to Mr. Trudeau if he resigns as Prime Minister by November 1st, 1982—repeat 1982—and publicly says he will not run to replace himself. If this has not happened by that date then the money and any income accrued on it is to be given to the federal Progressive Conservative Party to assist in its expenses.

• (0220)

Some hon. Members: Hear, hear!

Mr. Kempling: There are three cheques attached to help us along.

I saw the Minister of State for Mines (Mrs. Erola) here earlier. When she came back into the House I thought she would stay. I listened to her speech earlier this evening and was really surprised when she more or less brushed off the Alsands project, the Cold Lake project and the fact that the pipeline has been put off for another couple of years. She brushed them off saying that they were nothing to get too excited about, that we will be able to bring on Hibernia and the Beaufort Sea and that that will take care of the oil which would have been produced by Alsands, Cold Lake and so forth. I do not know whether the minister has really looked into this matter seriously or whether she was just reading a response given to her by the Department of Energy, Mines and Resources but, as many hon. members have stated here tonight, Alsands was to be completed by 1988-89 at a cost of $13 billion. It would have produced between 129,000 and 137,000 barrels of oil a day. During the construction phase, employment would have peaked at about 9,600 or 10,000 people. Once operating, the plant would have employed permanently about 2,800 to 3,000 people.

The Cold Lake start-up was scheduled for 1986-87, and that project would have cost $12 billion. The cost was projected at $12 billion when the project was dismantled in 1981. The project would have produced 140,000 barrels a day. During construction there would have been 6,500 jobs, and 20 per cent of them would have been in Ontario and eastern Canada. Those two programs together would have involved $25 billion. Eighty-five per cent of the initial spending would have occurred in Canada. Thirty-eight per cent would have occurred in Alberta, 28 per cent in Ontario and 10 per cent in Quebec. The multiplier effect of the two projects would have meant a total impact on Canada of about $46 billion, almost double the estimated capital cost.

The Minister of State for Mines spoke about Hibernia and Beaufort Sea projects. I do not know who she has been talking to—

An hon. Member: Here she is.

Mr. McDermid: In her latest designer jeans.

Mr. Kempling: I love those jeans. I do not know who the minister was talking to or where she got her information on the Beaufort Sea, the Mackenzie Delta and Hibernia, but several oil companies have been meeting recently in annual meetings, and Mr. J. G. Livingstone, president of Imperial Oil, said that there are still some promising prospects in frontier areas. He said that the Beaufort Sea and the Mackenzie Delta have potential to become a major world-scale oil producing region and that the Hibernia discoveries show that there is oil in the Atlantic offshore area. However, Mr. Livingstone said, commercial production from the Beaufort-Mackenzie Delta area is still quite a long way in the future and Atlantic production, because of engineering and other problems, is a rather long-term proposition. That confirms what other experts in the field have said. They have said that we will be lucky if we see any oil from the Beaufort and Hibernia by the turn of the century. That is the estimate with the present available technology.

I believe it was last summer when there was a conference in Newfoundland to discuss the technological problems faced in getting Hibernia oil into production. The estimate was that with the present technology we would be looking probbably at the turn of the century before we had oil from that area.

With respect to what has happened to various oil companies involved in these projects, I would like to put on the record comments made by an oil company executive, Mr. J. C. Phillips, chairman of the board of Gulf Canada. He said that Gulf Canada's experience is typical of integrated oil companies and that its earnings dropped by 21 per cent to $299 million in 1981 from $380 million in 1980, with the decline being accounted for entirely by a sharp fall in earnings of its exploration and production arm. He said that Gulf Canada's tax payments under the petroleum and gas revenue tax surpassed

$70 million that year. Oil companies have told us that where they have experienced their difficulties has been with their exploration and production companies and not with their distribution operations. Mr. Phillips went on to say that the number of wells drilled in Canada fell to 6,500 in 1981 from 9,000 in 1980. He noted that drilling activity in the United States reached a record high in 1981 and attracted many drilling rigs from Canada. Estimates by the Canadian Association of Oil Well Drilling Contractors indicate that 200 drilling rigs left Canada during the year and that about 40 per cent of the rigs remaining in Canada are idle. That is the nub of the whole problem.

Mr. D. K. McIvor, chairman and chief executive officer of Imperial Oil, said that the National Energy Program tax regime, by reducing the industry's earnings—

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

Some hon. Members: No tie.

Mrs. Erola: Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order, please.

Mrs. Erola: Mr. Speaker, I have a question for the honorable member, who was questioning some of the statistics I quoted earlier which were based on figures which came to us from the Department of Energy, Mines and Resources. The honorable member questioned the figures I gave. I question the figures he is giving. The figures which are being offered—

Some hon. Members: No tie.

The Acting Speaker (Mr. Ethier): Order, please. It is very difficult to hear whether the minister has a point of order because there is so much noise in the House.

Mr. McDermid: She is debating figures.

Mr. Cousineau: Have some respect for women.

Mrs. Erola: Whether I wear a tie or not is irrelevant. Are hon. members opposite wearing brassieres? They probably need them.

Mr. Nielsen: Order.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Kempling: Mr. Speaker—

Mr. Cousineau: You have not said a word.

Mr. Kempling: I could not hear what the minister was saying. How could I reply?

I want to put on the record what Mr. D. K. McIvor, chief executive officer of Imperial Oil, said. He said that the National Energy Program tax regime, by reducing the industry's earnings and cash flow, has very seriously impaired the ability to generate investment capital and that it has also shaken the confidence of investors, particularly foreign investors. Mr. McIvor went on to state:

• (0230)

"This combination of a severe reduction in internally generated funds—which in turn affects a company's ability to borrow—and weakened investor confidence makes the accumulation of large-scale funding, through equity or debt, extremely difficult.

"For instance, any fiscal terms that could be struck for the Cold Lake project today would be purely academic, no matter what rate of return these terms created. Imperial simply doesn't have the money to invest on the scale required. For the same reason, and also because of a general lack of investor confidence, it would be very unlikely that we could find other participants."

There one sees the impact of the invasion of the Government of Canada into the energy field and what it has done through its excessive taxation of the energy industry.

Another financial analyst, Mr. F. B. Lamont, managing partner of Richardson Securities of Canada, Winnipeg, said the federal government's National Energy Program must be changed because it is a major contributor to Canada's present economic and financial malaise. He said that besides heavy taxation, the NEP is based on suppression of prices to Canadian producers and a subsidization program that favours imported oil at the expense of Alberta production. He stated, as reported in *The Globe and Mail*, dated April 28, 1982:

We have been subsidizing the import of foreign oil out of the public purse to the extent of $17 billion annually. This is more than 20 per cent of our national debt. Indeed, the interest on the money we have borrowed to subsidize oil prices at 15 per cent is $2.5 billion annually, more than the entire 1981 budget of the Province of Manitoba.

This gives some indication of the dimension of this tax. He went on to state:

It is impossible to understand how Draconian tax levels, suppressed prices and subsidized consumption of foreign oil are consistent with the strategic importance of Canada's oil industry, conservation or self-sufficiency.

The tragedy is that the challenge of self-sufficiency is slipping away from us altogether. A survey on the recession in Canada as the result of the turn-back of many of these mega-projects and other disastrous effects in Canada has recently appeared in *The Globe and Mail* under the byline of Peter Cook. I will just read a couple of excerpts wherein he stated:

A comparison of leading indicators shows Canada's economy to be in a more pronounced recession than the rest of the industrial world, and suggests any improvement in business conditions will be delayed and could lag behind other major economies.

The findings run counter to assertions by federal Liberals—made after last weekend's Cabinet meeting at Meach Lake—that the economy's troubles spring from international difficulties and that little restorative action is possible.

He wrote that a study of several economies conducted by Geoffrey Moore, of the Centre for International Business Cycle Research at Rutgers University:

—rated Canada as the only economy where the decline was continuing to register in the leading economic indicators series in the first months of this year.

Mr. Moore stated:

"What we saw in Canada was an index which has reached a new low, whereas in the case of the United States, our leading indicator series had levelled off"—

The Rutgers study reported that the European economies, led by France and Britain, were in a recovery stage in January and had been pulling back from a recession that hit bottom last year. Japan's economy was even more buoyant, with its leading index rising 10 per cent annually, while Canada's position had worsened. In the first half of the year, the Canadian economy had fallen as fast, if not faster, than the U.S. The article continues to show that the information must cross the aisle to hon. members of this House who argue that we are part of the world economic problems, and there is nothing much we can do about it. It shows that other countries have done something about it. They have turned their economies around and are on their way up.

I do not know how many hon. members deal on statistical comparisons but, in 1968, Canada's gross debt was $32.5 million. Government spending has gone up from $12 billion in 1968 to an estimated $75 billion in 1982, according to the projected budget. If we look at a series of statistics taken from Statistics Canada and from the government papers which come to our office, we notice that there has been a decline of 16.5 per cent in industrial production averaged over the past three months. There has been a decline of 33.8 per cent in the production of trucks from a year ago. There has been a decline of 15,000 jobs in the level of employment in Ontario. There has been a decline of 127,000 jobs in the manufacturing sector in Canada since August of 1981. There was a decline in the corporate profits by 44 per cent in 1981 in the fourth quarter. There has been a decline in new motor vehicle sales of 24 per cent compared to February of 1981. There has been a decline in car production to the lowest level since 1967. There has been a decline in real housing investment, predicted to be 7.7 per cent in 1982, and there has been a decline in the number of housing starts of 15,000 units as the direct result of the recent budget.

To show that everything is not on the decline, I will give hon. members some examples of increases. Perhaps that will make them feel good. There has been an increase in the rate of unemployment. It is 9 per cent as of March, 1982. There has been an increase in the rate of unemployment in Alberta from one half of one per cent to 5 per cent in one month.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Some hon. Members: Carry on.

Mr. Kempling: I just have a few more items to add to balance up the declines.

The Acting Speaker (Mr. Ethier): I see two hon. members rising, and the allotted time of one of them has expired. Therefore, I must remind the hon. member that as long as two hon. members are standing, I must recognize the one who has the floor. The hon. member's time has expired, so I therefore recognize the hon. member for Thunder Bay-Nipigon (Mr. Masters).

Mr. Masters: Thank you, Mr. Speaker. However, in deference to my colleague opposite I would be pleased to give him an appropriately short amount of time in which to give his summation.

Some hon. Members: Hear, hear!

Mr. Kempling: As I was saying, if there is an increase to balance up these declines, I must tell Your Honour that there has been an increase in the rate of unemployment in Alberta from one half of one per cent to 5 per cent in one month. There has been an increase in farm bankruptcies by 157 per cent in the first three months of 1982 over the first three months of 1981. There has been an increase by 86 cents a gallon for gasoline since the Liberals took over with promises of keeping gasoline prices down. There has been an increase in mortgage rates to 18 per cent or 19.5 per cent from 15 per cent to 15.5 per cent a year ago. There has been an increase in the current account deficit of $8 billion to $9 billion as compared to $1.9 billion. There has been an increase in bankruptcies of 33 per cent in the first three months of 1982 compared to the first three months of 1981 and there has been an increase in inflation from 12.5 per cent on an annual basis in 1981, which has been the largest annual average rate of increase, I might say, in the last 33 years.

• (0240)

The various presidents and chief executive officers of the oil companies have said that as well as onerous taxes imposed upon them by the National Energy Program, they have lost investor confidence. I suggest that the reason that confidence is lacking is the terrible economic performance of the government.

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): Mr. Speaker, before I comment on the subject at hand I must say that I have a feeling of *déjà vu*, being here at 19 minutes to three in the morning. It seems only a short time ago that there were very few of us in the House and we seemed to be all on this side with our few faithful servants of the House of Commons. At that time hon. members opposite were doing whatever they were doing for 14 days while the bells were ringing. Perhaps they were catching up on suntans and things of that nature.

Mr. Fretz: Mr. Speaker, I have a point of order. The hon. member implies that members on this side were not working. Mr. Speaker, we were attending committees.

Mr. Masters: Mr. Speaker, I know I do not have to reply to that point of order. I did not imply anything. I simply said that we were here and we were all alone, for 14 days. But that is a red herring and this is a very serious debate. It is an opportunity for members on all sides to air their views and perhaps come up with new ideas and new initiatives. I hope it will help set the record straight.

On the weekend I had some very interesting discussions in my riding. People in the Thunder Bay-Nipigon area, like other Canadians, are disappointed that the Alsands project is not

proceeding at this time. Northwestern Ontario has many resources, one of which is gold. There was a time when gold mining in the small town of Beardmore where I was brought up, was a great thing. There were three gold mines. Then they closed—not because of government policy but because the price was not right. All of a sudden the price of gold is rising dramatically and the mines are re-opening after being closed for 30 or 40 years.

My point is that the marketplace is at work in the instance of the Alsands proposal. This is borne out by people such as a senior official of Exxon who commented on major projects of this kind in an interview shown on an American television station. This gentleman was part of the free enterprise system—and I happen to believe in that—and he was asked why Exxon and other oil companies are backing away from projects. His response was to the effect that the projects take an immense amount of capital and they cannot wait too long for that capital to come in. He pointed out—and this is true in the Alsands case and the pipeline that has been delayed for two years—that they had to put too much in for too long without the certainty that it would come back within a prescribed period. He said, as most Canadians with logical minds know, that things have suddenly changed. Two years ago we knew that we were running out of oil very quickly. That has not changed but the time-frame has changed.

A number of things have happened, Mr. Speaker. We do not consume the product as quickly as we once did due to a downturn in the world economy. That has helped to bring the price of oil down and it has had an effect on projects such as the Alsands.

Hon. members opposite have made light of conservation but in Canada and in the United States, and indeed all over the world, conservation has had an effect.

Energy comes from many sources, Mr. Speaker. We are beginning to see what happens when we use more coal. I know that my colleagues from British Columbia and Alberta are happy that more coal is being used and that more will be used all over the world in the future. That, too, will decrease the immediate need for oil in this country.

Hydro plants, nuclear powered, conventionally powered and steam powered, are coming into production and are adding to the total supply of energy. We are beginning to make much better use of natural gas, and that is a good thing.

All these things are part of the reason why the private sector has elected not to go into the Alsands project at the moment, even though they concede that the federal government and the government of Alberta have made very generous offers.

Mr. Scott (Hamilton-Wentworth): Why didn't you say that two years ago?

Mr. Masters: I keep hearing this reference to two years ago but although I do not profess to be as learned as my colleagues opposite, it seems to me that the implications were there then. If I were in the private sector and were going to put down so much money for such a long time I would want to know what is going on—are we bringing in more oil from conventional sources? Are we finding that offshore resources are coming in very quickly? Even more than two years ago technology was beginning to show that there was the possibility of gaining more oil from reserves that we could not get at or that were thought to be uneconomical in the past and so, with the increase in oil prices at that time, it seemed that perhaps we had better go slow on this important project. Therefore, Mr. Speaker, there will come a time when the Alsands and pipeline projects will continue. But to blame the delay on the NEP, or this government or that government, is to say that the private sector is not at work and is not the most important player in the game. I happen to have a great deal of respect for the astuteness of the private sector, and I think that thinking Canadians recognize that this resource which remains in the ground—although we would rather it was turning out all the jobs we want, and all those other things—is still there to be developed in its time. We thought its time had come, but unfortunately it has not because of a number of different reasons.

• (0250)

I wanted to intervene in this matter, Mr. Speaker, simply to try to give an overview which I think even members opposite recognize is the basic truth of the matter. You cannot tell me I am that far off base when we see that Exxon has cancelled projects around the world, as have the French and so many other countries. They have said, "Hold on, these projects are very expensive and we do not really need them right now because we cannot afford to tie up that amount of capital for that much time".

Some hon. Members: Why?

Mr. Masters: The members opposite ask why? What they are really suggesting is that they are joining their friends at the other end of the House who are saying, "Let us do it all; if they will not do it, we had better do it for them". The whole concept of the Alsands project was to give the private sector the maximum opportunity to exercise their right in the free enterprise system to make such a development. The only other way it will work, Mr. Speaker—and if I were leading the country I would be tempted but I would certainly back off—would be to take billions of dollars out of the public coffers and make this thing work because of the spin-off effect. But that is coming out of the public purse, not the private sector, and when the private sector knows the time is right, they will make it go. We are prepared to work with the private sector and we have proven that, and so are the producing provinces, particularly Alberta.

Finally, Mr. Speaker, I keep hearing members opposite saying it is government policy, it is this and that. The country to the south of us has a slightly different system but they have the same problems and exactly the same thing has happened there.

Mr. McDermid: Tell us about the Australian megaprojects.

Mr. Masters: They do not have the same kind of plan which seems to be so objectionable to these people. I think in the final analysis, Mr. Speaker, the NEP will put us in the position we really want to be in where we are self-sufficient in energy. I know that will happen. I think we will also be able to do it in the Canadian context because we will have enough control of it to make it go the way we want it to go and make us less dependent on other parts of the world. So I hope, with all the rhetoric—

Some hon. Members: Oh, oh!

Mr. Masters: —which has been let loose in this House, that somewhere along the line members opposite in their private moments will recognize that basically the private sector rejected the Alsands proposal. I do not criticize them for that, I am sure they had good and honourable reasons, but the bottom line is that it was going to cost too much and take too long to get a return. With the change in the world situation they were not as certain about the project as they would like to be, and so they have backed off at this time. The oil remains and will be developed when its time comes. We on this side will make darn sure that we are prepared to work with the private sector to bring this project to fruition.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I welcome the opportunity to participate in this emergency debate, but quite frankly I do not believe members on the government side really appreciate how serious the economic situation is in Canada today. About 12 years ago the Prime Minister (Mr. Trudeau) had this to say in an interview while discussing his efforts to change the course of the ship of state. He said:

> One has to be in the wheelhouse to see what shifts are taking place. I know that we have spun the wheel and I know that the rudder is beginning to press against the waves and the sea . . . but perhaps the observer, who is on the deck and smoking his pipe, or drinking his tea, sees the horizon much in the same direction and doesn't realize it, but perhaps he will find himself disembarking at a different island than the one he thought he was sailing for.

We have landed, Mr. Speaker, on a differnt island than the people of Canada ever anticipated 14 years ago when the Prime Minister was first elected to office. We have landed on an island where unemployment rates are the highest since the depression of the 1930s. We have landed on an island with double-digit inflation and where gasoline is $2 a gallon and going up. At the same time, gasoline across the border is about half our price and going down. We have landed on an island where interest rates run anywhere from 17 per cent to 20 per cent and higher. We have driven hundreds of millions of dollars of investment capital out of our country. We have farm, business and personal bankruptcies. We have budget deficits in the range of $16 billion and a gross national debt of some $137 billion. The amount required to service that debt amounts to more than the entire budget for this country at the time when the present Prime Minister took office. There is a feeling of frustration and pessimism in the business community, indeed in the hearts and minds of the public generally. I would suggest, Mr. Speaker, that the Prime Minister was in the wheelhouse but he was not alone; he had the Leader of the NDP (Mr. Broadbent) and his followers on the ship with him. They were helping him chart the course, and they were stoking the fires to keep the engines going and move the ship towards a socialist state.

When the finance minister gave his budget speech on November 12 he filed a document entitled "Economic Development for Canada in the 1980s". I would like to quote from page 2 of the document, which was prepared by an ad hoc committee made up of the Hon. Allan J. MacEachen, chairman, the Hon. H. A. (Bud) Olson, vice-chairman, the Hon. Herb Gray, the Hon. John Roberts, the Hon. Pierre De Bané, the Hon. Ed Lumley and the Hon. Lloyd Axworthy. The first paragraph on page 2 reads as follows:

• (0300)

> The decade of the 1980s holds great promise, offering opportunities of unprecedented magnitude and the potential for lasting benefits from economic renewal to Canadians in every area of the country.
>
> The leading opportunity lies in the development of Canada's rich bounty of natural resources.

The next paragraph reads:

> These developments will involve massive investments in productive capability and in the transportation industry's capacity to ship bulk commodities. The recently published report of the Major Projects Task Force, for example, identifies $440 billion of potential projects, predominantly in the energy and resource sectors, which are under consideration for investment between now and the end of the century.

Energy and resources were the sectors that were to offer the opportunities of unprecedented magnitude and potential. They could have done so. But what happened? The government brought in a national energy policy, a policy that was supported by my friends on my left, the New Democratic Party. It was a policy which virtually destroyed the oil industry. Some 270 drilling and oil service rigs left Canada as a result of that policy. There were bankruptcies in service related industries. There were lay-offs, adding to our unemployment statistics, not only in Alberta, Saskatchewan and British Columbia, but in Ontario and Quebec as well.

A few days ago I spoke to a young engineer who graduated last year from the University of Saskatchewan. He and his friends prior to graduation had worked in the summer time in Alberta for some of the major oil companies. Upon graduation they were hired by these oil companies. They felt their careers were assured, that they had been hired on a permanent basis. Some of these young engineers who thought their future was assured have recently been laid off. A young engineer told me that most summers the oil companies in Alberta would hire anywhere from 1,500 to 2,000 students to give them engineering training. These summer jobs have all disappeared. The oil companies, while they had advertised for students and engineers at universities across Canada earlier in the year, have now sent letters to all these students that they would not be hiring any summer students and very few graduates. This word comes not only from the major oil companies but also from Petro-Canada. They are just not in a position to hire summer students. This is what the national energy policy has done to our young people.

In the last few days the Alsands project has been abandoned. The Alaska highway natural gas pipeline has been put on hold for a two-year period. As a result of the cancellation and the delay there has been a loss of thousands of man-hours and man-years of work across the country.

I listened with some interest to the Leader of the New Democratic Party who spoke earlier in this debate. Quite frankly, I did not know and I still do not know on which side of the fence he is.

An hon. Member: He doesn't know either.

Mr. Neil: He appears to be straddling the fence. On the one hand he has a hatred for the multinational corporations, the large oil companies. Obviously, he would like to nationalize them and kick them out of Canada. But we can expect that from someone who is the vice-president of Socialist International. While he believes in nationalization and getting rid of what he calls the multinationals, he was condemning these same companies today for not investing the massive amounts of money necessary for the Alsands project. The Leader of the New Democratic Party cannot have it both ways. He cannot get rid of private enterprise and have Crown corporations or government create the jobs necessary to cut down our unemployment.

I was interested in an article that appeared in *The Wall Street Journal* on Monday, May 3, 1982. I would like to quote from that article as follows:

"The Alsands failure will reduce business investment spending in Canada by $360 million this year and sets the stage for a steady loss of real output, employment and foreign investor confidence," adds William Empey, vice-president and director of economics with Data Resources of Canada, an economic forecasting concern. Mr. Empey sees the investment spending loss rising to $2.7 billion in 1985.

Another paragraph reads:

Adds Mr. Empey of Data Resources: "Since much of Canada's political and economic history is made up of such high-profile joint business-government ventures, this failure might be interpreted as a particularly bad omen by international investors."

Twenty thousand man-years of direct employment and 60,000 man-years of indirect employment went down the drain when the Alsands project was cancelled.

The delay in the Alaska highway pipeline project means that another 70,000 man-years of employment are gone, gone at a time when our unemployment is at an all time high and when jobs are required. I have been a member of the special committee on the Alaska gas pipeline since its inception in 1978. Time and time again, the minister reiterated that he had an ironclad guarantee from the Americans. On that basis the southern prebuild was carried out.

• (0310)

I listened to the hon. member for Edmonton East (Mr. Yurko) earlier today. I agree with his comments when he said that there was no need for the Alaska highway pipeline if the Mackenzie Valley pipeline had been built. The Mackenzie Valley pipeline would have been built if it had not been for Mr. Justice Berger and his socialist friends to the left. If it had not been for them, the pipeline would have been built and in operation today; our natural gas would have been moving down from the Mackenzie Valley; American gas from Prudhoe Bay would have moved across the Delta and down through Canada; and Canada would have received the benefit of a substantial amount of income, not only in the form of jobs which would have been created, but through the materials which would have been required and from taxes on the cost of transmission of gas.

I listened with interest to the Minister of State for Mines (Mrs. Erola) earlier in the debate. It is interesting to note that she is the only minister who saw fit to participate, but she seemed to ignore the fact that many projects are not going ahead. For example, there is the Dempster pipeline which would have meant 6,000 man-years in direct employment and 26,000 man-years in indirect employment. Earlier I mentioned the Alaska highway pipeline. Also there was the Polar gas project which would have meant 15,000 man-years in direct employment and 45,000 in indirect employment. Kitimat was cancelled, a project which would have meant 5,000 man-years in direct employment and 15,000 in indirect employment. Also the tar sands project was cancelled with its 20,000 man-years of direct employment and 60,000 man-years of indirect employment. The list goes on and on. If we total the man-years, we find that because of cancellations and delays some 71,000 man-years of direct employment have gone by the boards as well as some 255,000 man-years of indirect employment.

What did the minister concentrate upon in her remarks? She seemed more concerned with the fact that the government developed CHIP, the Canadian Home Insulation Program. She felt that it was the ultimate because it created some jobs and conserved energy since it would cut down on the utilization of gas or oil. I just could not believe it. Until such time as Canada is rid of the man at the helm and of the first, second and third mates who sit in the front benches on the government side, until we steer a course for a new island, unemployment, high interest rates, recession and depression will continue.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, it is 3.15 a.m. on May 5 and we are debating a motion under Standing Order 26 which was introduced about three o'clock yesterday afternoon, so that the House could be placed in emergency debate commencing at 8 p.m. on May 4 because of the failure of the megaprojects to materialize.

The Alsands project would have created some 4,800 permanent operating jobs and many more jobs during the construction phase. Also there was the Cold Lake project which perhaps has been cancelled. It would have involved some $14 billion, some 3,300 permanent operating jobs, and some 28,500 jobs in the construction phase. The final project which enters into this emergency debate is the Alaska gas pipeline which will not likely proceed either. It involved a cost of some $40 billion, some 400 permanent jobs in its operating phase, and some 11,875 jobs in the construction phase. This is not counting the hundreds of thousands of spin-off jobs from coast to

coast. In total, some 70,000 person-years of employment in the construction phase and perhaps 8,500 permanent jobs will be lost.

We are really talking about much more than only those three projects. We are talking about the disastrous state of the Canadian economy, about jobs, and about energy self-sufficiency which has gone by the boards. I do not think there is any possible way that the present administration governing the country can ensure that we reach energy self-sufficiency by 1990.

Some hon. Members: Oh, oh!

Mr. Anguish: I ask hon. members to show some courtesy by not hollering across the floor. The Conservatives say that the Liberals are wrong; the Liberals say that the Conservatives are wrong. I say that they are both right because they are both wrong.

Mr. Scott (Hamilton-Wentworth): Take that from the top again, Doug.

Mr. Anguish: They both are wrong when it comes to the stands they take on the megaprojects. Economic times in Canada are not good. In fact throughout the world economic times are not that good. This has reflected poorly upon Canada and the Canadian government. It has filtered down to other levels of government. Many people feel frustration in the country today. For example, I think of some provincial governments which have been turfed out lately, such as the government change in Manitoba and the one in Saskatchewan.

Let me indicate what happened in the recent election in Saskatchewan. Some of the NDP members who held seats in northwestern Saskatchewan either held their vote or marginally increased their vote.

Some hon. Members: Oh, oh!

Mr. Anguish: They were defeated because their Liberal constituents all voted Conservative.

Some hon. Members: Hear, hear!

• (0320)

Mr. Anguish: I think it shows, and the statistics will bear it out, that the total Liberal vote collapsed. It went from a small percentage to an even smaller percentage of around 4 per cent. That vote did not go to the NDP; it went to the Conservative party in Saskatchewan.

Another reason for the defeat of the Saskatchewan government was that it came at the hands of the many young people who were very apathetic about the current situation. Those young people believed in the Conservative promises and voted against the government in the hope of gaining something better. I believe that democracy should prevail, and I want to give Mr. Devine and his government in Saskatchewan an opportunity to make changes. While those Conservatives to my right smile, I will ask them to look at the situation in Manitoba. After the NDP premier Ed Schreyer of that province was defeated and the Conservative premier Sterling Lyon took his place, in subsequent elections the federal NDP elected more members to the House of Commons. For that reason I do not know why the Conservatives are rejoicing as much as they are over that situation. In any event, we want to give Mr. Devine a fair opportunity to deliver on the many promises his government made during the campaign. With 57 seats in the 64 seat legislature, there is no reason for them not to deliver to the people of Saskatchewan.

The Tories are asking for an opportunity to govern the country. I wonder if they are that much different from the Liberal government. If we review the voting record since the beginning of this Parliament, the Conservatives have voted with the Liberals on 29 occasions, whereas the NDP voted with the Liberals on 14 occasions. This means that the Conservatives voted almost twice as many times with the Liberals to form a coalition.

When you review the megaprojects, you must wonder about their viability. We hear of the many benefits of megaprojects, but I think of megaprojects which have been built that have caused many problems for the environment, such as acid rain which has killed many lakes in Ontario and other areas of the Great Canadian Shield. I think of such things as the heavy oil upgrader which is to be built in Saskatchewan. Would it not be possible and more beneficial to have smaller self-sufficient communities which are more self-sufficient in energy and food production, and where people at the grass roots level usually know how to govern themselves better, rather than having a government thousands of miles away? I think it would be better to build three smaller oil upgraders at three strategic locations in a province rather than constructing one megaproject. It is questionable whether megaprojects are energy self-sufficient in themselves. There is some thought that the energy involved in creating these projects is never returned in the energy produced by them.

It seems that the three megaprojects have collapsed. These were projects which were strenuously supported by Liberals and Conservatives because they thought that this was the direction the country should go. Because of our party's environmental concerns and our suspicion about the lack of efficiency of megaprojects, we do not necessarily support them because of their size. there are some examples from which we should have learned a lesson. For instance, there is Ocean Falls in B.C., Uranium City in Saskatchewan, where people were encouraged to live and depend on an industry which would some day expire. This also happens today in some areas where there are megaprojects. Thousands of families are drawn to areas where these projects will eventually be closed down. The government will then have to deal with the social unrest which will occur in those areas.

It is asked by some why the Conservative and Liberal policies are closely related. For instance, their interest rate policies are very clearly similar. Those two parties have the same view on many energy issues. They both favour the megaprojects while not considering the conservation which should take place.

I can tell you why they are so closely related. I just have to look at some of the contributions given to the old-line parties, the Conservatives and Liberals, in 1978. It has been said that the Liberal party is the representative for big business and the Conservative party is big business—or is it the other way around? In 1978 the Alberta Gas Trunk Line contributed $15,752 to the Conservative party. That same company donated $15,800 to the Liberal party. The Aluminum Company of Canada donated $15,000 to each of the old-line parties.

Mr. Shields: How much did you contribute to the NDP?

Mr. Anguish: The member for Athabasca asks how much I donated to the NDP. I donated $1,800 to the NDP last year, and I am proud of it.

The Canadian Imperial Bank of Commerce donated $25,351 to the Conservative party and $25,000 to the Liberal party. In 1978 Gulf Oil of Canada gave the Conservatives $41,000 while only giving the Liberals $27,200. Does that mean they favour the Conservative party over the Liberal party? I do not think so.

If we review the 1979 figures, we see that Gulf Oil gave $53,324 to the Liberals and only $39,342 to the Conservatives. It is the same situation which might flip-flop back and forth every year. The two old-line parties are still the same and they do not represent the common interests of the people.

In total for 1978 the Conservatives received $878,839 from public corporations. They received $1,413,560 from private sector corporations. We see that the Liberals received $1,019,972 from public corporations while they received $1,234,470 from private corporations.

In 1979 the Alberta Gas Trunk Line donated $36,630 to the Conservatives and $31,600 to the Liberals. Kaiser Resources, which is a big western development company, donated $31,990 to the Conservatives and $31,000 to the Liberals. Cominco, which sounds like part of Canadian Pacific, donated $5,000 to the Conservatives and $5,000 to the Liberals. West Coast Transmissions donated $15,357 to the Conservatives and $16,000 to the Liberals. Other examples are the same, and they just continue. These parties are the same.

In order to reach energy self-sufficiency we, as a country, must very seriously consider some alternatives. We cannot only anticipate attaining energy self-sufficiency just through the development of hydrocarbons, although they should be developed vigorously. We must look at conservation measures which are so important to reduce our dependency on hydrocarbons.

• (0330)

The internal combustion engine can run on many things besides hydrocarbons. It can run on ammonia mixed with acetylene hydrogen, propane, a number of things which are less polluting to the environment and which could be more cost competitive. It just needs some impetus, some push from a government, a push which a federal NDP government could give to the energy sector to make it go after alternatives in the energy-efficiency battle.

We also need to look at the jobs we need to create in Canada. As many members on all sides of this House mentioned, we have the highest rate of unemployment since the Great Depression. We in the New Democratic Party attribute most of that to high interest rates.

When we look at the amount of money which has been freed up by the cancellation of megaprojects, some $77.5 billion, maybe there is a possibility that this can have some downward pressure on interest rates. This money could be freed to do other things in the economy. I hope that is one of the positive results of the Liberals and Conservatives not wanting to go ahead with the things that are necessary in this country.

We would like to see the federal government not stifle the productivity of the people. Our gross national product is very sad when we have people who have been ingrained with a strong work ethic. They want to work. They want to help their country. However, governments like this government have held them back.

We need to increase manufacturing and processing in Canada. If you look at the manufacturing industry as opposed to the resource industry, it costs 40 times as much to create a job in the resource sector as it does to create a job in the manufacturing sector. We have to look at things that are more labour-intensive, such as manufacturing, as opposed to capital-intensive types of projects in the resource sector now and the high costs of recovery of some of the hydrocarbons.

We need an economic development plan so that people can prosper from coast to coast within an improved self-sufficient community, using the resources they have for their benefit and to fulfil their needs, and then exporting to the rest of the world. Once our needs are fulfilled, we can export beyond our borders and import as little as possible in order to have our productivity increased.

We also believe we would go a long way once the interest rate has come down a bit. Hopefully from this new money in the market, the interest rate will be locked in and not allowed to fluctuate wildly up and down. One of the frustrations of many small businesses, farmers, individuals on fixed incomes, and wage earners is that they never know what the interest rate will be from month to month when they go to the bank. They do not know how much they will have to pay on their mortgage, their car, operating capital or inventory. If they could at least plan with some degree of certainty, knowing that interest rates are going to be 15 per cent, and will be 15 per cent for a year, the people would know what they were dealing with. They could plan for their future.

We also believe that anyone who makes a large profit that is unwarranted, a profit that is beyond anyone else's in the country, should be taxed on that as an excess profit. We think there should be income tax cuts for the low and middle-income people. These are some things that can get Canadians back on the right track and back into the work force. Some of what has been outlined this evening by my colleagues and myself point

out a better way for Canada through the New Democratic Party.

[*Translation*]

Mr. Gaston Gourde (Lévis): Mr. Speaker, I was listening a little while ago to my New Democratic and Progressive Conservative colleagues bragging about all kinds of election results. I remind them that over the past 20 years, the results which we have seen here in the House of Commons, have been, I believe, to the benefit of the Liberal Party of Canada. If I am not mistaken, in the past 20 years, there have only been nine months of Progressive Conservative rule and God knows we were anxious to see that rule come to an end.

A byelection was held in the riding of Lévis exactly one year ago on May 4, 1981. I had no idea that 366 days after that byelection, we would be holding an emergency debate on the Alsands project at 3:40 in the morning.

The motion introduced by the Leader of the Opposition seems to imply that the entire country should be in mourning because the Alsands project has been suspended. Reference is being made to famous megaprojects to indicate that these projects are important for Canada, but it seems that we would want to have the people believe that by scrapping the Alsands project, we are scrapping all important projects in Canada in the coming years. By attempting to make the people believe such a thing, they are really trying to make them forget that we have planned megaprojects worth hundreds of billions of dollars up to the year 2000, that the cost of the Alsands project was estimated at about $14 billion and that the Alsands project is not yet dead and buried, but only delayed for several months or a few years. I think that the persons directly involved can explain the situation even better and I refer to the comments made by the Minister of Energy, Mines and Resources (Mr. Lalonde) last Friday, April 30. The Honourable Minister stated, and I quote:

—the suspension of construction activities at the Alsands synthethic crude oil plant means that Canada will have to put greater emphasis on its oil potential in the Beaufort Sea and off the Atlantic coast and on the development of traditional western crude oil resources, on increased oil and improved crude oil recovery.

However, we are talking about, and all parties are prepared to say it, the suspension of the project, not the termination or death as some are saying tonight. I continue with the Hon. Minister's statement, and I quote:

Fortunately, Canada has other potential supply sources—

New prospects in the North and offshore are very encouraging and we are still confident that we will reach our goal of self-sufficiency by 1990. We support exploration and development in these regions through our incentive measures and our pricing policy.

The Minister continues, and I quote:

The uncertainty surrounding the evolution of world oil prices has private investors concerned, not only as far as the Alsands project is concerned, but also with regards to major synthetic crude oil, electrical production and coal liquefaction projects in the U.S. and elsewhere.

• (0340)

I think it is important to note that not only in Canada have oil production programs been delayed. I continue to quote the Minister:

Clearly, this financial challenge was too difficult to overcome at the present time. Ironically, corporations hesitated to commit themselves, partly because they realized that there were excellent alternate solutions, particularly in offshore regions.

I wanted to refer to these excerpts from the statements of the Minister because in the riding of Lévis and in the greater Quebec City area, and I would even say in eastern Quebec, one of the topics in the news in recent weeks has been the presence of Dome Petroleum in the greater Quebec City area. I think that when the Minister says that we will have to focus our attention on the Beaufort Sea, we must realize that Dome Petroleum, which purchased Davie Shipbuilding Ltd. in the Quebec region in June of 1981, is currently exploring for and developing oil and gas resources in the Beaufort Sea.

Moreover, at the time of this famous transaction which represented approximately $40 million or $38.6 million, Dome was presenting itself as an independent company administered by Canadians conducting oil and gas exploration activities in Western and Northern Canada. Since its early beginnings in 1950 when it had only a few people on staff as compared with the present day figure of 4,300 employees, the company has always focussed on growth and thus, in June 1981, it acquired the Davie shipyards along with its 2,300 or 2,400 employees. We must understand that Dome Petroleum purchased the Davie shipyards in 1981 in order to create new jobs, in the sense that the company had an expansion program and a shipbuilding program under way. Eventually, within the framework of the project currently in the hands of the Canadian government, Cabinet will normally have to decide in coming weeks whether this project is to be approved or not. As I was saying, a project worth several hundred million dollars is under way to expand and modernize the Davie shipyards.

I do not believe that because we are shelving temporarily the Alsands project, Canada is losing everything. Unfortunately, it is true that for the time being, in this particular region of the country, some jobs will not be created in the near future. However, people in other regions of the country, particularly in Eastern Canada, in Quebec and the riding of Lévis, will come out ahead. In fact, they will profit from the misfortune of others. Under the circumstances, the Canadian government and the government of Alberta did everything they could to carry through with the Alsands project. I do not think that they could have done much more than they did, short of taking public funds and giving them to private corporations.

We are talking about the two governments being involved as equal partners. I think that, under the circumstances, that was more than sufficient and a more than reasonable offer. The New Democrats and the Progressive Conservatives believe otherwise. The New Democratic Party would have liked to

have seen Petro-Canada take over the project and public funds used. The Progressive Conservatives, on the other hand, perhaps would have liked us to help the private corporations even more by providing them with more financial backing. However, the parties involved were unwilling to carry on with the project. And, as I said at the beginning, we have to understand that the project is only being delayed for several months or years, in view of the present state of the world economy, and that it will not be delayed *ad vitam aeternum.*

Two, three or even four years ago, we were saying that the Alsands project was vitally important, that it had to go ahead and that many other projects were also of an urgent nature. Given the present state of the world economy, and in view of certain forecasts which were perhaps inaccurate for all sorts of reasons, today we find ourselves in the position where we are saying: world oil prices have fluctuated, perhaps we don't need as much oil as we thought we did, perhaps we can delay the Alsands project for six months, for one year, for two years, for three years and maybe even for four years.

I think we have to live with today's crazy economy where a barrel of oil can be had for $40. We could speculate that tomorrow the price might drop to $30 or to $25, contrary to what recent forecasts indicate. All of the forecasts were based on the assumption that the price of oil would continue to increase. However, as it happens, in recent months, OPEC decided to drop its prices. Today we can even anticipate a further reduction in the price of a barrel of oil. Therefore, under the circumstances, the decision that was made by the two government to make a sizeable offer, but not to concede everything, was a reasonable decision. We will just have to wait for a few months or a few years before Alsands and all of the other projects are carried out to the benefit of all Canadian workers.

• (0350)

[*English*]

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I must say you are looking very well, considering the circumstances. You are certainly looking much better than the three members of the Liberal party who have turned up for this evening's debate and the one single member of the New Democratic Party. I am pleased to be amongst many colleagues in the Conservative party. The fact that there are many shows that the people in my party are really interested in the affairs of the nation and really concerned about what has happened to Alsands and the Alaska gas pipeline.

What we are debating tonight is not just the two projects named in the motion, the Alsands project and the Alaska gas pipeline, but a culmination of a whole series of disasters. There have been megadisasters and minidisasters, but they have all been disasters. The Alsands project and the Alaska gas pipeline fiasco was preceded by Judy Creek, which went down the hole; Cold Lake, which was shot out of sight; and various pipeline projects, including Kitimat, and the proposal to build both oil and gas pipelines down the Mackenzie Valley. They have all gone by the board. Those are the ones which have been spectacular because the loss of jobs associated with them has been fantastic. Tens of thousands of jobs in the construction industry have been lost. Those jobs would have been directly associated with the actual physical construction of various projects.

We have heard from many speakers tonight. We have heard that hundreds of thousands of jobs have been lost from Nova Scotia and the maritimes to Quebec and Ontario and all the way over to British Columbia. Hundreds of thousands of important jobs have been lost because of the policies pursued by the Liberal government.

I do not want to dwell particularly on loss of jobs, of opportunities and of billions of dollars worth of spin-off benefits because many speakers, this evening and yesterday afternoon, have done that extremely well. However, I would like to discuss some of the minor disasters which have gone along with the major ones. In many ways these are more insidious. With respect to major megaprojects we are talking about jobs lost, but those jobs did not exist in the first place. It would have been very nice to have them in this day and age, but with respect to smaller projects we are talking about jobs which did exist but which no longer exist. They have disappeared from Canada altogether.

Let us consider, for instance, just a small well in Saskatchewan producing perhaps 20 barrels of oil a day. That is not a lot, but it helps Canada on its way to energy self-sufficiency. It provides a certain amount of employment. That is 20 barrels of oil a day we do not have to import. However, because of the policies of the government, and the National Energy Program in particular, that well has had to shut down because it is no longer profitable. The operators of that well have been losing money on every barrel of oil pumped out of the ground. My friend, the hon. member for Assiniboia (Mr. Gustafson), is conversant with this particular problem as it affects his area.

Let me discuss small Canadian exploration companies in the oil and gas business. I know many people involved in them. They had high hopes. Indeed, many of them still have high hopes of eventually becoming large corporations which might compete with BP, Shell, or even Imperial Oil. However, they no longer have that opportunity, if they want to stay in Canada. That opportunity has been denied them by the actions and policies of the Liberal government.

Let me discuss shut-in gas fields which still exist. There are quite a few in Alberta and in other places. There is one in Yukon. There is gas which people have worked to find and prove up, but they still cannot find a market for it. That gas could be used to displace imports of oil into Canada. People could be working in those gas fields, but they are not. They are not working because of the policies pursued by hon. members opposite.

Let us take a look at the service industry in the oil field business, including service rigs, hauling and specialty companies, drilling muds, well logging and that type of thing. We are no longer drilling wells in Canada because of the policies of hon. gentlemen opposite, and these people have had to leave

Canada. They have gone down to the United States in droves. This is another effect of the national energy policy and is illustrative of the insidious effect this policy has had on the Canadian enterprise stretching from Alberta and the west right across Canada.

When we add all of these small minidisasters together, as I have said before, we find that they are just as disastrous as the loss of Alsands and the loss of the Alaska gas pipeline. We must ask ourselves why has this all come about? The answer is pretty clear. It is because of a concept shared by the Liberal party and the New Democratic Party. Their view of the Canadian oil and gas industry is to see only a few people in the business, those from large companies. It does not really matter whether it is a nationalized company like Petro-Canada or whether it is a company like Imperial Oil. They want to see these few big corporations around which can then be controlled very easily from the Department of Energy, Mines and Resources.

If hundreds of small operators are mixed in with the big guys, it is pretty hard to control them. They will speak up for their rights. Bigger companies and multinational organizations seldom do. They generally stay out of what they might term local politics or national politics. They do not get involved in that type of thing. They go by the rules as they exist in a country. However, the little guys are like farmers. They speak up for their rights. They will make noises during elections. They will try to change government policies. They will get in the way of the technocrats in the Department of Energy, Mines and Resources. For that reason the Liberals and the NDP want to get rid of them. They want them out of business.

The government and its friends in the NDP would like to see the oil and gas business as a utility, where rates of return are strictly controlled and where there is no real point in taking any risk because one will not make any big money if one hits it. The government will tax it all away. It will allow a 15 per cent or 16 per cent return on the investment as it allows the business of generating electricity, but that is all. The government is taking the fun out of the oil and gas exploration business. Why would anyone want to become involved in the business any more? We might as well leave it up to the big guys. They drill so many wells that it is simply a matter of statistics to them. They drill so many wells and they know that they will find so much oil and gas.

It is not like the business was before and the way the business should be, with individual Canadians willing to come and invest their own capital in these projects. If they are unlucky and they lose everything they have, it is well and good. It is their money. They lost it, and they should not expect anything in return. But, on the other hand, if they do strike it rich, if they are lucky, then they should be able to make a decent return. They should be able to walk away with what my friends on this side will call windfall profits.

• (0400)

An hon. Member: That is a dirty word.

Mr. Nickerson: It certainly is in the vocabulary of the party to my left, but it is what built the Canadian energy industry in the first place. If we want to sustain the energy industry, particularly in oil and gas, we have to bring back the profit motivation. What the Liberals and the NDP want is a strictly controlled industry. We have seen that in the national energy policy, in Bill C-48, and in the tax bills. They want no leeway given for enterprise but everything done under the dictates of the government. That is the reason for the mess we are in today. They have treated the oil and gas industry as a fabulous source of revenue—at least that is what they expect it will be. I think they are going to be disappointed because prices will not continue to escalate as they have in the past.

The agreement between Alberta and the federal government, which was two years in the making, would result in an additional $50 billion of tax revenue accruing to the federal government. If it takes that much money out of the oil and gas industry, what is left for the people who make the investment? If they drill a well and find something, they have to pay the profit over to the government, but if they vote the right way and support the right party, they might get a little bit back as a PIP grant. That is not the way the industry was built up in Canada and it is not the way it will be sustained.

The demise of the Alsands project and the Alaska gas pipeline has been described this evening as a betrayal of Canadians. It has been described as a breach of trust. One could say that it is a betrayal which was brought about by ignorance and sheer incompetence. We know that these attributes abound in the ranks of the Liberals and their western cousins, but the argument could be made that they knew not what they did when they brought in those policies. There is evidence to suggest, however, that at least in some instances it was not just incompetence that brought these things about; it appears to have been deliberate sabotage.

I should like now to deal with the Mackenzie Valley, a part of Canada that I am proud to represent. If Canada had played its cards right in the 1970s it would not have raised all kinds of obstacles to progress and we would by now not only have a major gas line down the Mackenzie Valley but in all probability we would have a major oil line as well. The oil lines that now stretch from Prudhoe Bay in Alaska to the Port of Valdez would in all probability have been built down the Mackenzie Valley. That was not to be the case.

Let us remember the Arctic gas—

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

The Acting Speaker (Mr. Friesen): The hon. member for Pembina (Mr. Elzinga) on a point of order.

Mr. Elzinga: Mr. Speaker, I think it only appropriate, in view of the excellent speech that is being given by the hon. member, to point out that there is only one Liberal member in the House and one NDP member, who just came in.

The Acting Speaker (Mr. Friesen): That is not a point of order.

Mr. Nickerson: Mr. Speaker, I think it is worth noting that there is only one Liberal member in the House and only one NDP member.

I was speaking of the Arctic gas proposal in the years 1973-74-75. About $250 million was spent by the proponents of that scheme to prove its feasibility and to do all the work necessary to show that it could be built without undue environmental effect, that the engineering was sound, and that the economics were sound.

We know what happened to that. The proposal was shut down by the NDP Judge Berger in his infamous report. He was appointed with the connivance of the Liberals, and the NDP acting in concert. The sordid history of the Berger inquiry has left Canada, and especially the Mackenzie, much the worse for wear. The NDP has consistently opposed any and all projects which would have brought energy self-sufficiencey to Canada and which in the process would have created thousands and thousands of new jobs for Canadians. It is no use crying over spilt milk, however, and it is no use crying about the fate that has been brought upon us by the Prime Minister (Mr. Trudeau), the Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Finance (Mr. MacEachen) and the NDP in collusion.

We cannot go back to 1979 and have the vote on the Crosbie budget all over again. We cannot go back and hold the 1980 election again. But I think we all know what the results would be. The Canadian people certainly wish they had another chance and that we could turn the clock back and go through it again, but that is not to be.

We have to face the future, even if it is not what we would like. This evening we must not just describe all that has gone wrong in the past. We have to think about the policies that should be developed and adopted now so that history does not repeat itself. Let us consider what policies we should adopt to get us out of the mess into which the Liberals have got us.

Before I go into that, Mr. Speaker, there is one thing that I do not think anyone else has touched upon. I should like to know what is going to happen about the Northern Pipeline Agency. I do not have any particular sympathy with the Hon. Mitchell Sharp who has had his nose in the Liberal trough for many years, but there are many skilled and experienced engineers, accountants, lawyers and biologists who have congregated to act on behalf of the Northern Pipeline Agency. The decision to delay the project is probably the worst that could have been made. These people would have been better off had the decision been either yes or no.

• (0410)

I wonder if I could request the unanimous consent of the House to continue for a few minutes, Mr. Speaker.

Some hon. Members: Agreed.

Mr. Nickerson: I should note that I am only on page four of an eight-page speech.

Some hon. Members: Oh, oh!

S.O. 26

Mr. Nickerson: Mr. Speaker, I will just complete my remarks about the Northern Pipeline Agency, and I will give you at some other time my plans for renewal and reconstruction of the Canadian oil and gas industry, should you so wish.

The question of the Northern Pipeline Agency, and it is a serious one, has not been brought up in this debate. The question is: what do we do with it? We have all these competent, capable and experienced people drawing larger than normal public service salaries because of the nature of their work, and they do not know where they stand or what they have to do. In fact they have very little to do at this time. I can think of a useful purpose for some of these people on the rather small oil line which is to be built from Norman Wells to Zama Lake. There are a number of problems similar to those which might have existed on the Alaska gas pipeline, but on a smaller scale, and it might be useful if some of those people serving in the Northern Pipeline Agency were seconded to help deal with some similar problems—

Mr. Shields: On a point of order, Mr. Speaker, I would like to point out that there are still only two members of the coalition in the House, one Liberal and one NDP.

The Acting Speaker (Mr. Elzinga): I would like to thank the hon. member for pointing out that very valid point of order. The hon. member for Esquimalt-Saanich (Mr. Munro).

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, as I approach this debate I cannot fail to consider that the collapse of these two projects has all the earmarks of being just one more in a series of megadisasters for which this government must be held responsible. I would suggest the first megadisaster was the downgrading of Parliament. As I approach the tenth anniversary of my nomination for election to this House, I look back with sadness on those ten years which have been strewn with disasters of one kind or another, all caused by the wrongheaded policies of this government. In fact one could almost say this Liberal government has developed the knack of putting a blight on practically everything to which it has set its hand.

I think of Parliament and how it has been downgraded. It was started by the Prime Minister (Mr. Trudeau) when he said members of Parliament are nobodies when they are 50 yards off the Hill. I think we can narrow that distance now and say that, in the eyes of the Prime Minister, members of Parliament—including his own—are nobodies in this House. In fact there is nobody over there at the moment except for one body. I do not mean to be facetious about this, Mr. Speaker, because it is a serious matter. This democratic institution, which the Canadian people rely on to deal with the problems confronting them, has shown itself under the direction of this particular government to be absolutely incapable of doing just that.

Another megadisaster is the confrontation between east and west. Federal-provincial relations have deteriorated to the point where there are animosities which I find unworthy of Canadians, but they have been created by this government and

its attitude toward the other level of government. A paper came across my desk the other day, the *Sunday Express* from one of the eastern townships, with the heading "Trudeau has been an absolute disaster". It goes on to say:

When Trudeau first came to power unemployment was at 4.5 per cent—today we're over the double digit mark. Inflation hovered around 4 per cent back then and today it stands at 12.5 per cent. Federal spending in 1968 was roughly $12 billion, while now—thanks to the extravagant ways of a Prime Minister we can clearly not afford, it has reached $72 billion.

He preached 'a Just Society' then promptly delivered The War Measures Act. He promised to maintain Canada's "integrity" but today, members of the once proud Royal Canadian Mounted Police occupy the prisoner's dock of a Montreal courtroom—

And they are being denied documents for their defence. Everything this government touches is blighted by the contact. The military have been downgraded. The fourteenth anniversary of the Prime Minister's time in office should have been a day of mourning. In 1968 the military had about 100,000 members. It is now down into the 80,000 range. Everything, including inflation and interest rates, has become worse under this government and now we are faced with the energy problem. Hard to believe, is it not, that two years ago there was a throne speech, and we are still in the same session. It is very interesting to look at some of the statements in that throne speech. It said:

—energy development has the potential to create growth and prosperity across Canada.

No one denies that, but where are the growth and prosperity? We are in mourning today over the demise of two very important energy projects from which Canada would benefit.

• (0420)

I am just taking selections from the throne speech. This is the Governor General speaking but it is really the Prime Minister, and we read:

My ministers do not intend to impose an 18-cent increase in the excise tax on transportation fuels—

That, I suppose, is pretty clever. The government does not intend to impose an 18-cent increase, but instead of that the government has imposed a 52-cent increase. I still say that statement is slightly misleading, because within that 52 cents the first one third of it is 18 cents.

The Speech from the Throne goes on:

—and the made-in-Canada price will result in a lower price to consumers than the one proposed in the budget of the previous administration.

Just for fun I make a note of the various changes when I am at the gas pump where I normally get my gas. In January, 1980, for regular gasoline we were paying 23.2 cents per litre, which is about $1.05 a gallon. Excuse me for using a gallon measurement. I think I am covered by parliamentary immunity here so I cannot be taken to court for using that improper term.

An hon. Member: You had better check that one out.

Mr. Munro (Esquimalt-Saanich): The Speaker will protect me, I am sure.

As I was saying, gasoline was $1.05 a gallon in January, 1980. But what is it in March, 1982, which I think is the last time an increase was imposed? The cost is 41 cents a litre. That is almost double what it was in 1980. It is now $1.86 a gallon. But in the Speech from the Throne of April 14, 1980, we read:

—and the made-in-Canada price will result in a lower price to consumers than the one proposed in the budget of the previous administration.

Mr. Gustafson: The American price is 27 per cent lower.

Mr. Munro (Esquimalt-Saanich): And as my colleague, the hon. member for Assiniboia (Mr. Gustafson) says, you can fill up your gas tank for a great deal less in the United States than you have to pay in Canada.

Let me read a little more from the energy portion in the Speech from the Throne. It reads:

In spite of Canada's large energy resources—

Which are admitted. The sentence continues:

—which put this country in the extremely favourable position of being a major energy exporter, we remain partially dependent upon imported oil.

That was April, 1980. We are still dependent upon imported oil despite that claim that we would be sefl-sufficient by 1990. We are not closer to self-sufficiency. We are receding from that goal as the evidence accumulates before us.

The Speech from the Throne continues:

—and by stimulating the production of new domestic energy supplies.

One way this government expects to cease being so dependent on imported oil is by stimulating the production of new domestic energy supplies. But what did we see last Friday, which was Black Friday? Last Friday is the Friday we are talking about, when we saw the demise of two important projects. One would be a transit project but the other one was purely domestic, the Alsands project. I find it tragic that the government should have two years ago set that as its goal but finds itself today in this particular position.

There is another matter which affects our compatriots in the eastern provinces. The Speech from the Throne goes on:

My government equally favours the earliest possible construction of a natural gas pipeline to Quebec City and the maritime provinces—

That natural gas pipeline is called the Q & M, that is, Quebec to the maritimes pipeline. I think the real name of that pipeline should be the M and Q, that is, the Montreal to Quebec pipeline, because I do not think it has even got that far in this time. The Speech from the Throne reads "the earliest possible construction of a natural gas pipeline". I do not know what has held it up. I am sure that my colleagues from Nova Scotia and New Brunswick are deeply upset because they have to pay the highest possible prices for their heating fuel, and this would relieve much of their burden.

I have a final quote from the Speech from the Throne that I would like to put on the record. It is found in the last part of the section headed "Security of Energy, at a fair price." It reads:

My ministers believe that, if given the opportunity, Canadian companies and investors would involve themselves more heavily in the energy field. My government, therefore, adopts the specific goal of at least 50 per cent Canadian ownership of the petroleum industry by 1990—

The government did not specify how it was going to do that. There were a good many Canadian-owned companies at that time. However, if we take a look at the latest issue of *Canadian Business*, which is the May, 1982 issue, here most graphically described on page 84 we find the state of some ten private Canadian businesses engaged in the energy field. The names may not be familiar to you, Mr. Speaker, but nevertheless here they are: Chieftan Development, Czar Resources, Dalco Petroleum, Drummond Petroleum, Francana Oil and Gas, Numac, Page Petroleum, Rupertsland, Sulpetro 'B' and Trinity Resources. Here there is a uniform history of disasters in Canadian-owned enterprises. The heading of the article is a tragic one, "Drowning in debt". I would like to quote just a little from this article. It commences:

There are hundreds of oil men in Calgary today who are watching the companies they built, carefully and successfully, drift dangerously toward receivership. There are hundreds of former employees of oil companies in Vancouver who are no longer needed because the companies they worked for cannot afford to explore for energy in Canada.

That is a direct result of the energy policy of this particular government. The article goes on and mentions a number of companies and how their situations have deteriorated as a result of this policy. True, we have to admit there is a bad business climate throughout the world and a bad business climate here in Canada. Money is difficult to come by. The National Energy Program, which was supposed to be a budget, came out as the national energy policy, and that is all it was.

One of the promises in the National Energy Program which was published in 1980 was the Petroleum Incentives Program. It offered:

For oil and gas exploration anywhere in Canada, enterprises that are at least 50 per cent owned by Canadians, and are Canadian-controlled, will qualify for an incentive payment equal to 10 per cent of approved costs incurred in 1982 and 1983, and 15 per cent thereafter.

Let me go back to the article entitled "Drowning in debt" in the May issue of "Canadian Business" magazine. It reads:

All these hopes were crushed when the NEP was tabled in late 1980.

These were the hopes of being able to maintain themselves in the market. The paragraph continues:

It introduced a complex set of new rules and regulations which offered new funding with one hand and took it away in new taxes with the other hand.

Canadian content became the crucial thing. These companies are fully Canadian. The petroleum incentive payments were offered in 1980. But let me continue with this article:

• (0430)

But to date not one penny of PIP grants has been received by the industry, even though companies have operated and budgeted under the new regime for one and a half years. Some analysts have estimated that over $5 billion is now owing in PIP payments, but this grant money will begin to flow into the industry only after the energy security bill incorporating the remainder of the National Energy Program—

—and associated energy changes in the infamous Bill C-94.

—is appropved by Parliament.

This is the inducement to get busy in the oil and energy business. We have heard a misleading National Energy Program. We have seen and we have received a misleading National Energy Program. We have seen the destruction of the industry, the destruction of hope and the destruction of the employment market.

Figures have already been quoted, but I think it useful to quote them again for the benefit of the two government members who are present this morning, one reading a newspaper and the other just sitting there. It is worth recalling the losses in employment as a result of the imposition of the National Energy Program. It was foreseen by the former minister of energy, mines and resources in 1978 that there would be 71,000 direct employment opportunities in a number of energy projects both in the west and in the north. As the hon. member for Western Arctic (Mr. Nickerson) pointed out, this is a northern problem as well. The 71,000 direct jobs which were foreseen included the Dempster and the Alaska Highway gas pipeline. In indirect employment 265,000 man-years were foreseen. I suppose one should say person-years, but I think in the oil industry we should stick with man-years. This indirect employment has now gone by the boards as a result of the Speech from the Throne and the National Energy Program. The government has brought this megadisaster upon Canada. It boasts about the number of jobs it created, but it ought to know the number of jobs which have been lost in Canada. Governments do not create jobs, industry creates jobs. These jobs would have been available for Canadians had the government not followed the disastrous course it adopted in 1980.

Also it was indicated in the Speech from the Throne that the government did not intend to impose an 18-cent increase in the excise tax on transportation fuel. It did not mention the tax on heating oil, which of course was one of the main points of the Conservative government budget. There was not a word said about relief for those living in the colder climates of Canada in the National Energy Program; it was tragic.

In conclusion, I should like to quote a rather significant comment of the Prime Minister (Mr. Trudeau) in a 1969 interview just after coming into power. He was discussing the efforts to change the course of the ship of state. He said:

One has to be in the wheelhouse to see what shifts are taking place. I know that we have spun the wheel and I know that the rudder is beginning to press against the waves and the sea . . . but perhaps the observer, who is on the deck and smoking his pipe, or drinking his tea, sees the horizon much in the same direction and doesn't realize it, but perhaps he will find himself disembarking at a different island than the one he thought he was sailing for.

That was an ominous comment, especially when we think of the fact that he used the words "I know"; but the rest of Canadians were not supposed to know. They have learned the hard way and we have seen the results of that shift in position. I find it difficult to believe that there is not a great deal of design in what has happened to the country, and it saddens me to say so.

Mr. Jack Murta (Lisgar): Mr. Speaker, at the outset of my remarks I should like to mention that I cannot remember ever

making a speech, be it in the House of Commons, in my constituency or anywhere else, at 4.35 in the morning. Nevertheless, this is a very important topic which we are discussing. It is of such vital concern to the entire country that we felt we could only dramatize it by extended debate in which members from all parts of the country could participate. On behalf of their constituents they could express their concerns regarding the very dramatic economic loss to the country as a result of the cancellation of the $13.5 billion Alsands project. It has literally bit the dust or has ended up in the economic graveyard of the Liberal government. Also, the Alaska highway natural gas pipeline has been put off for another two years, and perhaps indefinitely.

At the present time in the country Canadians are starting, after three of four days of listening to radios, reading newspapers and watching television, to realize the enormity of what has happened through the almost total mismanagement of the Prime Minister (Mr. Trudeau) and the Liberal government.

Some time before the end of this debate later on today, this afternoon or perhaps tomorrow, we hope that the Minister of Energy, Mines and Resources (Mr. Lalonde) will return to the House of Commons, give a speech, and admit that in many ways he was wrong in the direction and the intent of the National Energy Program which he and the Prime Minister piloted through the House of Commons. The purpose of this debate is to centre upon this particular question. We hope that the Minister of Energy, Mines and Resources will make some constructive comments and provide some positive direction.

• (0440)

The project that certainly concerns most Canadians at present is the $13.5 billion projected Alsands project which would have delivered 140,000 barrels of oil per day. This would have greatly enhanced Canada's chances for energy self-sufficiency. Because this project has failed we will find ourselves more dependent on imports in the next eight years than we are now. We will be at the whim of OPEC countries in terms of who they export to and the price they export for, and we will be influenced by what happens when an international incident may arise. These possibilities are greater since the failure of this project.

Aside from this fact, Canada will lose literally thousands of jobs in the process. It is estimated that the Alsands project alone would have provided a minimum of 25,000 construction jobs, a minimum of 25,000 manufacturing jobs in eastern Canada and anywhere from 7,500 to 10,000 permanent jobs once that project was completed and on stream. Some $450 billion would have been injected into the Canadian economy over the life of that project. That is a tremendous amount of money for any country, let alone a country the size of Canada. These are some of the benefits we will lose because of the failure of this project. Of course, it would have sparked tremendous economic growth at a time when it is almost non-existent. In my opinion, this is one of the greatest financial disasters to hit Canada in decades.

I very briefly alluded to the reasons for this belief when I began my remarks. We have a Prime Minister who does not really understand, and at times does not care about, economic activity in Canada. We have a stubborn Minister of Energy, Mines and Resources who will not listen to the reasoning of MPs, Canadians and the oil industry in general. We have a Minister of Finance (Mr. MacEachen) who does not seem to understand and grasp the enormity of the kind of projects we are talking about tonight and their impact upon Canadians. These are some of the people who are responsible for the economic insanity brought about by this government.

It all started with the National Energy Program which was and is an unmitigated Canadian disaster. We have seen this government try to repair something which is irreparable. There is no way to patch up the problems that the termination of the Alsands project and the National Energy Program itself has caused. Because the National Energy Program has made a huge grab for more federal revenue, because it certainly thrusts the government deeper into the private sector than ever before, because it discriminated against foreign petroleum companies which have worked in good faith for Canada for the last number of years, and because it has confiscated petroleum rights and unsettled foreign investors, Canadian oil exploration and drilling companies have been driven away and may never return.

Mr. Benjamin: Tough.

Mr. Murta: The hon. member to my left says "tough". Many of these companies which have left were Canadian companies that were owned and operated by and comprised of Canadians who have been forced to go elsewhere in order to avoid going bankrupt like many other Canadian companies. Canada has been left at the mercy of OPEC countries and other oil exporting countries. The abandonment of the Alsands project will drastically affect an already shaky economy.

I assume that the government will desperately try to revamp its economic strategy, if it ever had one. Since the government included the vast amount of moneys it would have received from the vast resource sector in its projections for the next number of years, it will somehow have to replace those funds. Therefore, two things will have to happen. First, there will have to be drastic cutbacks in programs over the next couple of years—which has not been the general rule of the government—or second, the government will have to increase its deficits to a degree which no one can imagine. I suspect the government will opt for major tax increases over the next few years.

The failure of Alsands will reduce business spending in Canada by an estimated $360 million this year. This will set the stage for a steady loss of real output in the ensuing years. As a result, we will find increased unemployment in Canada and a very shaky foreign investment climate. Companies are not interested in dealing with a country which has a government that does not have an economic strategy, that wants to become involved in industries and control private incentive. It

is a climate such as this which has brought about a stagnation in Canada's economy today.

An estimate of business losses by 1985, which is probably conservative, amounts to $2.5 billion. This is an astronomical amount for a country such as Canada. It is no wonder that Canadians are concerned and that we have ended up having a marathon debate on one of the most important economic matters that any member in the House will speak to for a good many years.

Some $7 billion has left Canada in order to purchase foreign-owned oil companies during recent years. This is one aspect of the National Energy Program which concerns many people. This expenditure has put pressure on the dollar and interest rates. Of course, it has had an effect on everyone, from small and large businessmen to farmers and housekeepers. Anyone involved in any kind of economic activity in this country has felt the indirect effect of the mess the government has made with its National Energy Program. Billions of foreign dollars have fled, making the situation even worse. It is estimated that some 330 oil drilling rigs have moved south and that 2,000 fewer wells were drilled in 1981 than in 1980. This is the kind of economic stagnation we are seeing in this country. It is a direct result of the total lack of understanding of the Liberal government and the Minister of Energy, Mines and Resources who, at least from a public perception, has been spearheading this whole process.

• (0450)

More than 15,000 jobs have been lost in the petroleum industry and an incalculable number in the manufacturing sector that supplies the petroleum industry. The bottom line has been that this government has been a disaster, not just in terms of world prices but in the whole design of its economic strategy and the direction it has taken on the energy question.

Canada at one time was a great country, and it still is. The potential is there. However, to some extent we have lost our objectives and ideals. We are floundering at the present time. We are concerned about ourselves because others are concerned about us, our neighbours, other people and countries. This is having an unsettling effect on Canada.

We are also concerned because unemployment is desperately high in this country. Future generations do not have confidence. They want to work but are unable to find a job because economic activity is not being generated by the private sector, in some cases combined with the government. It is not there because those who Canadians look to in terms of leadership, politicians and government, have not given leadership over the past two or three years.

Think about the effect of unemployment on a family. When we think about the damage it creates, one has to be concerned. In some respects this debate is larger than just the question of energy and economics, although both are very serious. It embraces the whole question of the social fabric of this country and the damage this kind of government is doing to that social fabric.

We hope the Prime Minister will not be around much longer. Then maybe we can again piece together what must be done. Given the chance, we feel that this Conservative party can do that.

Mr. Dan Heap (Spadina): Mr. Speaker, I am pleased to have the opportunity to speak to this motion. It is ironic that while it quite rightly condemns the Liberal policy followed by this governmment, it equally condemns the policy of the party that moved the motion. The only complaint of that party agains the Liberal government is that it is not doing more of the damaging and disastrous things that it is doing.

We have a policy of selling off Canadians resources at the highest rate without any regard for the future of the Canadian economy or the needs of our people. The fact that the policy is already on the rocks illustrates how disastrous it is for the Canadian people and raises the possibility that it might be changed, if not by one of the two antiquated parties to my right and opposite, then by a newer party.

The Alsands and the Alaska gas pipeline have failed. The government now hopes to bring the Cold Lake project back from the graveyard. No one is optimistic about that working. These projects were always doubtful. They rested on very shaky predictions of oil prices and had to run against extraordinary interest rates. It was easy to see in advance that they were very unreliable projects.

Our party pointed this out previously, yet the government chose to charge ahead. The government was willing for this purpose to cut $6.5 billion over the next five years from needed public expenditures, transfers from the provinces, money needed for our health system, education system and other necessary social programs shared by the federal and provincial governments.

That money has been taken out in order to fund the corporate welfare bums, the oil companies. The $6.5 billion, give or take a couple of hundred million, is almost the same amount taken from education, health, daycare, pensions and benefits to senior citizens in order to fund companies that have more money that any other companies in this country, if not in the world, simply to meet their blackmail claim that they need more and more. They say that 18 per cent is not enough, they need 20 per cent. If we gave them 20 per cent, they would want 25. They think that the Government of Canada is a bottomless pit.

Their real oil well is not in the oil sands, the Beaufort Sea or the Hibernia, but here in the Parliament Buildings, primarily in the frontbenches of the government. That is where they get their money. They do not have to take oil out of the ground as long as they can get fat subsidies from the Liberals or Tories, depending on which party used the subsidies to oil companies most successfully in their election campaigns.

• (0500)

It is still a failure. In fact, the whole policy of the megaproject system is a failure. Megaprojects are the wrong projects in which to invest. The government wants to put about $440

billion into megaprojects during the next 20 years, and yet the government's own figures show it takes about $4 million to create one permanent job in those megaprojects. That is 40 times what it costs to create a permanent job in manufacturing. At a time of rising unemployment, the government was proposing to dump $77 billion into these three projects for only 8,000 permanent jobs.

Hon. members talk much about construction jobs, but construction jobs come and go very fast and they leave very little behind. Construction jobs are necessary in any developing country, but an overemphasis on construction jobs simply disrupts family and community life and leaves ghost towns behind. Construction jobs are no substitute for building up permanent industries in Canada. They are no substitute for jobs in places like Brampton or Toronto. They could be a supplement to those jobs, but they are not a substitute.

By concentrating exclusively on megaprojects—damaging the country's manufacturing industries—the Liberal Party has done as much harm as it could, although perhaps not quite as much harm as the Tory party might have done had it been in power.

Mr. Benjamin: There ain't a hell of a lot of difference.

Mr. McDermid: Come to Brampton and deliver this speech.

Mr. Heap: Manufacturing jobs are needed to build this country. They build permanent communities in which education and job training make some sense. Fly-by-night construction projects are here today and gone tomorrow.

This government has been killing off manufacturing industries. Its high taxes have been draining off the income people need to buy the manufactures of this country. They have been killing off the initiative of the small businessmen who have been the backbone of manufacturing in this country.

The high interest rate policy of this government has done the same harm to small business and manufacturing. The government claims it does not have a high interest rate policy, yet this government and the previous government of the Tory party have both endorsed the policy of Governor Bouey of the Bank of Canada.

Mr. Benjamin: They still do.

Mr. Heap: For seven years his stated policy, about which Governor Bouey brags, is to restrict the money supply in order to raise interest rates. This is the policy endorsed by the two antiquated parties in this country. It has produced high interest rates which have caused a present rate of over 1,000 bankruptcies per month. That is what is killing manufacturing.

In addition, this government has followed a policy of so-called free trade, that is, handing over Canada's manufacturing jobs to countries—many of them police state countries—which enforce low wages. Wages of $2 a day are enforced in places like El Salvador. Wages of $1.39 an hour for autoworkers are enforced in places like South Korea. The policy of this government is to dismantle Canada's manufacturing industries in favour of industries in countries where low wages are enforced.

As if that were not enough, the government is also allowing the internal basis of Canada's transportation to deteriorate by cutting back on both the passenger and the freight capacity of VIA Rail. For decades hopper cars have been one of the basic freight capacities of Canada's rail system, but they have been allowed to deteriorate. The government refuses to make good its promise to renew and replace hopper cars. In other words, the government is not interested in maintaining the industrial manufacturing capacity of Canada.

According to the reports of Canadian and American business experts, Canada is losing out in the present western world recession. We are the slowest of all the western countries to recover or to show any signs of recovery. This is because of the policy supported by the hon. member for Brampton-Georgetown (Mr. McDermid) and many other members in the north end—the wrong end—of this House, that is, the policy of killing off Canada's manufacturing industry for the sake of quick bucks from megaprojects.

Canada is on the way to becoming a Third World country. It is very ironic that the person who coined the phrase "Canada is becoming a banana republic" was at one time the leader of the Tory party—which forces Canada to do what the late John Diefenbaker warned against. There is, in fact, no difference between the Liberal and Tory parties, with the exception of one small difference of degree. They alternate. They vie. At one time one says we should have higher oil prices and the other says no. Then the other one gets into office and says, "Let us have still higher oil prices". Out of office each one wants low oil prices but in office wants high oil prices. Their basic concern is to curry favour, not with Canadian voters but with oil companies. it is quite understandable that they would want that; they rely very heavily on oil companies for compaign funds. Nearly half a million dollars is given to each of them by oil companies for campaign funds at election time. That buys a lot of election campaigns.

Mr. Siddon: Where do you get your money?

Mr. Heap: The result is that they follow bad policies. It does not matter whether they are preached by the Conservatives and practised by the Liberals or vice versa; their policies are disrupting the industrial communities of Canada. They are disrupting the industrial cities Canadian workers have built. They are policies which are causing misery and unemployment in every city.

Mr. Elzinga: Mr. Speaker, I rise on a point of order. I realize the hon. member was not here when our budget was defeated, but surely he is wise enough to realize that it was his party which deprived the Canadian people of a small business development bond which would have been applicable to the farming sector and the small business sector.

The Acting Speaker (Mr. Prud'homme): I am sorry to interrupt the hon. member for Pembina (Mr. Elzinga), but I doubt very much that that is a point of order. It is a point of

debate. It is very interesting, but I am sure the hon. member for Pembina will have a chance to express his views later on.

Mr. Benjamin: Mr. Speaker, I rise on a further point of order. I just want to remind the hon. member for Pembina (Mr. Elzinga) that the motion he is talking about—

Mr. Elzinga: Order. It has been ruled out of order. Sit down.

Mr. Benjamin: The motion the hon. member is talking about was moved by the NDP and supported by the Liberals.

The Acting Speaker (Mr. Prud'homme): I am sorry. Even though it is about 5.10 in the morning, I think we can pursue the debate in an orderly fashion. The hon. member for Spadina (Mr. Heap) has the floor.

Mr. Taylor: Mr. Speaker, hon. members should know by now that the hon. member for Spadina (Mr. Heap) does everything in a negative way. He cannot speak positively about anything.

The Acting Speaker (Mr. Prud'homme): I recognize the hon. member for Spadina. Would hon. members please allow him to proceed.

Mr. Heap: Mr. Speaker, the hon. member for Bow River (Mr. Taylor) has a very difficult time in debate because he has to use parliamentary language, and that is quite a restriction on him. However, he will have his opportunity later on. The point is that the policies followed by both the government and the Conservative party are designed primarily to fatten and enrich oil companies.

• (0510)

The NDP has been requesting policies which would build the Canadian manufacturing industry and promote Canadian content. That is in direct opposition to the policies of the present megaproject system because its sourcing is clearly not Canadian sourcing. There have been some vague promises by some of these companies that they would source their equipment in Canada, but they have already shown that they will not do that. For example, on the west coast they have already shown that they would much prefer—and this government goes along with them—to buy offshore equipment rather than Canadian produced equipment. However, the policies of the NDP would be to restrict imports, as is done by Japan, Mexico and other industrialized countries, in such a way that if they are to sell in Canada, they must also produce in Canada. If they are to sell cars in Canada, they must also make cars in Canada.

Mr. Siddon: That's the way it is in Poland.

Mr. Heap: This is the policy we have been advocating. This is the policy which would rebuild our manufacturing industry. If we had a viable manufacturing industry in Canada, then it would be possible to supplement that with further development of these megaprojects up north; but to use the megaprojects as a substitute for Canada's manufacturing industry is a disaster which can only be followed by two parties which still live in the nineteenth century. Therefore, I will be very interested to hear whether any of the hon. gentlemen to the right or opposite have anything positive to say about the building of Canada's manufacturing industry—

Mr. Taylor: You wouldn't understand it, anyway.

Mr. Heap: —because that is the key to the future health of Canada.

Mr. John Thomson (Calgary South): Thank you, Mr. Speaker, the hon. member for Spadina (Mr. Heap), who just spoke, does not want to export gas. He does not want to build Alsands. He does not want to build an oil and gas industry for Canada. What in blazes does he want to do to create jobs in Canada? Just what are his plans to create jobs in Canada?

Mr. Benjamin: We are going to capture the gas you are exporting.

Mr. Thomson: Does the hon. member not think that we should use the resources that God put at our disposal in this country for the benefit of Canadians?

Some hon. Members: Hear, hear!

Mr. Benjamin: For whom?

Mr. Thomson: Before commencing my speech, I would like to thank my colleagues for giving me the opportunity to speak tonight because I know that some of the others will not get an opportunity to speak.

Mr. Benjamin: Oh, yes, they ran out.

Mr. Thomson: It seems kind of funny to thank someone for the opportunity to speak at 5.15 in the morning, but I sincerely do because I have some strong feelings on the subject we are discussing.

Mr. Fretz: And only two Liberals in the House.

Mr. Thomson: Last week I had an opportunity to speak in Belleville. After I had concluded my remarks, a lady came up to me and said, "I have a daughter and a son-in-law who are living in Stettler and I was out to see them recently". These people were originally from Ontario, from the Belleville area. She said to me, "I cannot believe the seething hatred for central Canada which is in their hearts. They have only been out there for a few years". Then she said to me, "You take your hate and go back to Alberta". I was dumbfounded. I had been giving a speech on Canadian unity, and I do not believe I had made any remarks which would have brought on such hostile reaction, so it was interesting to me.

Later that week, last Friday night, I happened to be in Pickering and I ran into an Ontario cabinet minister. I was seated beside him at dinner and he just ripped me up one side and down the other over the Alberta heritage fund.

Mr. Benjamin: Give us your unity speech.

Mr. Thomson: I said to him, "Ontario and Quebec have their heritage funds. They are called Ontario Hydro and the Quebec-Hydro. The equity in those two corporations is roughly twice the amount of the Alberta Heritage Fund". That did not faze him one bit. He was not about to buy that. He said, "But Ontario Hydro and Quebec-Hydro are assets which are working for the people, while the Alberta heritage fund is just a big pot of money sitting out there, doing nothing for anyone". So I said to him, "I think that that is not quite true. Twenty-five per cent of the Alberta heritage fund is tied up in the Alberta home mortgage plan in exactly the same manner as the Ontario mortgage corporation. Another 25 per cent of the fund is tied up in the Alberta government telephone company. About 10 per cent of the fund is tied up or has been spent on oil sands research and technology. Another 10 per cent of the fund has been dedicated to medical research under the Alberta medical research authority".

Some hon. Members: Hear, hear!

Mr. Thomson: The cabinet minister said, "Well, I never knew that before". However, the point I am trying to make here is that he, too, had a built-in prejudice and hostility toward another part of Canada.

Then later on in that same evening, I ran into a young man from Oshawa who was attending this function. He said to me, "Alberta is ripping this country apart. Alberta is ripping me off. Why should I pay the price that you are demanding for oil?" Again, the point I am trying to make is that here was another young man who was full of hatred, vengeance and hostility. This is not peculiar only to the people of Ontario; I see more of it in my own riding. I did not think that I could stand here tonight and tell hon. members the feelings of the people from my riding of Calgary South, and I think it prevails throughout all of Alberta.

Let us just forget about the National Energy Program and Alsands for the moment. The people of Alberta today have moved from a position of hostility to one of hatred, frustration and despair. I cannot identify all of the reasons which have caused this, but it is true. They do not feel they have a representative federal government. The Constitution does not mean a thing to them, not a whit. It is just a scrap of paper to them and no more than that. As a matter of fact, most of them would have preferred to live under the terms of the British North America Act, except for perhaps a few who did feel that it was worth while to patriate. However, they do not have any respect for their federal institutions. Why do they not have any respect for their federal institutions today? It is because the federal institutions, whether we like it or not, have betrayed them. They have betrayed what the people believe to be the foundation of this country—the freedom of the individual. The federal government has betrayed them. The government has alienated the people of western Canada, whether the government likes the fact or not. Alienation has not been caused only by the National Energy Program or Alsands. It has been caused by the federal government over the last ten years.

In my lifetime there has not always been this alienation. I was born and spent the first half of my life in Toronto and for the second half I have lived in Calgary. In the first 40 years of my life I never knew the Canada that we have today. In the last 15 years westerners have come to feel that they are no longer a part of this country, that their federal institutions are not responsive to their needs. The government has kept pushing and pushing them away from the mainstream of Canada. They want to be part of the mainstream of Canada, Mr. Speaker. They do not want to separate. They desperately want to feel a part of Canada, but for the last ten or 15 years the federal government has pushed them further and further away. It has isolated them and they are desperate.

• (0520)

Why have we got hate and hostility in Ontario and western Canada? I think some of the responsibility has to be attributed to the Prime Minister (Mr. Trudeau) and the Liberal government. What is a federal government and a prime minister for if they are not available to help heal the wounds that occur as a result of regional differences of this country? They should give people a sense of national purpose and a feeling of belonging to a country. Surely that is the responsibility of any government that is in power and primarily of the prime minister. It is his obligation to give us that sense of national purpose and to dispel regional hatred and hostility.

When I contemplated the subject of debate tonight I felt that the Alsands and the Alaska gas pipeline were not very important when compared to whether or not we are going to have a country. Who really cares about the Alaska gas pipeline or Alsands if we do not have a Canada? What is the point of building these projects? We certainly do not need them in Alberta or in western Canada. If we are thinking in terms of regionality and not considering the broader spectrum of Canada, then western Canada certainly does not need an Alsands plant.

In the past month I have had the opportunity of speaking to a large number of businessmen from Ontario and Alberta. I spoke to about 60 businessmen from almost every sector of the Alberta economy in the last week. Last night I met with several of the public affairs representatives of the Canadian Manufacturers' Association and last week I talked to people in Belleville and Pickering, Ontario.

Each time I spoke to people I was struck with the same thought—that whether we like it or not we are in the midst of a crucial economic depression in this country. I am reluctant to use the word depression because it strikes a note of panic in most people. Some of us can barely remember the horror of the 1930s. I was a boy then but I know of the suffering of some members of my family and of our neighbours.

Surely we must face up to the serious situation in Canada today. I am not about to say that these problems result entirely from the Liberal government's past or present policies. Many of the problems in Canada's economy are the result of international factors beyond our control. There is absolutely no doubt, however, that the government's past and present policies have

exacerbated the problems facing the nation today. There can be no doubt about that and in particular about the effects of the National Energy Program and the budgets of 1980 and 1981.

The most serious problem that I see facing the Canadian economy today, apart from the fact that we are in a depression, is that investors and Canadians generally do not have any confidence in the economy or in their country. They do not have confidence in the federal government. They have lost confidence in the Canadian economy's ability to provide them with jobs and to assure them an income. Many people I have spoken to who might be in a position to invest in Canada are now not only not investing in Canada but are faced with the problem of economic survival. Time and time again I have heard them say "Batten down the hatches", or "If I can just live through the next 18 months, if I can survive, maybe I can fight the battle another day."

There is not a single person I have spoken to in the last few months who is prepared to invest in Canada. No one is prepared to invest in a country like Canada with its resources and with so much going for it. It is a disgrace. It is hard to believe.

I have been an entrepreneur for most of my life, Mr. Speaker, but I would not invest in one single common stock that is listed on the Toronto Stock Exchange or any other Canadian exchange. All one has to do is look at the Toronto Stock Exchange index to see the level of confidence Canadians have in their economy and government today.

The house-building industry is in a shambles; the automotive industry is on the ropes; the forest products industry is in desperate shape; the mining industry is fighting for its life; the steel industry is trying to keep its head above water; and finally, many sectors of the oil and gas industry are facing bankruptcy. That is the truth, Mr. Speaker, because I have talked to the people who are running these companies. Small and medium-sized businesses throughout Canada are falling like flies. They have been devastated by the Canadian economy and by high interest rates.

I am not about to condemn the Liberal government for all the evils of high interest rates but they need not be as high as they are. It is the National Energy Program, Canadianization and the headlong plunge into nationalizing the Canadian oil companies that is responsible. One of my colleagues says that it has cost $7 billion. Interest rates need not be as high as they are. That policy has inflicted untold damage on the small and medium-sized business sector of the economy.

• (0530)

I guess what I find so unbelievable is that the government does not seem to recognize the problem. If it does, it does not seem to be prepared to do anything about it. I do not know whether it is a question of pride or stupidity, but surely to goodness you can see the Canadian economy falling down around us. You have to be blind not to see it.

Yesterday in this House the Minister of Energy, Mines and Resources deliberately misled the Canadian public by telling them that the participants in the Alsands project decided against going ahead because the world price of oil was dropping. Certainly that was a factor but not the major one. Mr. Stoik, president of Gulf Canada, one of the last of the companies to leave Alsands, said:

> Over the years the government has so strained its credibility with retroactive rule changes that those of us in the industry must now ask ourselves, how can we undertake to make huge investments in long-term megaprojects when we have good reason to fear that the government will come along again and pull the rug on us?

The president of Shell Canada, Bill Daniels, said:

> In the current and foreseeable economic and industry environments we cannot proceed.

It was absolutely untruthful and misleading for the minister to blame it on the falling world price of oil. What a tragedy of staggering proportions for Canadians, not only in terms of lost jobs but in terms of lost opportunity for oil self-sufficiency. We are further away from that than we were in 1974.

The minister and his cabinet colleagues should be horsewhipped for what they have done to Canada. If the minister had an ounce of integrity he would resign, as would the Minister of Finance (Mr. MacEachen). The National Energy Program has emasculated the oil and gas industry in Canada. It has discouraged foreign investment, damaged our trade relationships, weakened the Canadian dollar, and increased interest rates beyond what they might otherwise have been. But does this government recognize the problem or do anything about it? Not on your life! They sit there, smug and arrogant, and laugh. Day after day in question period I watch the minister get up and laugh at his fellow Canadians' misery. My constituents are going broke, and he laughs at unemployment. Those that do not have jobs are losing their houses, and he has the gall to sit there and laugh at Canadians who are suffering because of his government's policies. I condemn them for it, and my constituents condemn them for it.

What kind of insanity is a National Energy Program which purchases 400,000 barrels of crude oil every day from Venezuela, Mexico and Saudi Arabia, while it shuts in 300,000 barrels a day of western Canadian crude? Can you imagine what the feelings of my constituents and the people of western Canada are when they see that happening? Why are we paying foreign suppliers hundreds of millions of dollars a month which could be going to Canadian producers and creating Canadian jobs, not only in the oil industry but in Ontario?

Some hon. Members: Hear, hear!

Mr. Thompson: It is beyond comprehension. What kind of National Energy Program is it which drives Canadians out of their own country because they cannot find work here? A friend of mine with 31 years of experience in oil and gas exploration in Canada has been forced to move to Texas in order to earn a living. I talked to the president of a small independent oil and gas company, completely Canadian owned, with 25 employees. I asked him if he would help me with a fund raising project and he said "I am sorry, I cannot, I

am moving to Denver. I have closed the doors, 25 people are moving with me", and they are selling their Canadian oil and gas properties.

What kind of a National Energy Program is it which drives 150 trained engineers in oil well logging from Canada to the United States and other parts of the world with half their equipment? It is insanity. Wake up!

The Acting Speaker (Mr. Blaker): Order, please. I have to advise the hon. member that his time has expired and he should seek the unanimous consent of the House to complete his remarks.

Mr. Prud'homme: Mr. Speaker, I did not want to intervene right away because I am one of those who still believes we can learn by listening to each other. I listened to the speech very attentively as I always do, but particularly to this one, and I am afraid I understood that the hon. member for Calgary South said that a minister has deliberately misled the House. I am still very interested in hearing the speech and I would certainly consent to the hon. member continuing, but he knows the rule very well.

I understand his feelings very well, but I would not like to have a debate later today or tomorrow over a question of privilege which can be disposed of right now if the hon. member changes his phraseology.

Mr. Stevens: Mr. Speaker, I was going to suggest to the hon. member that he is perhaps premature in rising as he does on a point of order. I think in all fairness he should wait until the minister returns from his trip to the sunny south and has an opportunity to explain whether in fact he did what the hon. member has indicated he did. I would point out, Mr. Speaker, as we all know, that in July, 1955 in this House, as reported at page 6638 of *Hansard*, the Speaker said:

> An expression which is deemed to be unparliamentary today does not necessarily have to be deemed unparliamentary next week.

Clearly, it could well be that if the hon. member feels in some vague way that the expression used by the hon. member was unparliamentary, that does not mean it would not be found to be completely parliamentary in the context of this debate tonight.

Mr. Prud'homme: Mr. Speaker, I would like to make it very clear that what was unacceptable then is still unacceptable. I think the hon. member knows very clearly that anyone can raise this point. I want to be clear, even at this time in the morning, that I do not need a minister here to tell me what I have to do.

Mr. Stevens: The Speaker decides.

Mr. Prud'homme: The rules are very clear; if you want to change them, we will proceed on that some day. I want to give consent to the hon. member so he can finish his remarks, because if you believe in Canada, you have to listen to people who have strong feelings. However, the rule is clear. I heard the remark and I ask the hon. member for Calgary South if he would kindly change it so we can give our consent to hearing his views, which we can then reflect on.

Mr. Thomson: Mr. Speaker, in the interests of expediting the debate and giving the minister the benefit of the doubt, I will withdraw the word "deliberate" and say he unintentionally misled the House. And I thank the hon. member for York-Peel (Mr. Stevens) for his intervention.

To continue, I have just a moment left here—

Mr. Prud'homme: No, take your time.

Mr. Thomson: The Minister of Energy, Mines and Resources is, I guess, laughing somewhere almost every day. When people get into a corner, I guess the best defence sometimes is to laugh. But as I said earlier, he is laughing at the suffering of fellow Canadians, suffering caused by the minister and his mandarins.

• (0540)

What kind of a man is this minister of energy? He is a man who has so little respect for the Canadian people that he finds nothing wrong with using Petro-Canada as an instrument to employ his public relations assistant. He sees nothing wrong in that, but I say that is misusing taxpayers' funds for his own personal benefit. I think that is wrong. But this is the kind of man the minister of energy is. He sees no conflict of interest in that whatsoever.

What kind of judgment can a man like that bring to bear on energy policy when he cannot see the moral right or wrong in using Petro-Canada, which is a Crown agency belonging to the taxpayers of Canada for his own personal purposes? What kind of a man is this?

As far as oil self-sufficiency is concerned, the Minister of Energy, Mines and Resources still has the gall to stand up in this House and say that we will be self-sufficient by 1990. I heard a gentleman here tonight say that there is no problem whatsoever with self-sufficiency by 1990. Again, I have to say to the hon. member, "You are misleading the Canadian people, perhaps unintentionally; but you are misleading the Canadian people if you are telling them that this country is going to be oil self-sufficient by 1990".

Neither the Minister of Energy, Mines and Resources, nor his department have any idea how they are going to achieve it. As a matter of fact, if any hon. members take the trouble to talk to the officials of the Department of Energy, Mines and Resources or bring them before the current energy committees and ask them how we are going to achieve energy self-sufficiency by 1990, if they are truthful, they will tell you that they don't know how. What they will tell you is what the minister and others have said, that with offshore oil, Beaufort and Hibernia, along with substitution and conservation, it will be done. I think that is what the hon. gentleman on the other side said tonight. Those are words. But we are talking about replacing one million barrels of oil a day by 1990. Let me repeat that; one million barrels of oil a day by 1990 have to be replaced.

Presently we are importing 400,000 barrels a day. Our conventional oil production between now and 1990 will decline by 600,000 barrels a day. Surely, even if we substitute as much as we can in terms of gas for oil over the next eight years, and even if we do conserve, we will be consuming roughly the same amount of oil per day or we will have a completely no-growth economy over the next eight years.

We are looking at one million barrels of oil a day. Where is it going to come from? There is not one knowledgeable person in the oil industry nor even those in the Department of Energy, Mines and Resources who will tell you that Hibernia and the Beaufort Sea will deliver oil before 1990. There is not one person who can tell you that. We do not have the faintest idea how we will get oil from Hibernia yet. We know it is there but we do not know how to go down through 250 feet of water 200 miles offshore, with icebergs coming down iceberg alley that are scouring the ocean floor to depths of 100 feet, and extract it. We do not know what kind of platforms we will erect. We do not know what kind of sub-sea wellheads we will instal. The Beaufort is equally as difficult. But I have taken too much of my time.

Mr. Prud'homme: But at least you are saying something.

Mr. Thomson: The Alsands and Cold Lake projects would not have solved the problem of oil self-sufficiency, but they would have provided 280,000 barrels of oil a day of that one million. These projects would have provided goodness knows how many jobs for Canadians at a time when we are in desperate need of employment. But they would have provided a stimulus to the whole Canadian economy. They would have given us something to lean on in a time of distress. They would not have been a panacea by any means, but they would have gone a long way toward helping to solve some of the crucial problems that we are facing at this time in Canada.

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, I did not expect to be speaking at a quarter to six in the morning in this debate in this House of Commons but there are some things to which I must reply in this emergency debate which started last night and was called by the opposition.

At the present time of soft world prices and world oil surpluses, there are many examples of development programs that are facing funding cutbacks in other countries in the world. I think that has to be noted. These examples point out that Alsands is not unique. In fact, in the United States alone the Exxon shale project has already been cancelled.

An hon. Member: That is a red herring.

Mr. Ferguson: In Colorado, the Exxon Troupe lignite gasification program and certainly the Panhandle coal gasification project in Wyoming has also been scrapped. Mexico has delayed a huge project. Nigeria has shelved a $14 billion project. Falling oil prices and demand are creating uncertainty about the outlook for up to 70 potential new United Kingdom oil fields in the North Sea. Beyond project commitments already made, most further oil development in the British North Sea seem to be coming to a halt. While development in The Netherlands sector of the North Sea is continuing, the emphasis is on small oil fields requiring minimum financial commitment. Due to falling oil prices and soaring costs, British Petroleum is turning to less costly equipment alternatives in its North Sea development. Investment costs per barrel of oil production capacity are thereby being lowered. The worsening oil markets and pricing uncertainties have led the French to shelve plans to buy 40,000 barrels per day of heavy crude from Venezuela and the French have shelved plans for building an upgrading plant in France at a cost of over $1 billion. However, like the Alsands project, if the situation changes in the future the plans can be revived. In the United States there are similar situations to those that I have mentioned.

There is an article in today's *Globe and Mail* written by George Linton which has rather significant news in it. It reads:

> Shares of Dome Petroleum Ltd. of Calgary and of Gulf Canada Ltd. of Toronto rose in active trading on North American stock exchanges following a statement by William Richards, Dome president, that a Bearfort Sea well currently being tested "could be one of the best in Canada."

Another paragraph in this article reads:

> Mr. Richards, testifying in Ottawa before a parliamentary committee, said the Tarsiut N-44 well "looks to be the best well we have drilled in the Beaufort and could be one of the best wells in Canada."
>
> The well is producing "very interesting results" and offers an "very good prospect for being a commercial discovery."

I suggest that the cost of this oil from the Alsands project being what it is, the economies are simply not there at the present time—to proceed with this megaproject under current world conditions—not only conditions in Canada but world conditions.

• (0550)

Opposition members talked about operators moving to the United States in order to find work. I ask them why anyone would want to drill another gas well in Canada when there are already thousands upon thousands shut in at the present time because of the disappearance of markets. Most of the equipment left the gas fields where more than 40 per cent of the exploration work was being conducted prior to the rigs moving south of the border in September, 1981. Most of the rigs which moved south at that time were small and older ones which were not capable of reaching the depths required to bring new oil reserves within our reach.

The Alsands project was not economically feasible even if we consider the fact that the Government of Canada, working in unison with the government of Alberta, offered to guarantee not only 68 per cent of the equity put forward by the companies, but to supply 50 per cent of the total equity. Were hon. members opposite suggesting that the government should have put in 100 per cent of the equity and made it a public utility? Is this the other option? If this is what they are suggesting, I think we should look at it. They are not satisfied with what we have done; perhaps this is their alternative. I thought only one party opposite believed in nationalization. I believe there must be room for the private sector.

I have with me the 1980 annual report of Imperial Oil in which it described its exploration in the Arctic. It reads:

One of the best hopes for major additions to Canada's conventional supplies of oil and gas lies in the regions of the Mackenzie Delta and the Beaufort Sea in the northwestern Arctic.

I believe that this has proven to be correct. Turning to the 1981 annual report of Suncor, it was pointed out that new oil discoveries were being made on a day to day basis in Canada. It referred to Arctic Islands drilling and read as follows:

The 1981 drilling season in the Arctic Islands was highly successful. Three wells were spudded in late January and all three were discoveries. Oil and gas were found at Skate B-80, 18 kilometres northeast of Lougheed Island; Cisco B-66, 16 kilometres west of the Island; and Maclean I-72, 27 kilometres east of the Island.

It went on to point out the tremendous potential in the Arctic Islands.

Turning to the 1981 annual report of Petro-Canada, it showed in detail the amount of drilling which has taken place off the east coast. It indicated that this oil will have a much lower cost than the oil anticipated in the tar sands projects. We have the reserves. It is a question of developing them within a cost frame which lends itself to economic conditions not only in Canada but in other major industrialized countries.

While we would have liked to see the tar sands project go ahead—as I believe some day that it will—we must remember that the Government of Canada and the government of Alberta made concessions. In the meantime we should re-examine the entire situation to see if we can develop other energy sources which will be lower in cost and redirect our present energies. Perhaps many job opportunities could be created in other places. If the Wilkins theory of the early 1940s were applied, the spin-off effects would benefit all Canadians.

Returning to the debate at hand, I think there are some matters which must be made very clear. There have been many different statements made about the National Energy Program, which has run into many problems. We must bear in mind that the federal government does not set retail prices, but it establishes the price paid to refiners for their crude. The blended price about which I am talking now is 70 per cent of world price as of January 1982 and the old oil price is 54.4 per cent of world price. Refiners purchase their crude oil at this price. Several costs are added to the retail price, such as 9 per cent for federal taxes.

I have heard hon. members opposite, not necessarily this morning, saying that oil and gasoline is much cheaper in the United States. I should like to give some comparative figures. I checked on the weekend and gasoline in Michigan was 98 cents per gallon. An American gallon is equal to 3.78 litres and a Canadian gallon is equal to 4.54 litres. If a gallon of American regular leaded gasoline costs 98 cents and the current United States dollar exchange rate in Canadian funds is approximately $1.22—and that was the exchange rate of the Bank of Canada as of May 4—then to purchase one American gallon of regular leaded gasoline in Canadian funds would cost $1.19. Since there are 3.78 litres in an American gallon, the cost to consumers in Canadian funds per litre of regular leaded gasoline would be 31.72 cents. Regular leaded gasoline in Ontario can be currently purchased for 37.9 cents per litre at the Top Value station on Bronson Avenue in Ottawa. In Ontario the provincial sales tax on gasoline is 20 per cent or approximately 6.4 cents on every litre of gasoline. This means that the Canadian price is actually lower than the United States price.

Mr. Stevens: What about United States taxes?

Mr. Ferguson: I have not mentioned the Ontario corporations tax or the lack of an Alberta tax on gasoline. For the benefit of the hon. member, let me indicate that in Alberta the price is approximately 31 cents per litre. We hear complaints about the price of gasoline. Oil companies indicate in some of their advertisements that two thirds of the price of gasoline goes to various levels of government. Perhaps this is true in the province of Quebec, but it is certainly not true in Alberta, Ontario or in most other Canadian provinces.

There are various rates of tax in the provinces. For example, in British Columbia it is 20 per cent. Of course, Alberta has no tax. Saskatchewan will be 20 per cent and 28 per cent, plus the insurance tax, which I understand will be removed. For Manitoba it is 20 per cent and gasoline at 18 per cent. Quebec is 40 per cent and New Brunswick is 16 per cent. Nova Scotia is fixed at 4.7 cents for gasoline and 6 cents for diesel fuel. In Prince Edward Island it is 22 per cent for gasoline and 29 per cent for diesel fuel. In Newfoundland it is 22 per cent and 26 per cent. In the Yukon and the Northwest Territories it is fixed.

• (0600)

I believe that the point which must be made is that it is just not a Canadian problem which has caused the cancellation of this megaproject. I am not even sure that we should say cancellation. I believe that temporary postponement is more accurate.

If we reflect back to the early explorers at the time when oil was first discovered, we realize that the potential of these reserves was recognized. These reserves are still there for future generations to be used as technology improves and more economical methods of extraction take place. With respect to surface extraction or open pit mining, we can only go down 70 feet in much of the tar sands area. Petro-Canada is actively involved in extensive research in order to find easier and better ways to develop and extract that oil. As well, many other companies are experimenting with steam extraction in order to find ways to go much deeper and utilize more of the oil that is there.

In the area where I come from, Lambton-Middlesex, there are many old oil wells. Some of them were the first discovered in North America. That is where Imperial Oil first began.

I am saddened at the fact that due to the lack of early technology those early drillers put down a multitude of wells without accurate records, with the result that after they became uneconomical, those wells ceased to be used and were left unplugged. Consequently, we are very limited in the ways

we can proceed to extract 60 per cent of the original oil that is still in the ground. The estimates vary as to how much is still there but certainly we have seen, through the National Energy Program, a revival of those old wells. New wells are being put into those new formations which may only yield 3 barrels per day, but under the National Energy Program and the pricing scheme, they are profitable.

It is wells such as those in Kansas that are attracting the drilling rigs out of Alberta to work areas with shallow fields in order to get oil which is less than 1,000 feet deep.

I believe that cheaper methods will be found not only to extract oil from my own area but from the tar sands as well. In fact, about 40 per cent of the wells in northern Alberta fall under the category of low producing wells. The incentives through the incremental oil revenue tax and the production in low producing wells has certainly made it feasible for the service industry to bring those wells which have been dormant back into production. These are wells which had been in production for only 20 years.

I believe there are many other areas to be considered during these difficult times. With the oil present in Canada today and as development of the Beaufort, Arctic Islands, Hibernia and the fields off the coast of Labrador continue, I believe that in the near term enough oil will be found to satisfy the needs of the Canadian people and give us the security required until such time as we have the technology required to do a better and more thorough job of extracting oil from the tar sands. It is my hope that these projects will continue and I am sure that they will. However, it will have to be under conditions which will give a better economic rate of return to the oil companies and to Canadians.

In closing, I would point out that with the oil companies as involved as they are, along with the two governments, perhaps their decision was correct in view of all the other cancellations in other countries of projects almost as large as this one. I look forward to the day when the National Energy Program will give us energy self-sufficiency. I trust that it will happen as forecast, that is by 1990.

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, through you, good morning to all of those who tuned in from Atlantic Canada and to any early risers in Ontario and Quebec. My colleagues and I in the official opposition have been here all night in this wake for the Alsands project. I must say that I wish all Canadians could have heard the impassioned and excellent address given by our colleague, the hon. member for Calgary South (Mr. Thomson) about half an hour ago.

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): Indeed, many of our colleagues, whose eloquence obviously comes to a peak at these very weird early morning hours, gave excellent speeches.

It may be unusual for Members of Parliament to be speaking at 6.07 o'clock in the morning, but we in the official opposition not only find unusual, but critical for the economic and energy future of this country, the developments which have clearly resulted from plain bad management by this government.

Let me say to those who have faithfully monitored the debate up to this point: do not expect any firm answers or even credible answers from this Liberal government by the time you rejoin us later in the day. From what we have heard, this government has answers to the tragedy which has occurred. It can only stand condemned for the collapse of the two megaprojects; Alsands and the Alaska highway pipeline. It can only stand condemned for the tens of thousands of Canadian jobs and dreams and for the ill-conceived National Energy Program. Without the National Energy Program I am convinced that we would not be having this emergency debate. Alsands would still be in place and the Alaska highway pipeline would still be under way.

I am an optimist by nature. I have always had an unshakable belief in the great good fortune of our country to have such a wealth of natural resources and people with an entrepreneurial spirit. But I have been deeply disturbed by the failure of this Liberal government to work in concert with the producing provinces in a national effort to move Canada toward the vital goal of energy self-sufficiency. The Progressive Conservative government set that goal for 1990. Our government, under the leadership of the right hon. member for Yellowhead (Mr. Clark) would have provided reasonable and orderly increases in petroleum prices over the next five years. We would have guaranteed Canadian industry and consumers that they would have continued to pay lower prices than their American counterparts. We would have produced more than $6 billion in new federal revenues for investment through a Canadian energy bank in new energy supply, substitution and conservation projects. Canadians do not need to be reminded once again why those plans ended with the federal election of 1980.

Canadians should be reminded of what has happened since the "cheaper than 18 cents a gallon" bunch rode back into power in 1980. A giant cloud of confrontation and mistrust has poisoned the relations between Ottawa and the producing provinces. Instead of agreement, the provinces were given aggravation and the National Energy Program. Instead of our programs which would have contributed so much to Canada's energy needs, economic growth and the creation of jobs for Canadians, we now see what the country bought in February 1980.

• (0610)

We have a National Energy Program which has driven investment, drilling rigs, expertise and whole projects out of the country or into the ground. We now have entire cities in this country on the verge of bankruptcy. We now have the collapse of the mighty Alsands project, the indefinite hoisting of the Alaska highway gas pipeline project, cutbacks in exploration and development activity, the direct loss of 71,000 jobs and the indirect loss of 255,050 Canadian jobs. That is Canada's loss. The blame for this gutting of Canada's energy future and our economy lies squarely on our perpetual Prime

Minister (Mr. Trudeau) and on the Liberal government of Canada.

There is no question that inflation has played a big part in the devastating turn of events. There is also no question that the rate of inflation was a whole lot lower three years ago and that these megaprojects would have been a good two years down the road had our government remained in power.

Let us just see what has happened to inflation. The inflation rate has risen from 9.3 per cent in March 1980 to 11.6 per cent in March 1982. In the past year alone, fuel oil costs have risen by 29.6 per cent, transportation costs by 16.4 per cent, fresh fruit costs by 28.7 per cent, processed vegetables costs by 18.8 per cent, and its goes on and on.

Wages are not keeping pace with inflation. The average wage earner in Canada has lost $285 in annual purchasing power since the February 1980 election and $635 since the fall of 1977. If you want to look at Canada's position vis-à-vis other industrialized nations, in the Olympics of economic performance, Canada is a hands-down loser in terms of trade, productivity, energy efficiency and changes in the standard of living. In terms of economic growth, in 1980 Canada's economic performance was one of the worst in the world. There was almost zero, 0.1 per cent, economic growth in Canada compared to an OECD average of 1.2 per cent growth and a European Economic Community average of 1.4 per cent. Our economic performance in 1980 ranked us twenty-first among 24 OECD nations.

In terms of energy efficiency, Canada is perhaps the most inefficient user of energy in the western world. In 1978, for example, we used energy at half the efficiency of European nations. The true picture of Canada under a Liberal government is much bigger and blacker.

Any consumer can confirm these statistics, especially those Canadians who travel a great deal to other industrialized countries in the western world. People need only drive up to a gas pump in the United States or compare prices at check-out counters in other countries to know what has happened to the Canadian economy.

I guess it is in the price of gasoline and home heating fuel where we feel most betrayed by this government. I know, as consumer affairs critic for the official opposition, that my anger is mirrored by millions of other Canadians. Consumers are going to get clobbered again as a result of this latest development.

Hundreds of thousands more barrels of imported oil during the coming years will likely result in higher home heating costs and, if this Liberal government continues in power, the next few months will definitely see higher prices at the gasoline pump. After all, governments, federal and provincial, lift 66 cents out of every dollar that consumers pay for gasoline in taxes.

The Trudeau government has continually inflicted its brand of water torture in the form of energy pricing—

Mr. Deputy Speaker: With all due respect to the hon. member, the practice of referring to hon. members of the House should either be by constituency or by function. That is a courtesy well preserved.

Mr. Scott (Hamilton-Wentworth): I apologize, Mr. Speaker. I should have said the government which is led by the Right Hon. Prime Minister (Mr. Trudeau), which is completely unacceptable to many Canadians. Nevertheless, I shall stick to the rules.

That government has continually inflicted on Canadian consumers its brand of water torture in the form of energy pricing. Their drip by drip campaign has been masqueraded under the metric guise of litres. The Liberals still insist on referring to the so-called odious 18 cents a gallon in the budget of the hon. member for St. John's West (Mr. Crosbie), so let us just put into perspective what has happened to the Liberals' solemn promise of cheaper gas in the last election campaign.

Gasoline prices have risen in some parts of Canada by as much as 86 cents a gallon. The average across Canada—my office recently sampled Vancouver, Winnipeg, Toronto, Montreal, Fredericton and Halifax—is 80 cents a gallon. That is 80 cents versus 18 cents, and that is just since February 1980, a little over two years.

What are consumers getting for this broken promise, this four and a half times more expensive increase in the price of gasoline than the 18 cents in the Conservative budget of 1979? Well, Canadians can see in the collapse of two large energy projects over the past few days that there are no economic benefits from this very costly increase. Indeed, there are very definite negative spin-offs, especially in Ontario and Quebec.

If the impact of the Alsands and Alaska highway are not felt immediately, future expansion plans, supply, employment and general economic development in Ontario and Quebec will almost certainly suffer.

I am indebted to my colleague, the hon. member for Etobicoke Centre (Mr. Wilson), for supplying me with notes which target several key areas in central Canada which could either greatly benefit from high drilling activity and the megaprojects or which can be hurt temporarily or even permanently. The hon. member for Etobicoke Centre had this to say:

> Energy is Canada's number one growth industry. The energy industry can be the primary engine for growth in employment, new technology, increased exports and new industrial development that will be drawn to this country by the promise of secure energy supplies at a price advantage relative to other industrialized countries. We in Ontario tend to think only of Alberta when we think of oil and gas. Let me illustrate the misconception of that view.
>
> The potential stimulus for our manufacturing industry from energy development is virtually without parallel in our history. There are job opportunities in the next seven years in these industries to employ some 350,000 people throughout Canada. We cannot afford to disregard these opportunities.

The hon. member made those statements in 1980. Clearly this government does not believe in those opportunities. For some years we have been concerned, as the hon. member for Etobicoke Centre says, with the importance of developing our talents in areas where we have natural strengths. One of these areas is clearly oil sands development. The engineers and technicians working on the oil sands and heavy oil projects are developing technology which will be in tremendous demand in countries such as the United States, Venezuela and Australia. That will be no more, Mr. Speaker.

More than that, each synthetic oil project will generate economic activity over the life of the project about equivalent to the current level of our annual national income. In other words, each project will produce about $250 billion to $300 billion of economic activity over the 25-year life of the project. Of the economic activity during the construction period, about 40 per cent is generated in Alberta, 25 per cent in Ontario and 12 per cent in Quebec.

Major suppliers to the oil industry from Ontario and Quebec include Algoma Steel of Sault Ste. Marie, which supplies seamless steel casing. Stelco Canada, located in Hamilton and Welland, produces seamless tubing and continuous weld tubing. Ladish Company of Brantford supplies the industry with piped valves and fittings. Jenkins Brothers Limited of Lachine, Quebec and Mississauga, Ontario produces forged steel valves. Graphic Controls Canada Limited of Gananoque, Ontario supplies gas charts to various companies in the industry. Hawker Siddeley, Orenda division of Toronto, supplies industrial gas turbines. Farhamet of Orillia produces abrasive resistant castings used in the petro-chemical industry, and Simmons Drilling buys most of its trucks from Kenworth in Quebec.

• (0620)

Ontario is a major beneficiary, and would be a major beneficiary, not only because these activities produce the lifeblood of our manufacturing industry, oil, but because they also provide a major stimulus to our economy. Now, and if not immediately, down the road a few months and, even worse, two or three years from now, Ontario will not be a major beneficiary and there will not be any major stimulus as a result of the collapse of these megaprojects.

Some of my former colleagues in the parliamentary press gallery have almost been throwing up their hands and saying that from now on it is probably just a matter of good luck instead of good management in terms of our energy future and our energy security. In a philosophical column of yesterday, May 4, in the Ottawa *Citizen* my good friend Charles Lynch closed with this paragraph:

> We must temper our expectations and put aside our dreams, and accept that the fading years of the 20th century won't be as exciting as the eight preceding decades, with their mixture of hope, peril and achievement. We know now, for the first time in the memory of the oldest among us, that some things are beyond our grasp.

I am not so sure I agree with Mr. Lynch's sad conclusion. I have not stopped dreaming dreams for this country. I do not believe the last two decades of this century should be any less challenging or any less fulfilling than the preceding four and a half decades during which I have been around. I do not believe Canadians should abandon hope for this nation. Of all years, this year when Canada has achieved full independence and complete maturity as one of the great countries in the world we Canadians have much to look forward to, a great deal to achieve in the way of potential and a mighty part to play in the free world. If we are limited in any way, it is through the complete and utter incompetence, insensitivity, combativeness and mismanagement of this Liberal government.

Canadians have the capacity to get rid of this government in the next federal election. Canadians have it in their hands to elect a government which will regain the confidence of investors, and confidence of our massive energy industry, the confidence of the provinces and, above all, the confidence of this country's pioneering spirit. Those of us who are participating in this important debate, Mr. Speaker, fully intend to be sitting on your right after the next election, and we as the new Government of Canada will inspire that confidence in Canadian industry and enterprise. This government has proved that it is out to destroy initiative in this country, and we in the Progressive Conservative Party are determined not to let that happen.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, the government's national energy policy has now obviously collapsed in tatters around the Minister of Energy, Mines and Resources (Mr. Lalonde). If he would just stand up and resign as he was asked to do when he announced the failure of the Alsands project, we could all go home and start dealing, in the next day or so, with a brand new energy minister and, hopefully, a new federal energy policy.

It seems odd that everyone except the Minister of Energy, Mines and Resources could see the collapse of the Alsands project coming, and we could all predict the postponement, once again, of the Alaska gas pipeline. Yet right up to the last minute these megaprojects remained the heart and soul of the National Energy Program. Did the Minister of Energy, Mines and Resources really hope to pull off a miracle, or was he caught completely off guard?

With the removal of the centrepiece of the National Energy Program we are left with the federal government's beloved Petro-Canada and some investments in a few projects which may or may not show results in the foreseeable future.

I know that the federal government has some investments in oil and gas projects up in the Arctic, but the best estimates as to when we might see any oil or gas south of the Arctic Circle run anywhere from five to ten years to never. Judging by the government's performance since we were promised cheaper gasoline at the pump in the last election campaign, I suggest that the best estimate is never.

In its April 23 editorial, *The Windsor Star* predicted that the Alsands project would be dissolved by the end of April. The *Star* was right on, and it really is too bad that a project with a projected production of 137,000 barrels of oil per day

and a life expectancy of 25 years had to go down the drain because of government bungling.

Let us take a look at what the government has left in its national energy policy grab bag. We have Petro-Canada, as I mentioned before, the darling of the Liberal government and the NDP. The national energy policy gives Petro-Canada a free pass to the federal Treasury and carte blanche to buy up anything that comes up on the market, even if it has to pay 50 per cent to 100 per cent more than a company would bring in the private sector.

Then we have that much-touted policy called Canadianization whereby the federal government goes around buying up oil companies which are already Canadian owned. Then there is the government policy, brought in after the 1979-80 federal election campaign promises were put on the shelf, which imposes new federal taxes on gasoline at the pump every other week. These are not policies; they are evidence that the Minister of Energy, Mines and Resources and his colleagues in the cabinet do not have any policies. They are bankrupt and tax-happy.

The Minister of Energy, Mines and Resources has the nerve to suggest that the collapse of the Alsands project is the fault of the private sector companies which were anxious to develop this source of oil just a few short years ago. They were so anxious that they have already invested tens of millions of dollars in the project. But it is smart money which goes where the action is, and the companies involved have to show a profit. When they see world prices being brought down by a reduction in demand for fossil fuels and when they see the federal government standing on the sidelines with both hands out, they run for cover. Who can blame them? They do not have access to the public Treasury. They have to answer to their investors and to their bankers, and they already know what the Prime Minister (Mr. Trudeau) thinks of those of us who are not in his cabinet. He says that when we get 100 yards away from the House we are nobodies. Well, we have had all night and we have all day to let him know whether we are just a bunch of nobodies.

While we are talking about the increase in gasoline prices and the decline in world oil prices, I might ask the Prime Minister, the Minister of Energy, Mines and Resources or anyone opposite who bothers to listen whether they have consulted lately with their counterparts in the United States. I was told a few days ago that the price of gasoline has dropped slightly below $1 per gallon in some states, and the people still think they are paying too much.

Each time the price goes down in the United States, the price goes up in Canada, and it is really going up. We know already that we can expect two or three more increases in the price of gasoline and heating oil over the next few months, and the price in most places is already more than $2 per gallon.

A few days ago I was glancing through a householder sent to me last summer by my colleague, the hon. member for Yukon (Mr. Nielsen). He had listed gasoline prices at several points in his riding. Regular gasoline was selling for $2.36 per gallon in Faro, and unleaded gas was selling for $2.43 per gallon. Heating oil cost $1.66 per gallon. These were prices in the summer of 1981, and so I would very likely be shocked to hear today's prices. But the way things are going in my own riding, we will see those price levels down here before too much longer.

• (0630)

To get back to the government's tattered national energy policy and the collapse of the jewels in the Crown, the Alsands project and the Alaska gas pipeline project, I am intrigued by some of the figures that were being touted around by the government just a few days ago. My attention is drawn immediately to the number of jobs that we could expect to see created during construction. At the peak of construction there were to be almost 10,000 new jobs created, with 2,800 long-term jobs created to run the plant afterwards. Construction was to extend over the next six or seven years. Those jobs just went down the drain.

I notice that $13 billion in new money would be injected into the Canadian economy, but when I read further I see that one of the three remaining partners in the now defunct project was Petro-Canada, good old Petro-Canada, waving its key to the front door of the public treasury. Therefore I would expect that a large part of that $13 billion would have been recycled money, yours and mine.

Only the present government, with its bungling and fumbling could have struck fear into the hearts of the partners who jumped ship earlier in the game. Or, maybe they just got disgusted and decided that there was a better climate elsewhere for their investment capital. These are major players, Mr. Speaker, the big leagues, Dome, Hudson's Bay, Amoco Canada and Chevron Canada, and Shell Explorer (Houston). Of the remaining partners there was Petro-Canada, Shell Canada and Gulf. With Petro-Canada eyeballing Gulf, and Gulf looking over its shoulder at PetroCan, it must have been a very pleasant investment climate.

The Alsands collapse would have been bad enough by itself, but the tattered remnants of the government's energy program were already waving in the breeze caused by about 200 oil rigs heading south. A few days ago the Minister of Energy, Mines and Resources proudly announced that a couple of drilling rigs had returned. Big deal, if any of the rigs have really come back. I feel sorry for them, because they were probably hoping to get a piece of the action at Alsands if the energy minister had pulled off his miracle, which never came about.

With the Alsands fold-up coming so close on the heels of the shutdown of the Cold Lake project last year, I do not see how the energy minister can keep his pipe dream of Canadian energy sufficiency propped up. We could have energy self-sufficiency under the minister's policies, but who could afford it? Who could afford to pay the price for energy self-sufficiency when we are already paying the highest prices in North America at the gas pumps, and drillers and investors are leaving Canada in droves?

I am absolutely appalled, and I think we all have a right to be appalled and even angry, that the present Liberal cabinet,

the largest cabinet in the history of Canada, cannot come up with a single idea or policy that will produce a single job. I think that we have a right to ask why it is that this Liberal government cannot seem to come up with anything except high unemployement, high inflation, high energy costs, high interest rates, high government deficits and a low Canadian dollar.

Our national economy is in an absolute shambles, and this is reflected in general public apathy. We see people packing their belongings and moving out of their homes in the dead of night. They are leaving their homes to the banks or trust companies, or to the Canada Mortgage and Housing Corporation. They just do not care. They are fed up. A few short years ago the average Canadian would not have dreamed of doing such a thing as to walk out of his home and say, "To hell with it".

Canadians are fed up. They are fed up with not being able to afford a roof over the heads of their children. They are fed up with worrying about how much longer their employers will remain in business. The night before last there was a television special about a dying town, and the camera showed the types of businesses that were folding up. One was a bill collection agency. They are usually the last to go. But, I suppose, they decided that they could not get blood from a stone, so they just closed their doors.

Canadians are fed up with excuses and diversions. For almost two years the Prime Minister fiddled around with his pet project, the Constitution, while Canada burned. The government is spending $9 million to tell Canadians that they have a new Constitution, as if they did not already know. What Canadians want to know today is, what is the government going to do about high unemployment and high inflation. If they are not going to do anything, it would be refreshing at least to hear them admit it.

The collapse of the Alsands project is a serious matter. But let us not mistake it for the disease. It is only a symptom. The real disease is the collapse of the Canadian economy, and the jobs lost by the Alsands collapse will, unfortunately only be added to the record total of unemployed in Canada today.

The investment capital chased away by this Liberal government at the Cold Lake and Alsands projects will only be added to the list of investors already driven out of Canada. The real tragedy, the one thing that none of us is able to understand, is that the collapse of the economy is being presided over by 35 cabinet ministers, the largest cabinet in any country in the western world. This inflated, bloated cabinet, is backed up by no less than 114 people with the rank of at least deputy minister. What are they all doing, Mr. Speaker? What are they waiting for?

I am deeply disturbed by the collapse of the Cold Lake and Alsands projects, and the further delay in the Alaska gas pipeline project. I am disturbed by the collapse of the federal government's National Energy Program. However, my real sympathy is for the business people who are having to declare bankruptcy and close their doors, some of them old family firms of second and third generations. My sympathies are with those people who cannot find jobs, whose work ethic is being trampled into the ground. My sympathies are with those families who cannot afford decent accommodation because of high inflation and high interest rates. I hope we can give some advice to this government which it will heed and which will stimulate our economy, put our Canadians back to work and put our Canadians back in their homes. I hope we can find an oil policy which will work and be beneficial to all Canadians.

Some hon. Members: Hear, hear!

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, I thank the Tories down there for their applause. It is very nice of them.

Mr. Siddon: You need a hand now and again.

Mr. Kristiansen: At this time in the morning one needs all the help one can get.

Mr. McDermid: Where the hell have you been all night?

Mr. Kristiansen: I managed to get two or three hours of sleep. I am in a somewhat better shape than a couple of people will be because of it.

I think all hon. members in this House feel rather sad during this debate because of the sorry mess caused by the continuing policies of the ding-bats and the ding-a-lings, the Tweedle-dums and Tweedle-dees of Canadian history as far as energy policy is concerned. A number of my colleagues and a number of other hon. members have discussed the single-track psychology of the megaproject and the inevitable problems which will arise later on because we tend to put all of our eggs into one basket, sometimes in a basket of a slightly different colour, but one basket nevertheless. We seem to be playing Pharaoh in this country. For at least 5,000 years, politicians have been building pyramids every time they think they are in trouble. The only difference between those of today and those that were built in Egypt 5,000 years ago is that most of the ones we are building or trying to build in this country now turn to dust even before they are erected. It does not seem to matter very much whether it is a giant oil sands project or whether it is B.C. Northeast Coal which almost seems to be on the rocks before it gets started. People are saying it is underpriced by $20. I know that the hon. member for Prince George-Peace River (Mr. Oberle) has no great love for what that project seems to be doing in his constituency.

• (0640)

There are large-scale hydroelectric projects that are shipping electricity across the line for far less than they could get for it there.

In times like these we tend to forget the stupidities that led us into the present crisis. These super-efficient oil companies that my friends to the right and hon. members opposite like to tout as being the champions of initiative and skill got us into a mess a few years ago and, all of a sudden, hundreds of years of oil reserves turned into 20 or 30 years of reserves in one fell swoop. That is the kind of leadership and imagination of which a lot of Canadians have had enough.

It is this sort of thing that has allowed the present government, among others, to create its own "Canadianization" version of the Tasmanian devil that looks like one thing, acts like another, and brays like something else, and is not particularly productive.

Other megaprojects are involved such as the coal deposits in northeastern British Columbia. There is talk of shipping this non-renewable resource across the ocean at a subsidized price to low-cost industry whose products will come back to compete with our own. That is another glorious result of the various national energy policies that we have seen in this country, one after the other. B.C. Hydro is shipping huge quantities of hydroelectric power south of the border at a price which is far lower than the market could bear.

It appears that the new nuclear station in New Brunswick is going to share its excess electric power from that nuclear plant—which has been a boondoggle all its own—down south of the line. And yet we talk about energy self-sufficiency, Mr. Speaker.

One of the reasons that I dwell on that is that Kootenay West had its own megaproject a few years ago. That was another boondoggle, Mr. Speaker. The Social Credit premier of British Columbia at that time was a man that many of us had a great deal of affection for. At least he knew a little bit about life, having gone from the bottom up, and unlike some other politicians in this country, he understood a little bit about how people and how communities tick. We could use a little more of that kind of horse sense today. He made a couple of real dandy mistakes, however. One was the Columbia River Treaty and the various and assorted dams that were "not going to cost the province a nickel." We see the same kind of economic genuis behind the National Energy Program.

A lot of people tonight seem to not want to talk about anything but Alsands, but there is another issue in this motion, Mr. Speaker, and that is the Alaska highway pipeline. I know that the hon. member for Edmonton East (Mr. Yurko) and the hon. member for Yukon (Mr. Nielsen) had a little good-natured fencing match over that issue a short while ago. The issue of the Alaska highway pipeline and how we got into the sorry situation that we are in today again appears to be on the back burner. I wonder why no one has spoken about the pre-build tonight?

We sometimes talk about people being in bed together, Mr. Speaker. The Liberals and the Tories may not be in bed together but a lot of people suspect that they are going at it pretty hot and heavy somewhere behind the bushes. They just do not like to do it out in the open. They are both nourished from the same tit, Mr. Speaker. That is the way they act and it has been the same in this country for over 100 years.

I am a relatively new member of the House, Mr. Speaker, but one of the things that makes me sad is the combination of the spirit of arrogance on the side opposite and the continuing spirit of revenge that has been present in the Conservative Party ever since the kamikaze squad led them to self-immolation in December 1979. The choice that is before the Canadian people is whether the Prime Minister (Mr. Trudeau) is going to kill them on purpose or whether the Conservatives are going to do it by accident. That is the only choice.

Tommy Douglas used to tell a story about the old cream separator. I will not go into that, but what is going on with the energy policy today reminds me of it. All these guys know how to do is how to shovel public money at people, whether it is to the oil companies or to the people who, unfortunately, have been left without jobs in this country. They always want to shovel money at people.

The Tory-Liberal policy on energy is continually to shovel money into one end of a pipe and then to call it a suitable reward for private initiative when their friends in the oil industry—who, by the way, help finance their parties and their election campaigns—grab the cash as it comes out the other end. If it does not come out the private end of the pipe, the PCs and the Liberals keep shoving it into the public end. They call that providing additional incentives. When they have shovelled so much of the taxpayers' money into the pipe that it is forced out of the private end, then the companies compete to grab the spout and take the risk of being trampled in the rush. That is about the only kind of risk that some of the friends of the people to my right and some of the more secret friends of members opposite take. They get 93 cents out of the dollar, so that is not much of a risk. It is an old story and maybe people get used to it.

I said I was saddened by the combination of arrogance and revenge that I see around here. Ever since that late evening of February 18, 1980 this incompetent kamikaze squad to my right, otherwise known as the Conservative party, has been sulking. It has been mired in a well of self-pity. When they tire of banging their heads against the wall or, more often, banging their heads against each other or engaging in some other act of self-flagellation, they rise only to vent their rage at everybody in sight, shouting, "Revenge, betrayal, conspiracy, unfair", in a useless and increasingly sad attempt to focus blame on others for their own miserable ineptitude.

PC no longer stands for Progressive Conservative, Mr. Speaker. It stands for pitiful castaways. That is what they are, pitiful castaways. Somebody ought to do a TV serial on them. They have been cast away into the garbage can of political oblivion, and the more you hear from them, the more you know that they have really earned that role.

• (0650)

Mr. Scott (Hamilton-Wentworth): That is what happened in Saskatchewan.

Mr. Kristiansen: It makes you sad because they have had some pretty good people in the past, and there are a few good ones there now. One of them had to leave, and he now sits behind us over here. The hon. member for Edmonton East is one, and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) is another. There may be others. From time to time we do hear some rational thought, and whether we agree or not philosophically, at least there is an attempt to serve what we all call the public interest. There are people who are a

little bigger than the kamikaze squad over there who fell on their own swords. I wish I could find something more cheerfull to say about them, but I find it difficult.

One of the problems is that the government cannot seem to make up its mind on what it wants to do. If you are going to go the public sector route on projects which are not profitable enough or which society in its wisdom feels that for social or political reasons have to go ahead, that is fine. If you want to use the same process in those areas which are profitable so you do not have all the losers on the public purse and the winners in the private sector, that is fine. But to have a system called Canadianization, which is nothing more than a pseudonym for bureaucratization, is the worst of both worlds. It makes you think that they are trying to decide on what kind of mixed-up policy they can have to create more jobs for bureaucrats. I wish they would get their heads together because, for better or worse, they are in those seats over there and we are stuck with them probably for the next couple of years at least.

An hon. Member: You put them there.

Mr. Kristiansen: That was not our choice, sir.

Mr. Benjamin: That was your stupidity.

Mr. Kristiansen: Whether you like it or not, the people of Canada put them there. They also put you on this side, and I know you do not like that. I think there is a sadness which pervades all of us over the events of the last little while. I was wondering whether we should not ask the Canadian Labour Congress to put on a grade-one school in bargaining strategy and make it a compulsory course for all cabinet ministers and anyone who aspires to be a cabinet minister. Hopefully, they will then learn not to repeat what they did with the pre-build. You do not give the whole package away until you get somebody's signature on the dotted line, not some phony ironclad, lily-clad, cottonball guarantees which are not worth a damn thing anywhere. It is sad that the attitude which is perceived to be typically Canadian is that you always get taken for a ride. That is the image these guys on my right and those guys on the other side have continually given to us in the international business world. You give away the store and then wonder why somebody takes advantage of you. If you sit down forever with your head in the sand and your bare rear end stuck up above ground, somebody is going to do it to you sooner or later.

Mr. Elzinga: I find it rather offensive, Mr. Speaker, to hear these sexist comments coming from the hon. member of the NDP. The least he could do is to offer respect to the women—

Mr. Deputy Speaker: The Chair has been listening carefully to the language, and while it is borderline, it is not unparliamentary.

Mr. Kristiansen: It's just the romance in my soul, Mr. Speaker, but I must apologize for offending the sensibilities of my hon. friends down in the corner. It is just that they get us so excited. They are such titillating personalities. In any event, Mr. Speaker, I do not think there is any sexual innuendo in talking about their being lousy bargainers. We are going to be in a crunch very soon, Mr. Speaker, and I hope my friends on the right and across the way take one of those elementary bargaining courses I was talking about and do a better job for the people of this country.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I have several things which I think are quite important to put on the record and I hope they enter the minds of some members of the House. What we are debating here tonight started in 1973-74. Eight years ago we had the rise in metal and oil prices, and we saw the provincial governments tripling and quadrupling their taxes on the mining and oil industries. It went right across the country. Keep in mind that there are more culprits in this particular mess than appear on the surface. The beginning of this mess we are in today was when the provinces went hog wild in their greed and tripled and quadrupled their taxes.

In 1974, the critical act which really put us on the path to where we have ended up tonight was the decision of the federal government to retaliate against the provinces and bring in the Turner budget which made provincial taxes and royalties non-deductible. In effect, it was an interference with the federal system and was, in plain terms, stealing the property of the provinces. One mistake by the provinces was countered with a second mistake, much worse, by the federal government. That first budget was under a minority government. That minority government was defeated after two years and we went to the country. The NDP and the Conservatives worked together in 1974 to fight that budget, led by a man who is no longer with us, Mr. T. C. Douglas, who at that time was the hon. member for Nanaimo-Cowichan-The Islands. This history is important because when you find a fight between two levels of civil servants—because that is really what it was—or who could grab the most money from the mining industry and from the oil industry to go on that spending spree which all the provinces and the federal government went on, this is where our trouble began.

• (0700)

The key to it in these Turner budgets was the non-deductible provision. I felt just as keenly then as I do now about that horrible mistake in economic and political judgment. I spoke in the House at the end of one of the ways and means motions on the second budget on January 30, 1975. I would recommend that speech to every thinking person, not only in this House but all across the country. It was reasonably non-political. I put forward then the warning that every capital intensive venture that would be embarked upon in the future had no hope of success because of the double taxation in the Turner budget. I give credit to the then leader of the NDP for seeing the danger. He warned the House that once the government cracked down, unconstitutionally, on the mining industry and on the oil industry, the forest industry would be next in line, followed by the electrical industry. Those warnings by the two of us went unheeded. Now I can look at that speech made

eight years ago and realize what a tragedy has unfolded leading up to the last two or three days.

Canada has waited 100 years for the world to need its resources. But it is on these resources that we plan to build our industrial pyramid. But you have to get a demand to create a cash flow on which to build. That mistake of the Turner budget in 1974, because he repeated the same thing the second time around, will rank in the economic history of this nation as one of the greatest blunders ever made.

Shortly after the election, as we all know, Mr. Turner, the minister, asked to retire from his job because he had been destroyed, and he knew it. All he got from his leader as a reward was the offer of a senatorship. He has returned to law practice. We hear rumours through the press that he may want to come back. The truth is he likes it where he is now. He knows what he has to face in this House with a budget like that on his record if he comes back. He was one of the most best liked and most able men I have seen on any side of the House. I saw him destroyed by taking up the case of civil servants in finance and seeking revenge against the provinces for raising taxes, which they had every legal right to do.

I want to make one thing abundantly clear. I have spoken tonight about Tommy Douglas, an NDP member, and myself, a Conservative. We were not speaking as partisans in that debate, we were speaking as Canadians from Saskatchewan who came up the hard way. We were speaking on behalf of the future of the Canadian people. I can never forget in my own mind, as the debate ranged the second time on the second budget, hon. NDP members in this House cheered on their Liberal allies. They thought they were gouging the oil and gas companies and the mining companies and they said "That is their policy, destroy them." But they did not realize that they were destroying the jobs of the workers of Canada. Now we see the mines that should have been in Ontario are over in Minnesota where we pay a much higher price for the basic iron reserves of which we have ten times more in Canada than the Americans ever had.

I put this before you because the mistake that we are witnessing this last few days started a long time ago because some people put politics ahead of their country.

I have never blamed Turner for that budget. I knew he was concerned about it. Yet he had no recourse, without any backing from his leader, in standing up to the civil servants. That is the reason why he was through. The same thing was repeated.

All governments entered into a rash of takeovers; private enterprise entered into a rash of takeovers. These takeovers were not to increase production, just to become bigger. There was the potash industry in Saskatchewan. There was no discussion with the public. The government of Saskatchewan rushed in after the election was over in 1974 and took over large chunks of the potash industry. In British Columbia there was a great fight for the mining industry. That government brought the mining industry to its knees. Not only was this government at fault. A rage seemed to come over people. They had to smash any person or company that was in the resource field. That mistake rests on all political parties. But there were some in every political party that warned against it. Now that the chickens have come home to roost, we should be absolutely clear what the real mistake was, people put partisan politics above duty to their country.

• (0710)

This was the beginning of the federal-provincial war over revenues which has existed ever since. This war has led to the most serious attack on the Constitution we have ever experienced in our history. The first bit of evidence on this was the Petroleum Administration Act, 1974. We fought it in the House all during that year, before and after the election. We were able to get nine provinces to join us in the fight. In the meetings with the then minister reponsible for mines and the then minister of finance, the legislation was not made any more acceptable. The great mistake was that the ministers used the excuse that there was an energy crisis and that it was necessary to have the Supreme Court of Canada say that in a crisis the federal government would have certain powers which it did not otherwise have. This meant that the power of the federal government could override the power of provincial governments, which is paramount, because the resources belong to the provinces and they have every legal right to do whatever they like with them. The Petroleum Administration Act is still on the statutes. It was amended only two months ago, but it is still unconstitutional. No one has ever referred the matter to the courts so that we could have the benefit of a decision on its constitutionality.

Now that the crisis has turned around and apparently for a few short years the world will have a surplus of oil, would they rule it a crisis in energy? I do not know, but I hope Canadians realize that we are debating the mistakes of the last eight years in this all-night session. These mistakes should be branded on the flesh of politicians with a hot iron so that they will not be repeated.

We have seen the rise of separatism in Quebec and the rise of western alienation. Then came the period of fraud and scam when nothing was being done on economic issues. Politicans became involved in a program of producing great showpieces to amuse the people. There was a great cry that it was necessary to patriate the Constitution. Now that it is patriated, do Canadians notice any difference? We have the same old Constitution with the Charter of Rights and Freedoms, but the Diefenbaker Bill of Rights has not been repealed. One would think from all the screaming and yelling in the House that a battle was going on.

Also we have Tweedle-dum in the NDP and Tweedle-dee in the Liberal Party saying that the Constitution is the greatest in the world. What fraud, what scam! Is it any wonder that people across the nation are losing their respect for every party? We all suffer because of image-making politics led by pollsters, advertisers and con men. The radio, television and newspapers preach a campaign of fear rather than debate issues. For example, they told the people of Canada that they should not dare to vote for the Right Hon. Leader of the

Official Opposition (Mr. Clark) because smart Toronto had named him a "wimp". They scared the daylights out of people. Some wimp! He was the one who rose and said that because of the federal-provincial war brought forward by the Prime Minister (Mr. Trudeau) in the Constitution Canada would never be the same again. Any responsible person in Canada who rises and says that there is danger ahead and that the country is being changed is not a wimp. Every Canadian listened and acted. As the record shows, this man rose in the House of Commons and said that Canada would never be the same, and the population came to attention. After a two-year fight, this young man pushed an arrogant government to its knees. The government was forced to refer the Constitution to the Supreme Court of Canada and to take it back to the provinces. No man is perfect, every man makes mistakes. When a man does something which is worth while for his country, it should be noted, as I have noted it today.

The National Energy Program caused many of my colleagues to become very excited. It was a fraud from the word go. It was an exercise in pretending to Canadianize the oil industry. All it did with the energy policy was to come to the bitter truth of the last few days. It was a fraud from the beginning, and the government is paying a heavy price for it today.

During this debate we have heard about the loss of jobs and businesses. Not only eastern Canada is in stagflation, but the government has succeeded in sending the entire country into a very deep recession and probably a depression.

I well remember the debate on the budget which was referred to earlier. The budget of the hon. member for St. John's West (Mr. Crosbie) was not too bad. It was the first budget in the western industrialized world which tried to balance the budget, not only by restraints here and there but by decreasing taxes across the line. When there are two political parties rivalling each other and claiming credit for defeating the budget of the hon. member for St. John's West, how will history deal with it? Long before President Reagan was elected and balanced the budget by reducing taxes which will become effective this summer, the Conservative government had done it in 1979. It is true that the advertisers hired by the party did not know about it. Perhaps they do not read very well, but the fact remains that it was not a bad budget.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has expired. He may continue only by unanimous consent. Is there unanimous consent for him to continue?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I only have a few more comments to make. I am simply pointing out that all of us have a lot to answer for over the last eight years. I did want the opportunity to put what I said on the record. Many a fine person in the game of image politics has been destroyed in the history of his country because it all comes out sooner or later.

• (0720)

I would like to think that there is some glimmer of light which will emerge from this debate. I believe there are glimmers of light in this sorry mess with Alsands and the pipeline delay. As I pointed out in my speech almost eight years ago, neither of these projects should have proceeded in the manner in which they were financed.

I wrote to the Minister of Energy, Mines and Resources (Mr. Lalonde) and spoke to him. I wrote to the Minister of Finance (Mr. MacEachen) and spoke to him. I wrote to every premier in the country and I wrote to every major oil and gas company to show them my old common sense figures. It is not the cruel way of putting a company under a high interest load for a long payout period. I would just like to say that I have available hypothetical cash flow figures showing how it works. For example, when interest rates are high, you do not borrow.

Another principle which I put forward and which has been used before is increased velocity of capital flow and I will explain how it is done. Whether you buy a home, farm or capital intensive business, you must get rid of front-end loading. As a result of this type of financing, the Alsands projects can be brought onstream so that not only will the government earn money, the companies will get enough money to reward them for the risk they have taken. We should not object to making more money when everybody benefits. That is my only point.

Another reason why I am glad that the Alsands project did not proceed is that we have on the horizon three new technologies for recovering heavy oil out of the ground and removing tar sands from the sand in a much cheaper and better way than what we are doing with our present technology. This slight delay may encourage governments to try the latest technology. One can be tried and proven one way or another within a year and the other may take longer. However, it may give us a chance to avoid what I thought would be a great blunder if we proceeded with these megaprojects which had bad financing policies while not looking for enough alternative technologies which could make them better. There exists in the tar sands 1,000 billion to 1,500 billion barrels of oil. With our present technology, all we can hope to derive is 250 billion to 275 billion barrels. With these newer and cheaper technologies it would be possible to derive up to 60 per cent. The present recovery plan is about 12½ per cent to 15 per cent. I find it sad that we can only derive 10 per cent or 12 per cent of those resources and leave the rest in the ground. This occurs constantly with our late oils in Alberta, Saskatchewan and British Columbia, as well as in all other major oil producing countries in the world. We have recovery up to 25 per cent or 27 per cent, but I am disturbed by what is left in the ground. Technology is being developed and I believe success is very close in this particular area.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I always enjoy hearing a good speech from the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I would hope that in the near future he will have an opportunity to put

on the record his suggestion regarding the financing of this project.

I was pleased to hear that he ended on a positive note. I believe that it is absurd to assume that we are discussing the total demise of the oil sands project in this country. I cannot believe that this is the case.

If we look at alternative plans in the future instead of discussing the last year or two, we will see that we need those projects very badly. The method of extraction discussed by the hon. member should be looked into in this country.

I do not entirely agree with him that what he calls double taxation has been at the heart of the problem. I believe there are other factors involved which exist today. I will deal with those factors in a few moments.

For several weeks now I have listened to the debate on this subject and the whole question of the National Energy Program. I would like to make some observations with respect to this debate. If one listens in particular to the Progressive Conservative members, one would assume that at some point the National Energy Program was guilty of drilling a hole under the earth's crust, thus allowing all our oil to leak out, and not leaving us with any. It is their attitude which makes one think that the oil will be gone forever and we should be extracting it rapidly because it will all leak out. They have the same attitude with respect to gas which is capped. They believe it will somehow leak into the air. They seem to think that if we do not explore we will not be able to find it again. It appears to be the dominant attitude of those hon. members.

Perhaps nuclear fusion or some other technology will render this particular resource useless, but I do not believe that. Those resources are there and they will become more valuable as time goes on.

I would like to put forward some of the reasons why we are not proceeding with this project. They do not have anything to do with the value of those resources. To suggest that we must develop our oil and natural gas quickly is ridiculous. Another fallacy which prevails is that if the state acquires an interest or ownership in a private corporation, it is an expense to the government. For instance, if the government is buying Pacific Petroleums it is considered to be an expense to the government and a waste of money. On the other hand, when Thompson acquires ownership of Hudson Bay it is called an investment. Thompson expects to make a profit over the years on what would be termed a good investment.

• (0730)

When the Canadian government buys Petrofina, it is an expense. Obviously it does not expect to make any money out of that purchase. We constantly hear the question being asked as to why we buy these gas stations. It is as though we were spending a lot of money and not getting anything out of it. I will tell you why I want us to own such a company. I want to see the inside of the industry, from the search for oil to the drilling, to the gas pump. I want to keep an eye on this. That was the reason for setting up Petro-Canada in the first place. It is still a reasonable proposition.

There is another point which seems to elude a lot of people, particularly the Tories. I find it difficult to understand the position of the NDP on this. The point is that it seems there is something dishonest or socialistic—I guess the two are used together by people who talk of socialism as some kind of evil, even though we live in a part of the world where a mixed economy is a common factor, at least for this century—about a government that would get itself into the position of trying to own 50 per cent of its own natural resource.

How is this done? How is it acquired? Do we sit and wait for it to happen? It has never happened before, and will not happen unless someone takes a step to make it happen. Someone must say this is what we are going to do. I remember a convention in about 1975 or 1976 where there was a lot of talk about 50 per cent ownership. We do not hear that any more. All we hear now is that it is a terrible thing for us to do.

I have to be very angry with the NDP on this point. I have great respect for the Hon. Tommy Douglas. In my opinion he was a great legislator. I worked with him for a long time on approximately five energy bills. When I say a long time, it was because they were drawn out for a long time, 30, 40 or 50 days.

Each time in the House when we dealt with energy bills, or dealt with them in committee, the members of the NDP, represented by Mr. Douglas as the energy critic, supported every one of those bills. The National Energy Program is the first time that party has not supported these bills. Mr. Douglas has shown interest in supporting them by talking with the Prime Minister (Mr. Trudeau) and groups of other people, offering his support.

There may be some things in the bills that could be changed. They could be changed by a party that says it supports the principle but here is what it wants to do. That is not the kind of politics that party is playing at this time.

I would like to deal specifically with the problem of the so-called demise of the Alsands project. The hon. member for Qu'Appelle-Moose Mountain is correct that it is only a temporary demise. It is interesting to note that on the same day, or within a day that the announcement was made that this project would not be going ahead, Exxon in the United States announced it would not be going ahead with the oil shales project. I find it very interesting that the two projects were slowed down, stopped, terminated or postponed at almost the same time. I expect the rationale for both decisions has to be found in the global economic scene.

There are some factors we should look at seriously. The first and perhaps most important factor came into effect in the last six or eight months as a result of softening in the major markets of the world price of conventional crude oil. Prices had risen very rapidly, almost doubling, since we came into power. All of a sudden they have started to taper off. This is a very temporary phenomenon. There has not been nor do I think there will be any large increase in the world supply of conventional crude oil. There is the Hibernia and some large finds in the North Sea, but total world growth in known

reserves does not appear to be substantial. This is another reason why synthetic fuels will come onstream in a few years.

Let us look at what caused the softening of oil prices. The conservation ethic had a lot to do with prices. Prices increased from $1.50 to $2 a barrel to $34, $35, $38 or $39 a barrel, depending on the spot market. That happened in less than a decade, about nine years. It had a very significant effect on the amount of oil being used, but not much effect on the amount of oil that has been discovered. That problem must still be dealt with. However, conservation as it is related to price has had an effect on the amount of oil being used.

The second factor is the world recession. There is no doubt that with a general recession, individuals, corporations and nations do not use energy at the same rate. Things have slowed down. The growth factor is not there.

This country has gone from a growth rate of 5 per cent or 6 per cent along with a good portion of the industrialized world in the mid-seventies to almost a negative growth rate at this time. That has had a significant effect on the price of crude oil. The failure of crude oil to continue to rise in price has been one of the major factors in making this project not very desirable at this time in terms of financing and a return to the companies and governments involved.

The second factor is related to the first factor. These factors are not separable. They have to do with world inflation. This has not been given enough consideration. I spoke about it in 1973, and many times since. I refer to the inflationary cost in terms of megaprojects. Time and again with a project as large as the gas pipeline or a tar sands plant there is a built-in inflationary factor which does not seem to follow reason. The inflationary factor with the trans-Alaskan pipeline was several times the normal rate of inflation. You predict certain things will happen and the inflationary factor grows immensely. If you look at the oil shales in the United States and the two projects that are under discussion, the gas pipeline and the Alsands project, you find a tremendous inflationary factor built into those megaprojects. The argument is one I have always made; hon. members can go back and look at the record. I think this is one of the things we must consider.

• (0740)

I seriously want to discuss the third factor. I think we should get into this in a real way. Some action in this area is needed in order to move our economy in total, and in order to give these kinds of projects some possibility. The matter to which I refer is that of high interest rates. We cannot ignore this factor. We can shout and say all kinds of things, but high interest rates are what really determine what in the long run, along with the other factors, will be the bottom line. What does a project cost? Anyone buying a house today must know that the real factor is not the cost of the house. The real factor is what will be paid over 20 years, 25 years or 30 years. The same is true with any project. Megaprojects have their own special inflationary problems, but still the main factor is the cost of money and the cost of investment. That is what we must consider.

We keep hearing—from monetarists, particularly—that inflation can be beaten by high interest rates. That monetary policy involves reduced monetary supply. It involves a reduced supply of money and, inevitably, high interest rates they say, will kill inflation. They have not done so in this country, and I do not believe they really have in the United States. With the inflation rate being down, one would think interest rates would also come down, but that has not happened. The effects are rather strange. In the United States today the real interest rate is somewhere between 14 per cent and 15 per cent. What I mean by the real interest rate is the bank prime rate minus the inflation rate, and the real interest rate is something in the order of 14 per cent or 15 per cent. If there were any direct relationship between inflation and interest rates, one would assume that when the inflation rate in the United States is less than 3 per cent—some say it is a good deal less than that—interest rates would come down accordingly.

I have gone back a couple of times and taken close looks at the relationship between inflation and interest rates, or the real interest rates, and I have found there is a very close relationship, but that that relationship disappeared about 1978 or 1979. In 1973, real interest rates in Canada averaged about 3.9 per cent; in 1974, about 1.9 per cent; in 1975, minus 0.7 per cent; in 1976, 0.7 per cent; in 1977, 0.6 per cent; and in 1978, 3.3 per cent. All were under 3 per cent, or in that area. The difference between the inflation rate and the prime rate was between zero and 3 per cent. I have looked into this matter back to the sixties and back to the fifties, and I have found the same pattern. The real interest rate has been anywhere from zero to 3 per cent.

All of a sudden the rate took off. In 1979 it went up to 5 per cent; in 1980, 4.8 per cent; and in 1981, 6.5 per cent. If we look at figures from July 1, 1981, to the end of February, 1982, we find that the average was 8.9 per cent. In the United States it is about 14 per cent or 15 per cent.

What used to be true is no longer true. That relationship is not holding the way it used to hold. I think this distortion in the relationship has more to do with the problem we are facing than almost any other factor, including even world recession or world oil prices. This distortion has made this kind of project almost prohibitive. It is almost impossible to go ahead with it because of this distortion.

My time is up, and I see you are ready to rise, Mr. Speaker. At a later date I would like to discuss this distortion, what is causing it, and what is the underlying cause of the fact that our economy is so stagnant at this point.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, the hon. member for Thunder Bay-Atikokan (Mr. McRae) wants to put off until another day an explanation for the underlying causes of our economic dilemma. If he had been here all night he would have heard very detailed, succinct and thorough explanations of those causes and, if he would care to stick around a little longer, we might give him the benefit of further explanations.

Mr. Benjamin: Right out of the eighteenth century.

S.O. 26

Mr. Siddon: It has been a long, weary night for those of us on this side who stuck it out, but for me it has been worth waiting for this opportunity to speak in this important debate on the crisis facing our nation and the incompetent leadership from the government opposite which has led Canada to the brink of a national economic depression. I wonder why it was that only two Liberals sat on the benches opposite for most of the nighttime hours and only one or two NDP members were here. This is an important time when they should be listening to the views of the opposition and contributing to this debate in a rational way instead of living in a dream world, as the hon. member for Thunder Bay-Atikokan appears to be when he describes these problems to international factors, the provincial governments, and to all the red herrings he can dig up, and never faces up to the fact that the government opposite was elected to govern and to take advantage of certain situations in our country.

We have excess production capacity to ensure that people in this country are employed, but constituents call us on the telephone, as a young lady called me the other day. That young lady is a mother of two. She wept for half an hour while telling me that she and her husband placed their personal home on the line a year and a half ago to borrow money for a business venture, only to see it collapse because of the retrograde policies of the MacEachen budget and the National Energy Program. This couple are now faced with the government's taking away the home for which they worked several years, and losing the equity they have accumulated in that home.

A Vancouver housing developer who put a million and a half dollars into a major apartment project in Vancouver came to my office, with red in his eyes and ferocity in his heart, to tell me that he lost a million and a half dollars and that everything he had worked for in the last ten or 15 years was tied up in property he could not sell. He told me he was on the brink of bankruptcy. These are the circumstances which have brought this country to the point where we must hold this emergency debate and talk incessantly until the government opposite begins to realize that all this need not have happened. That is the crime of it all. All this need not have happened.

The anti-Canadian policies of the Liberal government opposite, aided and abetted by the NDP, are wrecking our beloved country, which was once a land of freedom and opportunity and is now reduced to little more than a welfare state. These people are referred to by *The Globe and Mail* as the demolition experts. I think that is quite an apt description of the anti-Canadian, subversive policies which are imposed upon this country by the Prime Minister (Mr. Trudeau), the Minister of Energy, Mines and Resources (Mr. Lalonde), and the Minister of Finance (Mr. MacEachen) to such an extent that they are bringing about the economic ruination of our country and a crisis of confidence of unprecedented proportions.

Frankly, those who have money to invest in the future of the country just cannot trust the leadership of this nation. I would like to quote Mr. W. A. Macdonald of the respected Toronto law firm of McMillan, Binch, who spoke at a special IBM conference in Banff recently. Mr. Macdonald said:

> Canada is beset by political directions at the federal level that run strongly counter to strategic requirements of the country. The policy outlook and political commitments of those in charge make an early change in these directions unlikely.
>
> Canada, with this major drag on its capacity to adjust, has lost the confidence of investors at home and abroad, and has damaged the foundations of its relationships with other countries, particularly the United States.

• (0750)

Mr. Macdonald went on to state:

> The most difficult thing to reserve will not be the bad policies, although that will also not be easy. It will be to restore trust, within the country and outside.

That is the dilemma we are facing at a time in our history when we sit on the threshhold of massive potential and opportunity. In those oil sands in the Fort McMurray area and northwestern Saskatchewan we have the potential to produce oil for 500 to 1,000 years at the current rate of consumption, approaching one billion barrels a year. We have that potential to be tapped here and now.

Mr. Benjamin: You are guessing.

Mr. Siddon: Although research and extracting of oil from sands has been under way since 1950, when the Alberta Research Council and the government of Alberta first initiated this research, the best known technology today requires that megaprojects and the economies of scale be used to develop that potential.

Some of the other concepts which involve solvents and steam injection and frothing to the surface of underground deposits are not viable, at least for a decade. Therefore the point we have to make is that these major megaprojects are essential and that before 1990, if we are to become self-sufficient in energy, we must have six to eight projects of the scale of Alsands in operation. That is the only way to produce the more than one million barrels a day of excess supply which we will need if we are not to be dependent on OPEC and the instabilities of world political factors. The only way we will get that is to get on with projects like Alsands here and now, and to take advantage of the excess capacity in our manufacturing sector now, not five or ten years from now.

We should use technology which has already been proven by Syncrude and Great Canadian Oil Sands to get on with extending our domestic supply by another 140,000 barrels a day, by building Alsands. In order to pay the cost of that, we need to have that northern gas pipeline under way. Our country is currently faced with massive unemployment in the steel and technological industries. We need that employment now.

That is the great tragedy of all of this matter. At a time when we need all of these things now, through government policy we have destroyed that opportunity and we are contributing further to the deterioration of our national economy.

Why is it so important that we reject the arguments of those hon. members opposite who are saying, "Well, now, there is a glut of oil on the world market, and it is just too expensive to

produce that exotic oil from oil sands even though that is our key to the next five centuries". They are saying, "Oh, no, there is a glut on the world market".

I want to remind the hon. members opposite that, right here and now, we have a war going on in the Falkland Islands, and that war is a reflection of the tremendous instability in the world political structure which could see all of South America possibly aligning itself with the communist nations. We could see Venezuela and Mexico cutting off their oil, including the cheap oil which has been contracted for Mexico, in a matter of a fortnight, or overnight. We could see the Middle East erupt into a violent crisis or confrontation. We have the potential for world war breaking out at a time when our dependency on offshore oil has increased from something of the order of 20 per cent in 1979 to almost 30 per cent now. If that foreign oil supply is cut off tomorrow, we are a very vulnerable nation. It is absolutely inexcusable, at a time when we have the potential, as represented by these major megaprojects, to ensure the internal security and maintenance of the lifestyle to which Canadians are entitled, given their decades of work to this end.

It is too late to turn the calendar back. Many of my colleagues have pointed out that had the Crosbie budget of December, 1979, been adopted, this country would be in a much better financial shape today. Interest rates would have been less than 14 per cent—probably 13 per cent. The Alsands project would have been a year and a half on stream in terms of the major financial commitments, and this disaster would never have happened. In all likelihood the Northern Gas Pipeline project would also be in production.

However, because we cannot turn the clock back and bring in the incentives to investment which are an important political principle of this party and, in fact, of our Canadian history, I want to make a suggestion at this point, because it offers the potential for an immediate solution to this problem.

I would suggest that the Government of Canada undertake to initiate Canadian oil sands investment certificates which would be issued to all those who chose to invest in private sector corporations which would then engage in financing the Alsands and future megaprojects related to securing our energy supply. These investment certificates issued by the Government of Canada would entitle the shareholders to a 100 per cent tax credit for any earnings on those investments.

If five million adult Canadians were to purchase $100 of those share certificates, we could raise $.5 billion in one year. Five million Canadians at $100 each would not be hard to come by at this particular and critical time in our history. I would suggest that if those types of certificates were made available to encourage Canadian participation by private individual Canadians, we could raise sufficient capital and produce the restoration of confidence which is required from Canadian sources to ensure that this project is adequately financed from the private sector and will go forward.

Therefore there is no excuse for the government not taking a positive and constructive initiative, even now, to save the Alsands project.

Mr. Benjamin: That's Social Credit.

Mr. Siddon: The hon. member for Thunder Bay-Atikokan does not understand the structural problem which has led us to this dilemma. There are three key factors which have led us to this problem.

First of all, government tax policies of this past decade have punished any Canadians who would invest in securities, stocks or speculative ventures aside from their own homes. They have been punished if they chose to invest in anything other than their own homes. Therefore, what we have done has been to fuel the speculative spiral in the valuation of private residential properties, which has led to an appreciated equity in those homes of something in the order of $300 billion more than they were worth a decade ago. Refinancing that $300 billion equity each year will cost $30 billion at a 10 per cent interest rate. When the interest rate rises to 18 per cent or 20 per cent on home mortgages, we suddenly suck up another $30 billion out of our domestic economy. That is money which should be invested in job-creating ventures in productive sectors aside from home construction. That could very readily be accomplished, but for the fact that the unhealthy state of our economy, the massive government deficits and the attack on foreign investment have destroyed the economic climate in Canada to the extent that we are contending with high interest rates.

The only available cash and capital left in Canada for investment purposes are being soaked up by the government through Canada Savings Bonds and by home owners who have to refinance that $30 billion of equity at interest rates which are twice what they were a decade ago. Therefore this driving out of foreign investment, this punishing of Canadians who would invest in our country, this discouraging of private ownership and investment, is at the heart of our problem.

I might point out that the spend-thrift government opposite must now re-issue some $6 billion worth of Government of Canada bonds in the next year and a half which were formerly issued at 4 per cent and 6 per cent, and will now have to be re-issued at 16 per cent and 18 per cent to refinance that portion of the deficit. In so doing, that will also soak up a big chunk of equity which should rightfully be invested, through private ventures, in megaprojects and other important, large-scale projects.

The Prime Minister is now trying to redeem himself by beginning his campaign for the premiership of Quebec so that he can continue his bitter confrontation with René Lévesque long after he has left the national scene. He has already done much damage to our national affairs. However, after he has destroyed Canada, he now thinks he can save Quebec as premier. Would that not be interesting, and what a laugh! The Liberal party now thinks that John Turner, to whom my colleague, the hon. member for Qu'Appelle-Mouse Mountain (Mr. Hamilton) referred earlier as one of the architects of this disaster, might come back and somehow save the Liberal party in Quebec.

Mr. Nielsen: God help us.

Mr. Siddon: What a ludicrous suggestion that would be.

In the remaining few minutes of my allotted time, I want to discuss the direct impact of this Alsands decision and the termination of the northern gas pipeline, or postponement for two years. First of all, Stelco has confirmed that it has already signed a contract for some 675,000 tons of pipe, which is 55 per cent of the total requirements for the northern gas pipeline. It was to begin filling that contract in June of this year. Ipsco in Calgary and Regina was to fulfil the other 45 per cent requirement for steel pipe for that pipeline, also commencing this summer. In the case of Stelco the price would be roughly $900 to $1,000 per ton, or roughly $675 million of investment which will not now go ahead.

• (0800)

This contract would have kept Stelco's Stelfor mill at Welland, Ontario, going for about three years. The hon. member for Welland (Mr. Parent) is not here today but I wonder what he would have to say about the fact that 400 jobs would have been created and sustained had the contract proceeded. The $675 million would have been invested in steel which is upgraded from iron ore having a value of $50 per ton of pellets through to something like $1,000 per ton. That upgrading would have represented jobs in Canada for Canadians who need them at a time when the government is sanctioning orders for steel offshore and thus is exporting jobs to Japan and elsewhere.

Mining equipment would have been essential in the Alsands project. Only $235 million worth was produced in 1980, but in the Alsands project alone the Canadian equipment content would have amounted to about $1.2 billion. That is about five times the amount of mining equipment produced in Canada last year. It would have included structural steel, iron ore, copper, zinc, nickel and molybdenum.

The Alsands project would have involved a lot of conveyor work which would have been supplied primarily by Stephens-Adamson of Belleville and FMC of Toronto. Other Canadian conveyor suppliers are Forano of Quebec, Continental Conveyor of Thetford, Quebec, and Jervis B. Webb of Hamilton.

Canada also produces bucket-wheel loaders of 20-cubic yard capacity. These would have been supplied by Orenstein & Koppel Canada Ltd. of Dundas, Ontario.

Compressors, pumps, valves, and controls could have been supplied by Ingersoll-Rand, Allis Chalmers, and Dorr-Oliver of Orillia.

Total domestic production of machinery and equipment in Canada in 1980 was $7.1 billion. That did not involve these particular projects, and many orders in the other sectors are drying up because of the deterioration of our economy.

There was an opportunity for this country to become a world leader in developing technology in the machinery for harvesting oil sands and for producing a very much needed resource. It is an opportunity that the Steel Company of Canada and the equipment manufacturers needed to get them over a threshold. These companies had made financial commitments and were prepared to go further. Instead of that some 25,000 people in the mining industry are now unemployed.

The mining industry of Ontario in particular supplies all its output to the steel industry of Ontario. A multiplier factor is involved, so 25,000 summer lay-offs in the mining industry in Canada will affect about 120,000 jobs by the end of summer.

If a consequence of the cancellation of the Alsands project is that we do not have the cushion that is needed to provide the employment that the project represented, summer lay-offs, and shut-downs, and early retirement schemes will be replaced by permanent unemployment. That is the spectre which faces our country. Do we want security of supply? Do we want to restore health to the economy, or do we want to continue with a proud, stubborn, obstinate and incompetent government which is devastating and destroying our national economy?

Some hon. Members: Hear, hear!

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I am pleased to be able to take part in this debate today. I must say that I join with my colleagues who are saddened by the events of the last few days which were the culmination of a series of errors of omission and commission over the years in the business and taxation policies of the government.

We are discussing this today against the background of the report of the Conference Board of Canada which was released yesterday. It indicates that every province of this country shows a downturn and projects a downturn in its economic situation. In fact it shows that Ontario, which would benefit so greatly from the continuation of the Alsands project, has one of its worst economic report cards in decades. Last week's reports are described as gloomy, and provincial assessments which have just been issued, back that up.

We are seeing the demise of a very important element of the national economic development program of the government. We are looking at the end of the underpinnings of this whole program that it has put forward. We look ahead to unemployment, failure to invest, and further hesitancy on the part of entrepreneurs to create jobs.

I should like to deal with the New Democratic Party, Mr. Speaker. Last night I listened with a sense of dismay to the leader of that party. As I did, I began to understand why the people of Saskatchewan, exercising the divine right of the people, turned the NDP government out at the last election. I had wondered why that had happened, and finally I found out.

The New Democratic Party is out of touch with reality. Historically it has denied, by its votes in this House, what Canadians have thought is important to them.

I had some responsibility in the government of the right hon. Leader of the Opposition (Mr. Clark) for the Alaska gas pipeline. The economic consequences of that natural gas pipeline were to be monumental to the country. I am one of those who does not take comfort from the fact that the pipeline has been put off for two years. That has been done in the

context of rising construction costs that will make the project even more difficult for private financing in two years time.

If the project had gone ahead on time, the construction costs, the carrying charges and all related matters would have been such that they could have been assured that the United States would look to Alaska as a reasonable source of energy. Cost and uncertainty are what have driven away the investors in that pipeline. But when this House sent a signal to the United States that there was a commitment by Canada to support the pre-build, what happened? The NDP voted against it. Why? Because they did not believe the assurances given by the U.S. Congress.

• (0810)

We all had difficulty with the assurance given by President Carter toward the end of his administration because we were worried about it. However, there had to be a Canadian commitment to the project. This House, acting on assurances of this government, voted for it—except for the NDP. And yet yesterday, when this debate began, the NDP lamented the loss of jobs and opportunities resulting from the delay of a project which they voted against.

An hon. Member: Hypocrites.

Mr. Baker (Nepean-Carleton): My friend calls them hypocrites. I leave you to make that judgment, Mr. Speaker.

Yesterday in this House the NDP leader said something which, quite frankly, startled me. He said he was pleased that the Alsands project had collapsed under its own weight. Then, with the marvellous facility they have for talking out of both sides of their mouths at the same time, he lamented the loss of jobs from the project which he said he was happy had collapsed. You cannot have it two ways, but the NDP have had it two ways for so long that one becomes sickened by their two-faced approach to public policy.

The government has been committeed to development, Mr. Speaker. The problem with the government is that it has never understood how that development should take place in the Canadian context. That is why we are at this crossroads. The projects which have been cancelled, as cited by the right hon. Leader of the Opposition, were the cornerstones of the government's approach to the economic development of Canada. All of them have gone by the board. Therefore, what other demonstrations are necessary? What costs have to be borne by Canadians before they realize that, development-oriented as this government pretends to be, whenever the Liberals get their hands on the levers of power, somehow or other they screw it up. When that happens, what do we hear? Last night the Minister of State for Mines (Mrs. Erola) said there are other projects. We can look to the projects off our coasts. Yes, Mr. Speaker, there are other projects, and I am concerned as well about them when they are in the hands of this government.

Part of the problem has been that the Prime Minister's rhetoric about co-operation, sharing, about concern one for the other, about the fact that utilization of all our resources is important, and that Canada is greater than the sum of its parts, has not been matched by policies. Right at this moment the federal government is involved in a vicious fundamental argument with Newfoundland. I see history beginning to repeat itself with respect to Hibernia, because these people never learn. If we are to get the best out of the country for its people, then the regions have to understand one another and the federal government has to understand the regions. There is a legitimate political concern in eastern Canada, and if it is not solved then we are not going to have the benefits from those projects.

Whatever the future holds, we are now dealing with the present. We are dealing with the collapse of a major and fundamental part of the government's economic recovery program for Canada. What caused that collapse? Well, Mr. Speaker, if you scratch the surface of this problem what you see at its heart is government greed. There is no more heavily taxed industry in Canada. My friends in the NDP would cheer for that—whatever it costs, keep industry down! It does not matter if it costs jobs, because their socialist philosophy is very important to them regardless of the cost. There is a limit, Mr. Speaker, to the extent to which governments generally can shoulder their way up to the table. If they move their shoulders harshly, without considering those who sit beside them, namely the investors who take the risk and create jobs, then the investors gradually are pushed off the end of the table. If you look at the energy industry in Canada, that is what has happened and we are left in the position we are in today.

The national energy policy had four major objectives: heavy taxation on oil and gas production; grants for exploration and development based upon the nationality of shareholders; suppression of prices to Canadian producers below open-market levels and the resulting extensive administration of price levels, and the subsidizing of consumer prices by keeping them below world prices through direct government expenditures. We all know now the cost of that policy which I have simplified into those four elements. The cost to our province of Ontario, Mr. Speaker, is monumental, and all this against a backdrop of depression and change in every possible way in the community. High interest rates, inflation, housing shortages, bankruptcies and unemployment, all constitute a performance which is rather frightening for those of us who look to the future of the country.

This collapse is much more than merely the end of one particular project. There is no comfort in accepting the bromide of the Minister of State for Mines who said we still have the resource in the ground. It is still in the bank, so to speak. Well, it is in the bank, but it is like forgetting about an account if you have it in the bank and cannot get it out. Whether it be for governments or otherwise, there has to be a return of some kind so that people can get it out.

So long as conditions exist as they do now and into the unforeseeable future, then we will have lost this great opportunity represented by the Alsands project. The Alsands failure will reduce business investment spending in Canada by $360 million. It sets the stage for a steady loss of real output, unemployment, and foreign investor confidence. That is what

the observers of this scene say, observers who have no axe to grind with respect to the country. Translate that to jobs, Mr. Speaker. Translate that to people, and translate that to lost opportunity. Translate that to the person who faces uncertainty in aging industries, who is looking to the new developing industries as the place to use his or her skills. It is much more than lost investor opportunity, it is lost investment opportunity certainly, but it is lost opportunities for people who want to work. That is what we face.

• (0820)

Why do we face that? I have mentioned one of the reasons, that governments seem to want to shoulder themselves to the table. I am now looking at the "Canadian Research Report" from the research department of Richardson Securities of Canada. In this report is an address given by the Winnipeg managing partner of Richardson Securities on April 27, 1982. At the time he was talking about then current negotiations. It reads as follows:

> The current negotiations on tar sand ventures illustrate other misconceptions of our policy makers; that tar sands can provide a significant revenue return by way of royalties or taxes and that these ventures bear some similarity to "public utilities".

It has always been the case of the New Democratic Party that these ventures are public utilities. They are not, Mr. Speaker. He goes on this way and describes the projects:

> Tar sand projects are in fact low grade mining operations which involve enormous initial capital and high operating costs for rates of production which are low by conventional oil standards. They involve a series of very large-scale activities done in a sequence which makes the entire operation vulnerable at every stage; pit design, ore grade, mining, conveying, separation, coking and refining. The discussions of "projected" rates of return have deluded the Energy Department as to the fundamentals of tar sand developments.

I just want to remind hon. members that he said this back on April 27:

> The Alsands project is stalling at the moment partly because of economic astigmatism of the governments involved—

He says "governments". That is the plural. He continues:

> —partly because of fundamental economic factors, but of equal or graver concern is the fact that the major potential participants have lost confidence in the integrity of commitments made on behalf of the federal government.

This is right back at the doorstep and the feet of the Minister of Finance (Mr. MacEachen), the Minister of Energy, Mines and Resources (Mr. Lalonde), the Prime Minister (Mr. Trudeau), other members of cabinet, and those who blindly support this forced march to economic decimation. That is where this analyst and many Canadians are putting the blame for what has happened. He goes on to say that the way in which this can be changed is, first, to change the architects of such a deluded policy. They have led us from this period of lost opportunities, lost jobs, lost employment, lost social advance, into a period of time that has caused this House to enter this most unusual debate on a situation which, in terms of our economic development as a nation, finds the country in a state of emergency.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I am pleased to take part in this emergency debate on one of the fundamental questions facing the Canadian economy today. As previous speakers have pointed out, the entire Liberal strategy is in a shambles. It is not only the Liberal strategy that is in a shambles, but in all our constituencies we can see the economy of local people that has just completely gone down the tube. All the Liberal government has had to offer for the past two years has been the promise of megaprojects.

This emergency is not because of the problem of energy security. The Alsands project and the Alaska gas pipeline might be necessary for Canada's energy security in the future, but this is not the reason for the emergency right now. The emergency right now is as a result of the government's entire strategy for recovery and job creation which was based on those two projects. The government kept looking toward the big ticket as a way of solving all its problems. This is somewhat like an immature high school student who had hopes of somehow winning the fairy princess if only he could do some great thing. The government kept hoping that somehow it could woo economic recovery by doing some great thing, by having some economic project that would somehow get the economy rolling again with spin-off industries and everything else. But now the entire project seems to be down the tube.

Last February Senator Olson, the Minister of Economic Development, speaking in Victoria, said that Canadians should no longer feel it necessary to move away from being hewers of wood and drawers of water. He felt that we could continue in our traditional role as being exporters of raw resources, that this was the route we should continue to follow if we wanted economic prosperity.

The problem with being hewers of wood and drawers of water comes when we run short of wood and run short of water. I can see an analogy to this and the problems which the logging industry faces in British Columbia. Loggers say every year it seems that they have to go farther and farther back into the valleys, and higher and higher up in the side hills, cutting small trees in order to get the same amount of wood. In British Columbia we have a series of mills that were designed for larger trees. Now that we are dealing with smaller size timber these mills are no longer economical. The hewers of wood and drawers of water policy was a fine policy when we had readily accessible resources. But those in forestry and mining find that our resources are not quite so accessible as they used to be. And in the energy area we find that our cheapest oil and gas sources have already been exploited and shipped out.

In December, 1969, the energy minister, Joe Greene, declared his support for a continental energy policy. At that time he committed up to 34 per cent of Canada's established gas resources for export to the United States. Of course that was at the time when he confidently accepted industry estimates that we had oil supplies that would last for 923 years, and natural gas supplies that would last for almost 400 years. By selling off our more accessible resource we have robbed ourselves of reasonably priced energy that will be needed for the future. The days of cheap energy are over, thanks in large

part to the continued sellout of these resources to the United States.

• (0830)

Now that our easily accessible energy sources are exhausted or becoming depleted, we face a situation where we must develop more expensive energy projects. These projects depend upon a cycle of heavy capital investment which includes extensive capital borrowing from abroad. In order to raise capital, we must export more energy. It becomes a vicious circle, a circle which does not lead to energy security or to economic independence.

I should like to look for a moment at the Alaska highway natural gas pipeline. Both the Liberals and the Tories voted for the pre-build without adequate guarantees. On July 17, 1980, the government tabled a letter from President Carter. It was really the most worthless scrap of paper since Chamberlain returned from Munich. However, President Carter made one interesting comment at the conclusion of his letter. He said:

> Successful completion of this project will underscore once again the special character of co-operation on a broad range of issues that highlights the U.S.-Canadian relationship.

It is that special character of co-operation on a broad range of issues which I think the House should consider for a few moments, because it almost always involves Canadians being taken to the cleaners.

Also in July, 1980, my party pointed out that it would not be in the interests of the United States to complete the pipeline once we had given the go ahead on the pre-build and to export additional Alberta gas. There was no reason for the United States to complete the pipeline in the immediate future. It had what it wanted from us. We gave it to the United States, with Tory consent in July, 1980. From their questions and speeches at the time, we see that the Tories agreed with us. They also thought that this was a sellout, that Canada was taking a long-shot risk and that there were no guarantees, yet the Tories voted for the pre-build. I have not as yet heard a satisfactory answer on why they did. Why did they vote for the pre-build when they knew it was a sellout and that there were no job guarantees with it?

There is a phrase in the Bible which compares the nation of Israel to a wild ass braying in heat. It seems to me that the government, in its attempt to attract multinationals into going along with the Alsands project, has acted something like a wild ass braying in heat. Imperial Oil was involved in the Cold Lake project. It is an interesting example of the manner in which multinationals want to operate. Originally they requested a 17.5 per cent rate of return. Later they wanted 18 per cent. After the National Energy Program was introduced, they raised the ante once again and wanted 20 per cent. Now that project is very much in question.

The Liberal government tried to sweeten the pie for multinationals at the expense of Canadian consumers. My party very rightly denounced this as a sellout because it meant that we would put up the capital, we would take the risk, but we would not receive any equivalent equity. We have seen in the past the irresponsible way in which multinational corporations used their capital as a lever with the government and have no hesitation about going on a capital strike.

Merrill Lynch said that in some projects the oil companies are looking for 31 per cent and 32 per cent rates of return. Last year the Bertrand commission detailed the manner in which multinational corporations have ripped off the Canadian public from one part of the oil industry right through to the finished product, from the beginning of exploration to the gas pump. The Canadian public has been ripped off with the connivance of the Canadian government and of the official opposition.

I suggest that there are alternatives. If we need projects such as Alsands, we can do it ourselves, we can receive the profits ourselves, and we can make gas and oil products available to Canadians at reasonable prices without exorbitant profits being taken by multinational corporations. When we look at the entire question of energy security, we must emphasize conservation and better utilization of existing reserves. Also we need to put more money into the development of so-called soft alternatives. Thinking in terms of megaprojects and what they would have provided in the way of jobs, we must realize that there are better returns on our money if we have an industrial strategy which looks at Canada as a whole, looks at its resources, its people and its ability, and does not simply depend upon big ticket megaprojects.

We need an industrial strategy which requires corporate responsibilities from companies operating in Canada. If these companies are to make profits in Canada, they should be investing their money here. The answer is not always big ticket megaprojects. We can obtain more jobs for our dollar if we are willing to invest in some small projects.

All members of the House have heard appeals from small businesses which are going down the drain because the government does not seem to care about jobs which already exist in Canada. We are losing jobs. The government promises that somewhere down the road it will have a megaproject which will somehow meet all our needs.

In my constituency we are in the process of losing 600 jobs at the Chemainus mill. There has been a mill there for 120 years. At one time it was one of the largest mills in the world. MacMillan Bloedel, the company which is involved there, has shown no sense of corporate responsibility to the community whatsoever. It is taking the money it made in that community and investing it in other parts of the world to exploit those areas. At present it is saying that it cannot build a new mill in Chemainus because it has to develop a new pulp mill in Alabama. It is time to put an end to the rip-off of our resources and the exploitation of our workers. We want to see companies which make money in Canada investing their money here to create jobs.

This is an emergency because the government has done nothing but look to megaprojects as a source of economic recovery and job creation. I hope it realizes that the time it has spent dreaming about megaprojects could have been better spent developing a reasonable industrial strategy. Also I hope

that it realizes its approach has been wrong and that it should no longer follow a policy of putting all its megas in one basket.

Some hon. Members: Hear, hear!

• (0840)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak in this debate on the collapse of the Alsands project. It is really only the tip of the iceberg when you consider what is happening to the entire economy of Canada. Whenever there was a statistic published outlining a decline in employment opportunites, or a rise in Canada's inflation rate, or any change in Canada's economic indicators, we were told by the apologists for this government that there is no need to worry, that they have a number of megaprojects on the drawing board and, just as soon as these developments take place, there will be a favourable change in Canada's economic picture. We were told to be patient, to wait, and that all would be well because the Liberals are in office.

We in the opposition waited for some sign from the government which would indicate that it knew what it was doing and that it would fulfil its promise. Finally, however, the sands in the hourglass of time, at least for the government, have run out. Its bets have been called and its hand has been found wanting. As the great evangelist Billy Graham would say, "You have reached the hour of decision." The fact that the government is incapable of governing and incapable of giving direction to our great country is causing a great sense of frustration, fear and despair among all Canadians. Today this country is crying out for leadership, direction and guidance from the federal government.

Unfortunately, this government is not fulfilling its mandate. It is not acting in a way which builds confidence among Canadians or which gives them any hope for the future. Canada has been relying on the prospect of energy megaprojects to guarantee energy self-sufficiency, to give employment to some 100,000 Canadians, and to stimulate the economy in both the resource and industrial sectors.

However, this bubble has now burst with the announcement on Friday, April 30, not only of the collapse of the Alsands project but also of the collapse of the Alaska highway natural gas pipeline project which has been postponed for at least two years. This represents an unprecedented disaster of mammoth proportions for the Canadian economy. The entire blowup can be directly traced to the National Energy Program.

Of course, Alsands is only the last of a long list of megaprojects which has been cancelled as a result of the National Energy Program. Other examples are the Esso Resources Cold Lake project, the Esso Resources Judy Creek recovery project, and the Syncrude expansion project.

The economic impact of this cancellation is profound. For example, the Alsands project was estimated to produce 132,000 barrels of oil daily; Cold Lake an estimated 138,000 barrels daily; the Syncrude expansion project 62,000 barrels a day, and Judy Creek somewhere between 15,000 and 20,000 barrels daily. When these figures are added, the cancellation of these projects represents a total loss to Canada of something over 350,000 barrels of oil daily. Obviously, the Liberal policy of self-sufficiency in oil which was proclaimed with so much fanfare by the Minister of Finance, (Mr. MacEachen), the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Prime Minister (Mr. Trudeau) is doomed. The promises of oily, gassy and greasy have ended up as little more than an oil slick on the pages of time. Is it any wonder that the dollar dropped by one half cent on the day of the announcement?

Under self-sufficiency as promised by the Liberals, the maritimes could have been expected to be supplied by Canadian oil. As it now stands, this will only happen if a miracle occurs which will bring oil to Atlantic Canada from Hibernia and other offshore developments in that part of the country.

For a time, it seemed that the lucrative offers by the federal and Alberta governments to get the stalled Alsands energy project off the ground, and under construction, was one the companies could simply not refuse. However, refuse it they did, despite substantial concessions by the two governments, including the offer to cover $11 billion of the total estimated cost of the projected $13 billion. This was to be made through direct equity participation and loan guarantees. In the end, the two remaining partners in the Alsands consortium, Shell Canada and Gulf Canada Ltd., said that the risks and massive costs involved were simply too great. The uncertainty of interest rates, combined with the two recent rapid declines in world oil prices, have made the industry increasingly reluctant to tie up massive sums of money in such an expensive and long-term venture.

There have been other uncertainties as well. One is the imperfections of the oil sands technology, and the second is the more ominous industry-held view that governments have been inconsistent in sticking to terms of previous agreements.

In other words, industry, big or small, no longer trusts this government and when a situation of this nature exists there is only one thing, in my view, to do, and that is to replace this government and give a new group of Canadians a chance to restore confidence in our nation.

With interest rates still running at record levels, and with business executives and consumers becoming increasingly convinced that things will get worse before they get better, the Alsands plant had to become not only a symbol of economic recovery for the country but consortium members had estimated that the ripple effects over the project's lifetime would have an economic impact throughout Canada of some $470 billion.

It was also to serve as a political symbol indicating that government and industry could indeed work together. This begs the question of just what happened, and it brings us right back to the basic concept, namely, it is the question of trust. In my opinion the companies believed in the financial analysis that, although the terms of the deal were acceptable, they were in something like a "Heads I win, tails you lose" situation. If the project was successful, the private concerns were in fear of being forced out by the government through broken promises and agreements.

If the project was not successful the private companies stood to loose billions of their shareholders' investments, and under today's confiscatory tax laws and the arbitrary changes being made in those laws, that was simply too great a risk to take.

As a result of the collapse of their megaprojects, our Canadian recession has been turned into a full-fledged depression. Nowhere is this more evidenced than in Sydney, Nova Scotia, my home province.

The Sydney Steel plant has closed down its operations due to working conditions and the need for higher wages. Due to the mismanagement of our economy by this government workers today need a yearly salary increase at least in the amount of the 12 per cent inflation just to survive. When the individual industry in which they are employed can no longer keep raising salaries and secure the money needed for salary increases by raising the price of the product manufactured, then the industry unfortunately collapses. This is what is happening, not only to Sydney Steel but to an entire city in my province where the workers have no other place to turn, and it is happening right across the face of this nation.

• (0850)

In my view, this is a depression that never should have happened in this country. I say this because we are a resource rich nation. We are rich in human resources, coal, oil, gas, uranium, copper and nickel. We have more wheat than we can eat and more fish than we can fry or sell.

I ask this House what would the good Lord have had to give us, 24 million Canadians, in order to make us, if not prosperous, at least fully employed and enjoying a healthy standard of living? The answer, of course, is a government that is willing to co-operate rather than one interested in constant confrontation, a government that will establish policies and encourage productivity, policies that will reward initiative, that will free the energies of our people rather than penalize their every move with restrictive, crippling taxes and bureaucratic red tape. That is all that is happening to this nation, and that is what is keeping us down.

This depression presently facing us was triggered and has since been intensified by a succession of federal measures and, to a lesser extent, by the provincial responses which they evoked.

The breaking point, in my opinion, came when this government established the National Energy Program. The government will never admit that it made a blunder of the worst magnitude, not even today when its energy program is in a shambles, when it has fallen down around it like the proverbial house of cards. Instead, when asked questions about the state of the economy, the various ministers at one time or another attribute the depression to the joint arrival of the developed countries on the downslide of a world-wide business cycle, or they attribute it to the high interest rates in the United States, as we have heard the Minister of Finance say time and time again. This indicates that this government is ignoring the dominant role of energy among our natural resources.

If this government, instead of establishing its confiscatory tax practices, had made provision for a competitive rate of return on oil and gas production, it would have strengthened the dollar, improved national productivity and raised the national income. At most, it could have overtaken the deterrence of high interest rates which is killing the Canadian construction industry, the housing industry, the fishing and agricultural industries as well as large and small businesses.

I have a telegram in front of me which arrived this morning, signed by Bob McDonald of Chevrolet Oldsmobile Ltd. It indicates that the domestic automobile dealers in Nova Scotia are in trouble, asking that we please act accordingly. It states that Canada has become a dumping ground for the Japanese and, while we are at it, let's keep an eye on the Russians and their Ladas. It is their opinion that these products are underpriced. The Americans will not allow them in their country. Why do we allow them in ours? No matter which way you turn or which industry you look at, they are facing horrendous economic problems.

Before the National Energy Program, the strongly rising volume of investments in oil and gas exploration and development had been driving the whole Canadian economy forward. Every dollar invested by the petroleum industry multiplied two or three times through the economy in purchases of goods, equipment, and services.

Since the National Energy Program was introduced, the industry's investment in Canada has been drastically reduced by some 30 to 40 per cent through last year, and by a similar amount in 1982. These are not now recoverable funds. They have either been committed outside Canada or gobbled up by the maw of this ever-gobbling government. The withdrawal of private investors from Alsands is symptomatic of what has happened in the industry. All that has been surprising about it is that it has shocked some of those who have been supporting the national energy policy. They have professed to be shocked or indignant that a corporation should put the interests of its shareholders ahead of the government's so-called definition of the national interest. That they should be shocked gives us some indication and goes a long way toward explaining why we have sunk so deep into our present depression and why recovery from this depression will be difficult, hard work and a long way ahead.

In the last ten years the government has been reaching out to capture the key elements in our economy, to transform them into instruments for implementing its vision of the corporate or socialist state, that is, one in which political authority is assured by control over investment and production.

In the 25 years leading up to 1971, Canada had an average real growth in gross national product of 5 per cent, the envy of all western nations except possibly West Germany and Japan which at that time were still rebuilding their war-torn economies.

I was present in this House from June 10, 1957, on up through this period, and I watched at that time the progress that was made, especially in Atlantic Canada, under that great Prime Minister, the Right Hon. John Diefenbaker. During

that period, and it is amazing to think of it at the present time, we had between 350,000 and 400,000 unemployed.

I wish some of the younger members could have heard the speeches made at that time by the Hon. Lionel Chevrier, the Hon. Jack Pickersgill, the Right Hon. Mr. Pearson, and the Hon. Paul Martin. They should have heard the condemnation and vilification of the Diefenbaker government at that time by those men because there were 350,000 unemployed. Today we have 1,250,000 unemployed. Somehow this has become a norm. It is acceptable. Well, it is not acceptable to me, to Atlantic Canada, or to this nation. It is time we stood up and shouted about the mismanagement of our economy, the high inflation, high unemployment and obvious lack of interest in trying to do something about it.

Some hon. Members: Hear, hear!

Mr. Crouse: What happened? In the 1970s as the dead hand of government was extended deeper into the economy, average annual growth of our nation began to decline. During the ten years since 1971, real growth has averaged only 7 per cent and in recent years it has slowed to 2 per cent. As the growth has slowed, inflation and unemployment have increased. In the ten years since 1971, inflation averaged 9 per cent a year and last year it reached 12½ per cent. I will be just a few more minutes, Mr. Speaker.

Mr. Deputy Speaker: Is there unanimous consent of the House for the hon. member to extend his time?

Some hon. Members: Agreed.

Mr. Crouse: Thank you, Mr. Speaker. I will not abuse the privilege. As growth has slowed, inflation and unemployment have increased. In the ten years since 1971 inflation averaged 9 per cent a year, and last year it reached 12½ per cent. Many explanations for Canada's fading economic performance have been given through the seventies by various cabinet ministers. One of their favourites was that, having passed through its development phase, the Canadian economy had now reached a maturity in which the policy should be established to provide a redistribution of wealth rather than the creation of new wealth. This, of course, was false doctrine based upon a false premise. What we now have is a smaller pie being cut into ever smaller pieces. That is why our people are complaining.

• (0900)

Growth has in fact been slowed by other clearly recognizable developments. One of these was the growing rift in confederation and enforced redirection of, first, private and then government investment in an effort to paper over the cracks in Canadian unity. In my opinion, had investment been free to flow to where it could obtain the maximum return, the benefits to all parts of our country would have been far greater than the costs incurred by present government policies.

Another growth-slowing development was the perception of an emerging nationalism as a force to be harnessed to political advantage. So successful was the government at this game that nationalism became the principle vehicle for the transformation of Canada into a corporate state. At that, it is still not clear whether this government yet has recognized all the implications of its insistence that market forces can be subordinated to political direction. The introduction of the National Energy Program in the budget of 1980 followed by the chicanery and the flim-flam of closing tax loopholes in the budget of 1981 did more than simply cause investment to flee this country. It strengthened the government's control over the uses to which remaining investment in Canada could be put.

In the past America's recovery from a recession used to be the springboard for Canada's recovery but, in my view, stengthening American demand will not this time be enough to restore growth in the Canadian economy. What we need are infusions of new capital, and I ask: Where are these to be drawn from? Certainly not from Canadian corporations. Those which can still afford to do so are diverting their capital to the United States, and others no longer have the reserves to do anything. Taxes and inflation have taken too heavy a toll.

This government is looking to the United States recovery in the hope that it will stimulate our own, but it is forgetting the extent to which the channels through which renewed American growth that normally came into Canada have since been blocked by the Foreign Investment Review Act. More than anything else this depression was brought on by the progressive extension of federal intervention in the economy. Now the depression becomes, unfortunately, the justification for still more intervention in our economy.

I hope my thoughts will at least be given some consideration by those who have the authority and the power to run this country. Because if the government does not change direction, we will have more of the same, and we face utter and total collapse of our entire nations's economy.

[*Translation*]

Mrs. Eva Côté (Rimouski-Témiscouata): Mr. Speaker, first of all, I would like to say good morning, and I hope you spent the night comfortably, listening to so many speeches on an extremely important subject. Today is Wednesday, May 5, 9.03 a.m., and since yesterday, we have had thirteen hours of speeches on energy and the fact that certain projects, which would have created opportunities in other sectors, have been abandoned. Meanwhile, there is a lot going on in the world. Alas, Mr. Speaker, the big dream has ended. The Nordiques put their hearts and souls into it yesterday until the bitter end. The papers also tell us that an English destroyer was sunk and that probably thirty people lost their lives. Argentina is counterattacking—that was the headline in *Le Devoir*. In Poland the government in Warsaw has reinstated a curfew and more than 1,300 persons have been arrested.

Meanwhile, Mr. Speaker, here in the House of Commons we are giving our fellow citizens the impression that we are wasting our time, while thousands of people in other countries are far less fortunate than we are, a third world war may be in the offing, and many of our fellow citizens in constituencies across Canada are waiting for concrete action by a responsible

government and an enlightened opposition that will establish sound projects and programs for job creation. What have we been doing here for thirteen hours and five minutes? We have been saying that the economic situation in Canada is bad, that it is going to get much worse and that it will soon be desperate. If the Conference Board wants to tell me that the economic situation in Canada has reached its lowest point in 50 years, all right, it is their job to analyse and assess the situation and tell us what they think.

But it seems to me that representatives of the Canadian people in this House could be expected to bring in some constructive proposals and suggestions. This debate was sparked by a press release dated April 30 and published by the Minister of Energy, Mines and Resources (Mr. Lalonde), and I quote:

> Today, the Hon. Marc Lalonde, Minister of Energy, Mines and Resources, announced that suspension of construction on the Alsands synthetic oil factory means that Canada will have to stress development of its oil reserves in the Beaufort Sea and the Atlantic offshore, and also development of western conventional crude, enhanced recovery projects and heavy crude oil upgraders.

For 13 hours, everyone has agreed that Canada's energy resources are extremely abundant and more than adequate to meet all our needs. The programs exist, progress has always been satisfactory, and a tremendous task has been accomplished.

Now we must prepare for the future. One project had to be dropped, but there are several others. Canada's resources are immense, and what is needed now is the will to develop them. To some people, the energy resource challenge consists primarily in finding new supplies of oil, the main resource in which Canada is not yet self-sufficient. The Canadian government is aware of the considerable effort this represents, and what it intends to achieve is, briefly, energy security for all Canadian citizens, opportunity and fairness.

Since this is a serious subject, I shall try to do it justice, even at this very early hour. Therefore, as far as energy security is concerned, there is no doubt that Canada's oil and natural gas reserves have increased significantly, especially in the last ten years. Notwithstanding the turn of events in 1980 which brought the oil industry into a slump, a situation aggravated by the accumulation of unsold natural gas, the oil industry has remained very active. In fact, oil discoveries in Alberta, the province with the highest production, increased substantially in 1981, compared with 1980. *Oilweek Magazine* expects a substantial increase in all western provinces as well as in the Canada lands and the offshore.

There is also increasing geological activity in preparation for drilling. The news is generally good. We are making exceptional progress in reducing the demand for oil. This is one of the main goals in our fight for energy security. Oil consumption has dropped considerably, namely, from 291,000 cubic metres per day in 1980 to 268,000 cubic metres per day in 1982. Thus, our objective to conserve energy has been attained. It means that Canadian self-sufficiency rose from 79.5 per cent in 1981 to approximately 80.9 per cent in 1982, bearing in mind that the ultimate objective is still 100 per cent in 1990. At the same time, income from Canadian oil and natural gas production has increased 6 per cent, from 28 to 34 per cent. We are rapidly advancing towards our goal of 50 per cent, a very minimal part of an industry that is so essential to Canada's future economic development.

• (0910)

Canadians are playing a new and major role in meeting energy requirements. We all know that it has always been a major concern of the Government of Canada to share this country's wealth fairly among all Canadians. That is why the government has wanted to establish a pricing and tax system for oil and gas that will be fair to all Canadians, whether or not they are living in an oil-producing area, and also a fair system for the distribution of income between governments and the oil industry.

Although the Government of Canada has insisted on a fair deal for all Canadians, I must say that as a result of certain provincial taxes, some Canadians today are less equal than others. I should like to comment on what happened in my area, Cabano, during the gas price war. The House will recall that in eastern Quebec, we had a strike among independent gas distributors which lasted nearly two weeks, so that people could no longer buy gas for their cars. But I would like to say that in our area, there is a price war between the companies, and what I am going to tell you is not meant as criticism of the government's policy of fairness. In the large urban centres, the companies maintain certain price levels and in other more sparsely populated areas, prices are a little higher. As a result of the price war, in my riding, and especially in Témiscouata, we pay 10 cents more per litre of gas. Add to this the 40 per cent provincial tax, and we have to add another 7 cents per litre. So, when I compare my province with the other Canadian provinces, I see that I am paying 17 cents per litre more than other Canadians, and as soon as the new government of Saskatchewan has removed the 40 cent tax on a gallon of gas, as they promised during the last election campaign, that will mean another ten cents per litre less for them. So, in our area, we will be paying 27 cents more per litre of gas than in Saskatchewan. I am already paying seventeen cents more than Ontario or New Brunswick and the other Canadian provinces. Something has to be done about controlling provincial taxes on essential goods such as gasoline, and perhaps this debate could serve as an opportunity for members to make suggestions on how to eliminate the imbalance in gasoline and oil prices.

So, Mr. Speaker, to get back to my subject after this short digression, I would like to say that the Government of Canada and the oil-producing provinces concluded an agreement to share income from oil and gas production. We must remember, however, that this income is used to provide equitable

financing for major projects and thus ensure energy security for all Canadians. These incentives are paid for research, off-oil conversion, grants for home insulation and a number of other programs. We are now building a sound basis for confidence in Canada's energy future by applying balanced measures that will help meet the energy requirements of Canadians in every respect. Some of these measures are: The Canada Oil and Gas Act, a new system that will encourage major discoveries so that we can expect to see renewed activity in oil and gas exploration in the north and the offshore, with new prospects for business and Canadian workers.

The Petroleum Incentives Program is now being considered by Parliament, and under the program, billions of dollars worth of subsidies will encourage intensive discovery activity and provide for better development by Canadian companies. The program also provides for a new reference price for oil. It is an incentive, at the world price level, for discovery of new oil anywhere in Canada, while remaining an integral part of a domestic oil price that is only 70 per cent of the current world price.

The Canadian off-oil program provides financial incentives for consumers who wish to convert their heating systems from oil to any other form of energy. It is an integral part of a project aimed at rationalizing oil consumption and expanding natural gas transmission and distribution networks. And speaking of the distribution of natural gas, I should like to inform my hon. friends on the opposite side that since there are no natural gas distribution networks in eastern Quebec, we greatly appreciated the agreement concluded by the Government of Canada and the government of Alberta for the construction of a gas pipeline in eastern Canada, including my riding.

There is also the expanded version of the Canadian Home Insulation Program. It provides financial grants for homeowners to help them reduce energy consumption, and is now available to 80 per cent of Canadian homes. However, I am sure that the Government of Canada will also continue to encourage development of our major energy resources.

The present economic situation, the existing uncertainty as to world oil prices and the drop in demand for oil, combined with rising costs, do not work in favour of the megaprojects that have had to be postponed, not only here in Canada but in other countries as well. Expanding Canadian oil and gas prospects have led to increased activity in the oil industry. For instance, three companies have announced major investment plans for the eighties.

Gulf Canada Limited expects to spend some $7 billion on capital expenditures and exploration within the next five years. Its program includes heavy investment in the Beaufort Sea and also in conventional light crude, natural gas, heavy crude and coal. Imperial Oil will be investing $7 billion over the next ten years, to expand its operations at Norman Wells in the Northwest Territories, while also increasing its level of activity in the Beaufort Sea and the Arctic Islands and upgrading its commercial and petrochemical operations. Suncor Canada is planning annual expenditures of some $500 million over the next three years, twice the amount forecast in 1981. The company will be taking an active part this year in the discovery of 70 new wells in western Canada, and it also wants to take an active part in developing the Canada lands.

These multinational companies are still convinced that Canada can offer them unique opportunities. They have opted for working with Canadians and Canadian companies, with a view to creating a better energy future. Canadian companies have responded with imagination and enthusiasm. For instance, Canterra Energy, founded when the Canada Development Corporation bought Aquitaine—a French oil company—intends to spend $500 million in 1982 to expand its activities to include all western regions and the Canada lands. This year, Petro-Canada approved a budget of $450 million for discovery activity and development of the industry in western Canada. This is in addition to its principal activities in the Canada lands, especially as a working member of a consortium that is active in exploration on the Arctic Islands, and as leader of the Labrador group on the east coast offshore. The Arctic Islands consortium is continuing activity at a faster pace, producing fabulous amounts of natural gas, while it is forecasting new prospects for oil. Panarctic, a Canadian company, is the main operator for the consortium.

This increasing activity will result in substantial economic benefits for Canadians through job creation and spin-offs for companies in other sectors. For instance, Husky Oil and Bow Valley, both located in Calgary, have already ordered a semi-submersible drilling rig from Saint John Shipbuilding & Dry Dock of New Brunswick. The latter company already has an option to build a second rig. And that is only the beginning. Already more than 200 businesses have come to St. John's, Newfoundland, to take advantage of the opportunities offered by oil and gas exploration on the offshore. Development of natural gas reserves in the waters of Sable Island, located off the coast of Nova Scotia, is expected to involve capital expenditures of $2.5 billion. An impressive 8,750 workers will be hired when the operational phase reaches its peak, while about 1,100 long-term jobs will be needed when the natural gas comes on stream.

None of these developments should surprise us, because the industry's net income per barrel of new oil, after deducting operating costs and royalties, has increased 107 per cent since 1979, as a result of adjustments in royalty percentages and the reference price for new oil. If we compare the oil industry's net income growth with the forecast for all Canadian industries, spread over a period of ten years, no other sector has been more successful than the oil industry. The future is promising for the industry, since Canada has made a commitment to implement its energy programs on all fronts. The National Energy Program is truly operational.

Mr. Speaker, Canada is full of resources, in the north, in the east, and of course in the west, which is particularly endowed with them. Thank you very much, Mr. Speaker, my time has expired.

• (0920)

[*English*]

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, normally I am very pleased to have the opportunity to speak in the House of Commons as I have a great respect for this institution. I am always thankful to the constituents of Okanagan North for giving me the opportunity to speak occasionally in this House. However, I do not derive a great deal of satisfaction from addressing myself to the collapse of two very vital energy projects in Canada, Alsands and the Alaska pipe line. I suppose one could take some satisfaction if one were partisan because this marks the formal collapse of a bankrupt policy, that is, the national energy policy. These two projects were much too important to the economic life of this country to take any satisfaction from their demise. The horrendous effects of their cancellation will be felt throughout Canada for the next decade or more.

This country is in a deep recession, Mr. Speaker, and it is very important for us to have some stimulus. There are almost 1.5 million people unemployed in this country, which is more than at any time in our history. We need some stimulus to help the economy recover from this deep recession. We need some aid for our manufacturing industry, our construction industry and to give the economy the boost it needs to pull out of the recession.

With the collapse of the national energy policy Canadians have witnessed the failure of three major initiatives started by the government when it took power some two years ago. That three-pronged attack was designed to hoodwink the Canadian public into believing that the government knew where it was going.

First of all, there was the Constitution debacle. That is over now but it was a grab for power by central Canada, an effort to control the future economic welfare of all parts of the country to the detriment of major parts of it. That grab for power was only defeated when the Leader of the Opposition (Mr. Clark) identified it for what it was, while the New Democratic Party started its love affair with the Liberals on the Constitution issue.

The second major initiative which has failed is the national energy policy. It was a grab for wealth. All it succeeded in doing was to completely destroy the sophisticated and successful oil industry of this country.

The third major initiative which lies in ruins is the budget. It was a disaster which adversely affected the lives of every Canadian.

These policies, which were the culmination of ten to 14 years of poor government, started in 1972 with the inflationary budget introduced by the Hon. John Turner.

Perhaps it would be wise to put on the record some statistics of the 14 years since the Prime Minister (Mr. Trudeau) took office. In 1968 the total number of unemployed was 351,000; the most recent figure is 1.2 million unemployed. Youth unemployment was 7.4 per cent in 1968 but in March, 1982 it was 15.8 per cent. The inflation rate has gone from 4.2 per cent in 1968 to 11.6 per cent. The consumer price index has gone from 89 per cent to 255.9 per cent. The value of the Canadian dollar was $1.12 in 1968 and now it is 39 cents. Our trade deficit on current account stands at minus $6 million. Bank interest rates have more than doubled and mortgage rates have more than doubled. As the final insult, we now pay 30 cents for first class postage instead of 6 cents.

All this indicates that we are in the deepest recession since 1930. Unemployment is rife and business bankruptcies are increasing. In fact, the only growth industry in the country is that of trustees of bankruptcies. Interest rates and inflation have caused the average person to suffer deeply. I am sure all members have received telephone calls from constituents who are losing their houses, their jobs, their businesses, after a lifetime of hard work.

In British Columbia the forestry industry is in a state of deep depression. In my constituency of Okanagan North unemployment is twice as high as is normal at this time of year. We have lost furniture stores, automobile industries, lumber industries, and those which are still in existence only use part-time workers.

There are those who say that this is all part of a deep and dark design to ruin the country. I do not hold to that view but I can certainly see how others might, because if someone in 1980 had designed a method to ruin the country, they would not have done anything differently. They would have had the constitutional debate, the NEP and the budget.

• (0930)

This government had those things and they have succeeded in placing this country in greater dire straits than we have ever been in before. The NEP was ill-conceived from the beginning. It was put together by a group of inexperienced and arrogant bureaucrats aided by incompetent, power-mad politicians. It was not as if there was a lack of warning about the problems we confront today. Bill C-48, which was the background of the NEP, had a very long hearing before the Standing Committee on National Resources and Public Works, which sat in 1980 and heard more witnesses and received more briefs than the Constitution committee. Every single brief opposed the bill and warned the government what to expect. Chevron had this to say to the committee:

—we now have Bill C-48 before us—prepared without any industry consultation and presented as a key portion of the National Energy Program.

Chevron continues to believe that this National Energy Program, as modified by federal-provincial agreement, will

1) Reduce the present remaining reserves of oil and gas in Canada because of increased tax and royalty costs and resultant premature abandonment of wells.

2) Reduce exploration and development activity; therefore reducing reserve additions and will create higher unemployment in the conventional exploration areas of Canada.

3) Reduce exploration activity and development programs in Canada lands.

4) Reduce if not eliminate the development of heavy oil megaprojects in Canada.

What did the government have to say about it? They ignored it completely. They are now reaping the rewards of their arrogance.

On October 28, 1980, the federal government tabled its National Energy Program and the minister described it as a set of national decisions by the Government of Canada. He went on to say that these decisions:

—will impinge on almost every sphere of economic activity, on the fortunes of every Canadian, and on the economic and social structure of the nation for years to come.

How right he was. He goes on to say that the NEP will have major, positive implications for the federation itself. He was not so right there. The implications are not positive, they are very negative. The minister was right, the NEP has imposed on every Canadian. The combination of the NEP and the budget has almost ruined this country. It certainly has ruined our investment climate. A recent survey indicated that 63 per cent of investment activity by Canadian companies will be in the United States. Capital was moved out of Canada in 1981 at eight times the rate in the 1970s, or some $19 billion. The government is deeply in debt this year and will be more so next year. Where is it going to find the money it is spending? It is going to borrow in the money markets and place us in a worse position. The debt load will prevent interest rates from falling, even though American rates fall.

The deficit, along with the lack of investment, will postpone recovery from the recession. Real growth will fall this year to less than .5 per cent compared to the Minister of Finance's projection of 2.2 per cent in his budget. With the collapse of these projects the government can no longer expect to receive the $54.2 billion they had hoped to take out of western Canada to bale them out of the mess they got us into over the past 14 years. The government will be lucky if it gets $24 billion. With revenues falling as a result of the recession, with expenses rising for social welfare because of unemployment, this government is going to be even more bankrupt than it is now.

The question is, Mr. Speaker, is there a solution? I have yet to see even the beginning of one from the government or the NDP. I suggest to government backbenchers that they look at the Conservative policy in this regard as put forward by the recent Conservative government. First of all, we showed real government restraint and cut back on expenditures. The government should get out of industry and the back pockets of the people and businessmen and let the country have room to grow and fulfil the great potential it has. The government should start, as the Conservative government did, an economic partnership with the provinces and co-operate with them rather than fight them as they have done in the past two years. There should be a greater reliance on private enterprise, and certainly a greater reliance on innovation, productivity and investment. Research and development is an area in which the government has fallen drastically behind. We should build on provincial regional strength and existing economic infrastructures. Instead of downgrading our transportation system, we should be building it up.

Finally, more attention should be paid to human resources because in the final analysis that is where the greatness of this country lies. Mr. Speaker, I can only hope that the loss of these two megaprojects will somehow not result in the unnecessary extension of this depression.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, we have heard from the opposition benches nothing but gloom and doom about the future of our country. Let us be clear: none of us is thrilled to see these two projects postponed for some period of time.

Mr. Crosbie: Postponed?

Mr. Peterson: On the other hand, I think Canadians must be very clear about what we are doing and have done in the area of energy.

Mr. Crosbie: Then you are finished.

Mr. Peterson: I think if they put aside all the flak, all the clouds of doom and gloom which have been spread over the situation by the opposition—Mr. Speaker, I see the Right Hon. Leader of the Opposition (Mr. Clark) is in the back corridor. I welcome the opportunity to have him come down and sit in his seat because I believe that the mood of doom and gloom presented to this House in his lead-off of the debate yesterday was unfair and not a balanced representation of the existing situation. Furthermore, when you read his speech, as I hope Canadians will, you will realize that he did not present one positive alternative.

Mr. Mazankowski: There sure was: you guys get out.

• (0940)

Mr. Peterson: There are members on the other side who are not used to staying up all night in debates which they have called.

Mr. Baker (Nepean-Carleton): Make your speech; get on with it.

Mr. Peterson: I will be happy to make my speech with the permission of this House.

One of the fundamental aspects of our energy program is to create self-sufficiency in oil in this country by the year 1890.

Mr. Mazankowski: 1890?

Mr. Peterson: I believe that our National Energy Program has set us on that course and that we have the opportunity to achieve it.

Mr. Nielsen: Who has been up all night?

Mr. Peterson: I said 1890? Certainly everyone realizes that it is within eight years time from now which is 1990.

I do not want to be misunderstood on this point. We have undertaken major programs in all of the energy fields which I believe show a constructive means of achieving this degree of self-sufficiency that we all seek.

Let me talk about conventional exploration and development for conventional oil. Exploration drilling for oil in Alberta, where the majority of our oil is now obtained, was higher in 1980 than in 1981.

Mr. Mazankowski: That is nonsense.

Mr. Peterson: It was higher in 1981 than in 1980. *Oilweek* magazine predicts an increase in drilling this year in all western provinces as well as in the frontier and offshore regions. Geophysical activity, which precedes drilling activity, is also on the increase. I do not know whether hon. members are afraid of some more good news, but we are also making some excellent progress in reducing the demand for oil. This has been an essential part of our drive for energy self-sufficiency.

Mr. Crosbie: No one can afford it any longer.

Mr. Peterson: Consumption of petroleum in Canada has dropped. It dropped last year by 7 per cent or a little more than 20,000 cubic metres a day. That is the equivalent of one Alsands project. That type of conservation is an integral part of our National Energy Program. We have achieved this by helping people to go off oil on to more readily available fuels. We have over 100 years of proven usable gas reserves in this country. It is natural that we would want to encourage Canadians to switch from oil to gas, which we have in abundance and which we can export.

An hon. Member: A new Joe Greene.

Mr. Peterson: That is part of our program, our program of helping Canadians convert. They are given an $800 grant to help them convert off oil. They have been converting in record numbers to electricity, to gas and even to wood. That is a direct result of the farsightedness of this program. Hon. members scoff at our conversion figures. Let me give the figures to them. More than 170,000 conversions have taken place. That is not bad. More than 78,000 of them have been to natural gas. The hon. member over there wanted to know that.

Let me come now to the expanded Canadian Home Insulation program. We have brought in the expansion of the CHIP Program to include another 1.6 million homes. It seems hon. members do not want to hear the good news, but I think Canadians want to hear it.

Let me talk about the propane vehicle conversion program. There are grants of up to $400 for a vehicle to get off gasoline and on to more readily available, cheaper fuel.

Mr. Clark: How do you buy one if you are unemployed?

Mr. Peterson: We have a tremendous program of compressed natural gas that is being sparked by a Canadian company which will be the leader in the field. Over the next short term we will have compressed natural gas filling stations right across the country.

Mr. Crosbie: Depressed interest rates is what people want.

Mr. Peterson: It is a major western company and it is Canadian owned. It will be developing the technology. I would encourage members to take the gas with which they are filling this chamber and put it into their cars, because they will have government support to do it and they will find it is a lot cheaper. They will be buying Canadian. Another major program of which I am sure hon. members are aware is the Q & M Pipeline. It is going ahead. The Q & M Pipeline is a major megaproject to help bring natural gas from the west to the east.

Mr. Kempling: When is it going to start?

Mr. Peterson: It is a major program. The program that we have put forth calls for energy self-sufficiency by 1990.

Some hon. Members: Oh, oh!

Mr. Peterson: If hon. members opposite would just listen, they will see that we are well on the road to achieving that type of self-sufficiency.

Mr. Jelinek: We are well on the road with what?

Mr. Peterson: The Q & M Pipeline.

An hon. Member: Your own colleagues do not believe you.

Mr. Peterson: Let me come to research and development. Between 1980 and 1983 we will have spent a total of $260 million on research and development projects, in co-operation with the private sector, along the road to achieving self-sufficiency.

Mr. Clark: Why did you bring down the target?

Mr. Peterson: Hon. members talk about gloom and doom in the private sector.

Mr. Tobin: Reaganomics cancelled the project in Colorado, and that is the kind of policies you guys want to pursue.

Mr. Jarvis: Go to the west and look around.

Mr. Mazankowski: What about the rigs that have gone south?

Mr. Peterson: Yes, some rigs have gone south. It has killed the impact according to *Oilweek* magazine. There will be increased exploration and development in Alberta this year over last year. If hon. members do not believe that, all they have to do is look at the *Oilweek* magazine.

Mr. Fleming: Listen to the voices of the oil companies over there.

Mr. Cousineau: Puppets.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please. I do not know whether it is because it is late in the day or early in the morning but I cannot seem to hear what the hon. member is saying. The Parliamentary Secretary to the Minister of Justice and Minister of State for Social Development (Mr. Peterson).

Mr. Peterson: Mr. Speaker, I do not mind a few interventions from the party opposite, but so many of them have had an opportunity to speak, it is obvious to me that they did not make the points that were really the important ones because now they want to intervene. But the fact is we can achieve energy self-sufficiency.

Mr. Huntington: You know all about intervention.

Mr. Peterson: What is happening in the private sector? Gulf Canada Limited has announced plans to spend a massive $7 billion in capital and exploration over the next five years. Imperial Oil Limited has announced that it will spend billions in the Beaufort Sea and the Arctic Islands. Suncor Canada Inc. is spending $1.5 billion over the next three years. These are multinational companies. How about the Canadian companies?

Mr. Clark: They are all gone.

Mr. Peterson: These include Canterra Energy Ltd.; Norcen Energy Resources Limited and Petro-Canada. These are Canadian companies that will be spending a lot of money on new exploration and development.

Some hon. Members: Oh, oh!

Mr. Peterson: If hon. members opposite want to make speeches, I hope that you will allow me to encroach somewhat on their time, Mr. Speaker. They have been occupying a fair amount of my time. I do not think hon. members opposite want Canadians to have a message of hope brought to them.

Mr. Jarvis: You gave it to them in 1978. I have it here. It is Mr. Gillespie's message.

Mr. Peterson: I do not think they want to hear a message that has realism in it. Their future is filled by spreading a cloud of doom and gloom across this country. They want to deny hope to Canadians.

Mr. Jarvis: This is Mr. Gillespie's message, not ours, and it was 80 per cent wrong.

Mr. Peterson: What about the spin-offs from the projects that we are creating? More than 200 new firms have settled in St. John's, Newfoundland, to take advantage of the new opportunities created off the east coast for oil exploration. What about the gas potential around Sable Island? As many as 8,750 workers will be needed during peak phases to work on the tremendous gas potential around Sable Island.

• (0950)

The Alsands project has been postponed for the moment, but there are other incredible reserves. Our program has been flexible enough to embrace utilization of these reserves. If hon. members opposite from the east coast do not think that we should be going ahead and exploiting these reserves, I should like to hear more from them. They are the ones who seem to be talking so much this morning.

There are many other options for achieving a degree of self-sufficiency. For example, there are alternative energy sources. We could look at hydro, the potential of the Lower Churchill project, electricity, the Polar gas project, gas conversion, and coal in British Columbia. We have an incredible resource there. We have new alternative sources of energy, such as solar and the others outlined by the excellent work of the task force on alternative energy which was chaired by my colleague the hon. member for Pontiac-Gatineau-Labelle (Mr. Lefebvre). Also there are the opportunities for Canadians to convert to biomass, or to renewable energy from our forests.

Also we have incredible spin-offs envisaged by the National Energy Program. If hon. members opposite want to hear some more good news, Canada is a world leader in the production of hydraulic generators—hydroelectric generators.

Mr. Mazankowski: Hydraulic or hydroelectric generators?

Mr. Peterson: They are produced in Peterborough and in Scarborough. They have a world product mandate. These generators are exported around the world. We are world leaders in that area, and this is part of the program.

Mr. Huntington: You buy coal loaders in Japan.

Mr. Peterson: In case the hon. member does not know, the last four generators purchased by the Grand Coullee dam project in 1980 in the United States came from Peterborough, Ontario. I am very proud of that. Hon. members on this side of the House should be proud of that.

Mr. MacKay: All one of them!

Mr. Fleming: I am proud.

Mr. Peterson: We have advance technology, long distance transmission and high voltage d.c. transmission of electricity. If the hon. member from the east coast does not want to hear good news, he should not listen to it. The people who elected him will be delighted. Husky Oil and Bow Valley of Calgary have ordered a semi-submersible drilling rig from Saint John Shipbuilding & Dry Dock in New Brunswick, with an option for a second one. That is responsible activity carried out under the umbrella of the National Energy Program. Just because there is a momentary setback—

Mr. Huntington: Is 1,250,000 unemployed a momentary setback?

Mr. Peterson: I want Canadians to know that the heavy oil in the tar sands is still there. It will be there when world prices rise.

Some hon. Members: Oh, oh!

Mr. Peterson: Has one member opposite stood up and said that we should pump public dollars into a project which at present world prices is not economically feasible? Should we foist that burden upon the backs of Canadian consumers? If that is what they believe, if that is their alternative, I ask them to stand up. Even with the tremendous guarantees of the federal government, it was not considered viable by the private sector. Why should we as a government walk in and pump billions and billions of public sector dollars into a project in order to make it work? Hon. members opposite should talk to consumers in Ontario or to consumers in all provinces. I have not heard an hon. member from that side say that he is prepared to pump public dollars to a greater extent than was offered by the province of Ontario and by the federal government to make those projects work.

Some hon. Members: Oh, oh!

Mr. Peterson: Those projects will be there and they are part of our program. When conditions change we will be prepared to continue our efforts. I welcome and compliment the efforts of the province of Alberta and the Minister of Energy, Mines and Resources (Mr. Lalonde) in attempting to work with the private sector to find a way of making it viable. Unfortunately, it did not work.

I believe that confusion reigns supreme on the Tory side of the House. Members of that party have criticized us for government spending in the past. They criticized us when we established Petro-Canada. They criticized us when the federal government wanted to increase its share of energy revenue from 10 per cent—and Alberta had 40 per cent—to something more reasonable. They criticized government involvement in this sector. Now they criticize us for not bailing out the Alsands project, for not bailing out a private sector enterprise. That is hypocrisy.

Some hon. Members: No, no!

Mr. Mazankowski: You deliberately killed it two years ago.

Mr. Peterson: The hon. member said that the federal government killed the project.

Mr. Mazankowski: There is no doubt about it.

Mr. Peterson: The facts are clear and they are on the record. We offered a 50 per cent joint venture of public money and private money. We offered guarantees on the loan. We offered tax holidays until the capital was repaid.

Mr. Mazankowski: Too late.

Mr. Peterson: What more would the hon. member want us to do on the backs of Canadian taxpayers at this time? I challenge hon. members opposite to rise and say what they would do today. They are like the people who are looking forward with optimism to the nineteenth century. They should get their heads out of the sand.

There are opportunities under the umbrella of the National Energy Program which are being exploited. We have those opportunities. Canada has the possibility of a bright energy future, an energy future in which we can and shall be self-sufficient in all forms of energy by 1990. I look forward with optimism to achieving that under the umbrella of the NEP. This is not the time for doom and gloom. This is the time for the spirit of frontier development and the spirit of enterprise which Canadians have always displayed in the past. I am confident that they will recognize the challenges and the opportunities which are there.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Hon. John C. Crosbie (St. John's West): Mr. Speaker, it certainly opens one's eyes to how flexible people can be when one listens to the hon. member for Willowdale (Mr. Peterson) who just sat down. He certainly showed that he can spout nonsense with a straight face. That would naturally make him a favourite in the stakes, in the cabinet shuffle which will come very shortly. The hon. member said that we have opportunities. What he meant is that we had opportunities before the Liberal government bluffed its way back into power in February, 1980, and laid waste and devastated the Canadian economy.

The Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Finance (Mr. MacEachen), the new energy policy and the budget have done more damage than was done by the plague of locusts in Egypt. They are the devastators of the Canadian economy and of the Canadian energy scene. They are the wreckers of confidence. They have wrecked confidence in the country. They have imposed a pestilence, a plague, a famine and a blight on the Canadian economy. The results are the closure of the Alsands project and the Cold Lake heavy oil project.

The hon. member had the gall and the audacity to refer to the report of Gulf Canada. Here is what the president of Gulf Canada said in December, 1980:

> Over the years the government has so stained its credibility with retroactive rule changes that those of us in the industry now must ask ourselves, "How can we undertake to make huge investments in long-term megaprojects when we have good reason to fear that the government will come along again and pull the rug on us?"

• (1000)

That is what Gulf says and that is what hon. members have done. They have pulled the rug from under the industry.

Mr. Peterson: That is your positive alternative?

Mr. Crosbie: The hon. member wants to know what the positive alternative is. We are the positive alternative.

Some hon. Members: Hear, hear!

S.O. 26

Mr. Crosbie: You sabotaged the government in your greed for power because you could not stand to have anyone else in power. In 1979 the Liberal party wormed its way back by confidence tricks with the co-operation of the NDP. The Liberals got back into power. They have betrayed the Canadian people ever since.

The minister talked about how wonderful it was that the consumption of oil dropped in Canada last year. It dropped in Canada because the government tripled the energy taxes that it defeated us on, the 18 cents a gallon. They tripled it. Prices have gone up a dollar a gallon in the last year.

As for heating oil, which we were not going to tax at all, the government has placed a crushing burden on the people of this country. There is no energy tax credit for them. Canadians are taxed to death by this government which got into power by saying that they would not increase taxes in the energy area at all. People have been converted off oil involuntarily. They are now being converted off Liberals, and that is what they will do when the next election comes.

The hon. member had the audacity to mention the east coast. This government is attempting to wrestle away from Newfoundland, the poorest of the ten provinces, the right to exercise control and management over the oil and gas that is on our shores, that we brought with us into confederation in 1949—the Hibernia oil field. The greedy-gut centralizers of this Liberal government have stopped development on the east coast because they are attempting to grab that from the province. Sixty-one per cent of the people from Newfoundland just devastated the Liberal party in Newfoundland who they hold equally responsible with the federal Liberals. They will devastate the hon. members opposite when the next federal election comes unless their policy reverses 180 degrees.

They will not have an east coast oil development to go ahead with until that matter is settled. There will be no oil ever coming from the Hibernia oil field until the province of Newfoundland and the provinces that have resources under the water off their shores are recognized as having control and management of them. That is another disaster in which the government is engaged now and which has not been concluded yet. I do not think the hon. member had anything else to say.

Let us just see what has happened and how important this matter is. This is a report of the Economic Council of Canada. They were appointed by the Prime Minister. They advised the Prime Minister on economic policy. I refer to Volume II, No. 2, in their magazine in 1981, at page 10. They said:

> Although economists are often accused of not being able to agree on anything, there is virtual unanimity in the profession right now that the future of the Canadian economy over the next decade will depend on energy.
>
> The Economic Council itself, in its 1980 annual review described energy investment as about the only good thing the economy has going for it.

It is about the only good thing going for us in the 1980s and energy investment is now declining and energy projects are being slaughtered, suspended and cancelled all over Canada. The report went on to say:

> What will it take to make Canada self-sufficient in oil? If this country's needs for oil are to be met exclusively from oil sands production, there would have to be five new oil sands plants in operation by the end of the decade—and that would be in addition to the Alsands and Cold Lake projects which is now on the books.

The government has killed the confidence of the investing sector here in Canada.

When we review what has happened in the last two years, we see a government that has imposed a new energy policy, that has destroyed confidence in the country. We see a government that now has the highest interest rates in our history. They are unecessarily high. Why? Because over the past eight years, under their stewardship we have had $34.5 billion in deficits in the balance of payments. We have a weak Canadian economy, a weak Canadian dollar, and instead of doing something to help strengthen the Canadian dollar, instead of having policies to attract foreign investment and loans to Canada, instead of having a policy to entice private investors and encourage them here in Canada, the government has exactly the opposite policy. It has thumbed its nose at the foreign investor and has threatened the private investor.

The hon. member for Willowdale mentioned Petro-Canada and investment. He said that the government was not going to put public finds into the oil sands project, and why should they? The oil sands project would have provided hundreds of thousands of jobs across Canada and helped us to make ourselves energy self-sufficient. It would have produced 137 barrels of oil a day, on into infinity. What would this government sooner do? It would sooner spend $1,750 million of the taxpayers' money without their consent by having Petro-Canada buy Petrofina, which did not add one cup of oil to Canadian supplies. It added nothing. It did not add any natural gas. It took over existing assets and paid three times their value. That is 4 cents a gallon every Canadian driver today contributes. When he drives 20 miles he is contributing 4 cents a gallon to that purchase. Can that be compared to the oil sands project or the Cold Lake project of Imperial Oil or the Judy Creek project, or any other project that would give us new resources?

Where is this western development fund which they talk about? Here is what the Minister of Finance said to Canadians on September 9, 1980, in Halifax. He said that it was to create jobs, improve living standards and promote greater equity that he took on the position of Minister of Finance. If that is the reason he took on the job, why is he still here? We have the highest unemployment in our history, the highest unemployment rate since 1940. We have over 1.5 million people on the bread line. Where are the jobs that this Minister of Finance has created?

He says that he is improving our living standards for the fifth year in a row when we have a loss in real wages. People's real income and real wages are going down. He has not improved living standards. He says that he is promoting greater equity. What is his greater equity when we have had all of these increases in energy prices, the taxation of life insurance policies, the attempt to make it less attractive to invest by taxing interest on investment, the taxation of employer contributions to employee dental and health plans. Is that

the great equity that this Minister of Finance is promoting? If the man had a shred of conscicence or a shred of decency he would disappear into thin air so that we would not have to be bothered with him again.

What was it that the Prime Minister said? He told the Canadian people on January 12, 1980: "We have an economic program for the eighties which will enhance dignity, create opportunities and provide security". The only opportunities which have been provided in the last two years by this pestilential Prime Minister has been opportunity for trustees in bankruptcy. They are the only people who are being given increased opportunities. The trustees in bankruptcy cannot handle the business. Have you seen one Canadian with his dignity enhanced in the last two years except for these puffed up cabinet ministers in their jump jets and their Canadair jet Challengers that they are spending $23 million on this year, while the government cannot find a cent to spend on search and rescue facilities in Newfoundland? They can buy two jet Challenger aircraft with the most luxurious of appointments to take them around the country in their dim-witted and fat-lotted ways. They are the only ones whose dignity has been enhanced.

Have you seen anyone who has had their security increased in the last two years, Madam Speaker? You have not. That was their economic program. What has the government done? Interest rates are 4 per cent or 5 per cent higher than they ever needed to be because the government, instead of helping to strengthen our dollar, brought in the new energy program that attacked the dollar. It drove $10.2 billion in capital out of this country last year. Canadians are moving their money out and foreigners are refusing to invest. They have no confidence in this government. They know that this government does not support the private sector and they know that it believes in government ownership and control. They know that this government disdains them and has attacked and criticized them. As Mr. Stoik of Gulf said, they have strained their credibility. That is why the dollar is so weak.

The government will change its FIRA policy. It is a government of Tarzans beating their chests, they say, because they are such Canadian economic nationalists. Having allowed our economy to be completely dominated by the Americans over the last 30 years or 40 years of their stewardship, the government is now an economic nationalist beating its chest. It has beaten the Canadian dollar down so that it only has high interest rates to protect the Canadian dollar. That has been the cost of those policies. It has cost Canadians billions and billions of dollars, Canadians who are losing their homes and businesses across this nation. They are responsible and no one else, not some outside force, not the United States. It is not the stars in the sky that have caused this. The Liberal government of Canada caused this devastation. Their whole strategy is now gone. The strategy was in the budget speech, such as it was. Expanded world markets, massive resource projects involving major expansion in manufacturing and transportation, are all gone. This document entitled "Economic Development in the 1980s" had that strategy. How can they explain their new reorganization?

• (1010)

On January 12 of this year the Prime Minister proudly announced a new reorganization of his government in respect to economic development. Only Alice in Wonderland could have done any better than the Prime Minister. He has created a Ministry of State for Economic and Regional Development, MSERD, headed by Senator Olson. "MSERD" rhymes with "absurd".

It is going to have regional offices in every province. It is going to have a federal economic development co-ordinator in every province of Canada. We are going to have a federal gauleiter in every province because we no longer have co-operative federalism. Co-operation is at an end, the Prime Minister says. The Prime Minister is going his own way in economic development. He wants to be sure he wrecks every individual provincial economy by putting in each province a regional office with a federal economic development co-ordinator. What else is he doing? Why, we are going to have a project director for megaproject development in every province. This is the great reorganization!

Why have megaproject development co-ordinators when you have no megaprojects? As I told the people in Prince Edwward Island on Monday night, keep your eye on the Gulf of St. Lawrence to see if there is a megaproject floating by which the Liberals have destroyed and cast off. I told them to see if an oil sands or a tar sands plant floats by, and if so, to grab it because they have a megaproject co-ordinator in Prince Edward Island. Perhaps they will see an Arctic pilot project or a Cold Lake heavy oil project float by. They should not forget to grab it because the federal government will now have a whole series of project directors for megaproject development. If there are no megaprojects, why does the government bother to have the Prime Minister make this proud announcement about his megaproject developer?

They set up a Department of Regional Industrial Expansion, DRIE, as compared to the old DREE. In charge of that department is to be the Minister of Industry, Trade and Commerce (Mr. Gray) who, when asked questions in this House, goes berserk. He is like a lawnmower going berserk when he is asked a question in this House, trying to avoid answering it. To appoint that gentleman from Windsor, Ontario to be head of DRIE to battle against regional economic disparity in this country is the equivalent of the Red Cross making Dracula their blood transfusion co-ordinator. Why have all this reorganization if the government is unconcerned about them? It does not care that its only two big megaprojects are gone. Why have megaproject supervisors if it does not care about megaprojects?

There is a lot more I could say about this reorganization because there is now a minister for external relations and the Secretary of State for External Affairs (Mr. MacGuigan), both doing the same work. The Minister of State for External Relations (Mr. De Bané) is wandering around looking after

foreign relations. He must have a large family that lives overseas. I do not know what else he could be doing. We now have two ministers in charge of external and foreign relations, but I will leave that for another occasion.

If megaprojects are not the strategy of this government, if it is uncaring about the fact that the Alsands plant is gone, I presume we will have an announcement that we are no longer going to have megaproject co-ordinators.

The Minister of Energy, Mines and Resources (Mr. Lalonde) is not here today. Whenever he gets up in this House with his arrogance, superiority and destructiveness, he confirms to me that the Dracula legend is true. The other day he said not to worry about Alsands, that we are going to have the Cold Lake heavy oil project. He said we are going to resurrect that. However, when we look at *The Globe and Mail* of May 4, we see that Esso spokesman Glen Rainbird said:

> Even if we had been offered the same terms we would have made the same decision as Shell and Gulf . . . We have taken it out of our three-year planning horizon.

Imperial Oil is taking Cold Lake out of its three-year planning horizon. That is gone. Even if it can ever be resurrected, it will not be looked at again by Imperial Oil for three years. This is the government that prefers Petro-Canada to take over Petrofina, rather than create an economic atmosphere that would enable Imperial Oil to do the Cold Lake project on its own or Alsands and its partners to do the next tar sands project on its own. We have had in this Minister of Finance not only incompetence, but deceitfulness, duplicity, dinginess. He is diminished and defeated by his job. The member for Willowdale (Mr. Peterson) and the rest should go to their caucus and make sure that that minister is taken from that job and put somewhere else. They can give him any kind of job they like. Make him super Deputy Prime Minister, but put him out of harm's way. Take him out of that job.

He is left by the Prime Minister slowly twisting in the air. No one would mind that but the whole Canadian economy is twisting with him. We do not know whether his budget will go into effect or not go into effect. He has made eight changes and God knows how many more there will be. While he twists, he twists our economy into disastrous shape.

They are the Neville Chamberlains of the Canadian economy. They are the Munichers. They are also going in that direction in so far as international affairs are concerned.

The Prime Minister, the Minister of Energy, Mines and Resources, the Minister of Finance and the Minister of Industry, Trade and Commerce are the four horsemen of the Apocalypse, the four horsemen of our economy, the four horsemen of the economic Apocalypse. They represent only one end of the horse, and that is not the head. The four horsemen of the Apocalypse were war, famine, pestilence and death. This government is warring on the Canadian economy. It is starving Canadian entrepreneurs and risk-takers. It will not give them any incentive. They are like pestilence across this land.

A week ago I was in the Northwest Territories and Yukon. Mineral exploration is down 40 per cent this year. Bush aircraft companies are going bottoms up, going into receivership all over the place. The north is devastated. Mines are closing everywhere. They are damaged coast to coast. It is unbelievable.

In my own province of Newfoundland, the economy has never been worse. There is no construction and the highest unemployment in our history. The people of Newfoundland know who caused that. They demonstrated that on April 6 by voting 61 per cent for their Conservative government of Newfoundland.

The four ministers I mentioned are the dire straits quartet. The one positive thing they could now do for Canada that is still possible for them to do is resign, take themselves out of office, and give the Canadian people the chance to judge again. They know what their performance has been like for the past two and a half years. They have this Prime Minister who now thinks that he is God. Caligula could not have done any better. He is going by his personal fiat and he is going to do what he likes for the next several years. Let him put that on the line. Let him see whether the Canadian people want him or the positive alternative that we represent. Not the New Democratic Party; they are no alternative. They are hand in glove with this group opposite. Give the Canadian people a chance.

Give the policies that we introduced in 1979 a chance. Had they been continued, those projects today would have been under construction. The Canadian economy would have been vibrant. Interest rates would have been lower. Canadians would have had confidence. They would not be having their hopes crushed and destroyed by the hon. gentlemen opposite who no longer have a purpose. They no longer have any plan. They just want to cling to power no matter who it hurts, who it damages or what happens to Canada. They are in this conspiracy to stay in power. They are now twisting and wondering how they can get rid of their Prime Minister and bring in some saviour. Well, they are not going to get rid of the Prime Minister. He is not finished with Canada. He wants to leave us with an East European economy before he goes. He is an admirer of the "success" of the Polish economic system and he will not leave us until he has done us the same favour.

Madam Speaker: I am sorry, but the hon. member's time is up.

• (1020)

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I listened to the previous speech with a great sense of horror, and I wonder what the people in the galleries and those at home who watch this debate think when it can sink to such levels. We have listened to a verbal attack on Canadians and a verbal attack on members of my party who evidently do not share the view of the hon. member who has just spoken but nevertheless have a belief in the future of this country and do their duty. I wonder what impression people listening to this debate have when they listen to performances with so little content and of such low quality. It is shocking to listen to such a deliberate attack on the Prime Minister (Mr. Trudeau) and to such a deliberate attack on ministers of the Crown and elected representatives, who represent Canadians as well as

hon. members opposite. This attack was by a member who is really a master in verbiage but whose credibility is very much in doubt.

The hon. member is a member of a party which, in December, 1979, was not even able to count to make sure it would have enough members present to win a non-confidence vote, and now the hon. member comes here and cries because his party lost an election. It lost an election because Canadians did not, and still do not, have confidence in it. The hon. member has forgotten that fact, but Canadians know they cannot trust a party which cannot even count up to 141. That is what happened to the Tory party in December, 1979. Hon. members opposite have not recovered since, and because they have not recovered and because they have a psychological problem and their egos are hurt, we have listen to this kind of speech, which was the worst performance I have seen in this House in many years. On behalf of those who have to listen to this kind of junk, I regret that very much.

If there was a gold medal given for running down one's own country and its government, surely the hon. member would win that gold medal, and surely he would exhibit it. It would be sad if he were to take pride in this kind of performance, but I wonder what pride one can take in casting doubts and distorting facts deliberately, as the hon. member has done for the past 20 minutes.

Mr. Mayer: Why don't you tell us about the 1.5 million unemployed?

Mr. Caccia: The hon. member deliberately distorted facts from one issue to the next. He did it so professionally that all I can say is the hon. member could win a medal for running down his own country.

Mr. Beatty: Mr. Speaker, I rise on a point of order. The Minister of Labour (Mr. Caccia) is entitled to say whatever he wants to say as long as he stays within the rules of the House. You no doubt heard, Mr. Speaker, that the Minister of Labour accused my colleague, the hon. member for St. John's West (Mr. Crosbie), of deliberately distorting facts, and that clearly is a breach of parliamentary rules. That onus is on you, Mr. Speaker, to request the minister to withdraw that statement.

Mr. Caccia: Mr. Speaker, the hon. member distorted facts all the way through his speech.

Mr. Beatty: You said he deliberately distorted the facts.

Some hon. Members: Withdraw.

Mr. Caccia: Well, evidently. I imagine he made his speech in good faith and knew what he was talking about, and therefore it was deliberate.

Mr. Huntington: Make yours in good faith and withdraw.

Mr. Caccia: The hon. member can believe I will do my best.

Mr. Jarvis: Mr. Speaker, I rise on a point of order. My colleague has raised an appropriate point of order. We presume Your Honour will be able to rule on it. The minister said "deliberately". A number of us in the House heard it. He has had an opportunity to withdraw but has chosen not to do so. Therefore, we ask Your Honour to fulfil the responsibilities of the Chair and ask the hon. member to withdraw that statement, which clearly was unparliamentary.

The Acting Speaker (Mr. Ethier): "Deliberately" is not an unparliamentary word. It depends on what is attached to it. Unparliamentary expressions include "deliberately misleading", "deliberately misled" and so forth. I did not hear the minister being charged with saying that. I do not see "deliberately distorting" referred to in the rules.

Mr. Huntington: Deliberately distorting.

The Acting Speaker (Mr. Ethier): "Distorting" is not listed, as far as I can see, and if the hon. member wants to cite a page from Beauchesne, that might help the Chair.

Mr. Caccia: Mr. Speaker—

Mr. Beatty: Show some honour, Charlie, and withdraw. Show some integrity.

Mr. Caccia: This government has asked the provinces to act responsibly with taxpayers' funds. This government has dealt with the provinces over the past two years in a very constructive manner. There have been meetings here in Ottawa with the provinces on a number of occasions. Last summer we finally arrived at the point where the unthinkable took place; nine provinces and the Government of Canada arrived at an agreement which allowed us to conclude the constitutional exercise in a successful manner. Does the hon. member for St. John's West (Mr. Crosbie) include that on his balance sheet? Does he include the fact that the Government of Canada has been able to arrive at an agreement with the province of Alberta on energy? Does he consider that a plus or a minus? Does he consider the fact that today we have in Canada the best federal-provincial relations we have had for many years? Does he consider that a plus or a minus?

Mr. Kempling: The economy is in a shambles.

Mr. Caccia: Then the hon. member for St. John's West went on and engaged in that old chestnut about which many of us have heard many times. He spoke about the deliberate high interest rate policy of this government, knowing very well what he said was not so. The hon. member knows very well the source of our high interest rate problem. We are part of the economy of the western industrialized world, and we cannot insulate ourselves from what happens south of the border. We cannot establish our own interest rates without being aware of what is happening in other major markets and to the American dollar, and to blame the government for high interest rates is really to ignore what has been said over and over again in this House and what has been said by the Minister of Finance (Mr. MacEachen) in the budget.

S.O. 26

Mr. Crosbie: Blame the United States. Blame the sun god. Why not blame the Japanese?

Mr. Caccia: The hon. member is a master at blaming. I am glad he is responding to what I am saying. Evidently he does not like to hear what I am saying. It is getting to him; otherwise he would not be here in the House to hear my comments on what he said.

Mr. Kempling: You are deliberately distorting him.

Mr. Caccia: He knows very well that the high interest rates in this country are not manufactured by this government.

Mr. Crosbie: Yes, they are.

Mr. Caccia: We have to bring inflation down in order to bring down interest rates, and we also have to watch what is being decided in Washington with respect to the large deficit down there. That will also determine the confidence of the money market in the U.S. dollar. The hon. member knows very well the forces which come into play. He knows very well what the facts are, and that is why he is walking out of the chamber right now.

Despite the difficulties we have encountered so far, we have used unemployment insurance funds successfully to absorb the shock of difficult economic times and high unemployment. Hundreds and hundreds of unions have come forward and signed agreements with the Minister of Employment and Immigration (Mr. Axworthy) to make sure jobs are not lost. Why does the hon. member for St. John's West not make reference to the tens of thousands who are benefiting from this program? Why does the hon. member for St. John's West not recognize the fact that despite economic difficulties this government has maintained and protected the socialinsurance scheme we have? We have not done as the Americans have done. We have not cut them down. We have kept social protection for Canadians. That is a great plus for a country which is going through difficult economic times. Why did the hon. member for St. John's West not say that?

Canadians are also entitled to see the positive side of the coin. Canadians should also know what is going well in the country. The country should not be run down by hon. members like the hon. member for St. John's West who make a profession of doing that. That is not right or fair, and the hon. member should not do it. Why does the hon. member for St. John's West not speak about the program of expansion of railways in the west and the investments which will be made in the months and years to come? There will be investments in the billions to improve our railway system to permit the movement of our energy resources and natural resources to the west coast in order to improve the economic standards of the people on the prairies and in British Columbia. Why does the hon. member for St. John's West not speak about that, as well as about the performance of the government?

• (1030)

Mr. Kempling: The minister is a disgrace!

Mr. Caccia: We heard a lot of criticism this morning—

Mr. Kempling: Why do you not resign, Charlie?

Mr. Caccia: I am delighted to have such an audience. I have not had such a large audience in a long time—

Mr. Beatty: Certainly not on your side.

Some hon. Members: Oh, oh!

Mr. Caccia: —of such fine parliamentarians.

Mr. Beatty: The only minister in the House!

Mr. Caccia: It is very simple, because they are looking after the affairs of the government by having a caucus right now, because that is what we do every Wednesday morning, do we not, Mr. Speaker? Right.

Mr. Blenkarn: You need a caucus, Charlie! You'd better figure out when you are going to have an election!

Mr. Caccia: Why does the hon. member for St. John's West not tell the audience here and at home that we have achieved a good energy policy in this country despite all the criticism that we hear?

Mr. Crosbie: Come off it. I am not going to be a diabolical liar. You are doing the lying for the government, not me.

Mr. Caccia: We hear only the negative part of it. But the hon. member would not speak about the fact that the Canadian ownership of energy resources is being increased. Why does he not talk about the pluses of this policy? It is certainly good for Canadians to own a good portion of their energy resources. Why does he not mention that in his speech? When he talks about large projects, he tells listeners here and at home that two projects have defaulted. It is true that two projects have not got off the ground. However, why does he not also tell Canadians about the fact that we do have projects which are going on? We have Dome Petroleum's project of oil and gas exploration in the Beaufort Sea, amounting to $500 million. Why does the hon. member for St. John's West not mention that in his speech? Why does he not mention that the Norman Wells oilfield development for $600 million is going ahead? Why does the hon. member not say that? Why does he only bring the bad news here? There is also good news for Canadians to hear.

Some hon. Members: What?

Mr. Kempling: Name one!

Mr. Crosbie: You get 40 weeks of UIC! Is that the good news, Charlie?

Mr. Caccia: Is he engaged in the job of demolition or is he engaged in the job of construction? That is the difference between them and us. We are engaged in a job of construction and they are trying to demolish the government. We had better put them back in their places before it is too late.

Mr. Crosbie: You demolished the Canadian people! You are professional deceivers!

Mr. Caccia: The hon. member for St. John's West is now unsuccessfully trying to read the newspaper. Why does he not speak about the Revelstoke hydro project in B.C., a project that is going on to the tune of $1 billion? Why does he not mention that to those who listen to him at home?

Mr. Blenkarn: How much did you put into that one, Charlie?

Mr. Caccia: They would be glad to hear that, because what is good for British Columbia is also good for Newfoundland, or does the hon. member think that what is good for Newfoundland is only good for Newfoundland?

Mr. Crosbie: They know what is good for them, and it is not the Liberal Party!

Mr. Caccia: It is good for the whole of the country, is it not? Why does the hon. member not tell us about the Trans Quebec & Maritime PipeLines?

Mr. Kempling: When is it going to start?

Mr. Caccia: It is going ahead.

Some hon. Members: When, when?

Mr. Caccia: It is a large project. It is a $1 billion project, and it is going ahead.

Mr. Kempling: Tell us when, Charlie!

Mr. Caccia: Why does he not tell us about the coal development project for $700 million?

Mr. Kempling: Tell us when, Charlie!

Mr. Caccia: That is going ahead and you know it.

Some hon. Members: When?

Mr. Caccia: He did not mention that project in his speech.

Mr. Kempling: You have been talking about it for three years!

Mr. Caccia: And what about the Ridley Island grain terminals in British Columbia?

Some hon. Members: Oh, oh!

Mr. Caccia: That is an investment of $400 million.

Mr. Blenkarn: When, Charlie, when?

Mr. Caccia: Why does the hon. member not mention that? You will see—

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Mazankowski: It makes no difference! You killed that one, too!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Kempling: You do not know what you are talking about! Why do you not resign?

Mr. Crosbie: You are not a minister of labour, you are a minister of miscarriages!

The Acting Speaker (Mr. Ethier): Order, please. Perhaps we could, together, accord the usual courtesy to the hon. member who has been recognized.

Mr. Kempling: Well, Mackasey was trying to take credit for the Bruce generating station. They are taking credit for what Ontario Hydro is doing.

The Acting Speaker (Mr. Ethier): Once the remarks have all been aired, perhaps we will hear the remaining remarks of the hon. Minister of Labour (Mr. Caccia).

Some hon. Members: Hear, hear!

Mr. Kempling: What a disgrace!

Mr. Caccia: I could go on, Mr. Speaker, for some time, and we all know that there is a time limit to the speech.

Mr. Kempling: You are a disgrace to Parliament!

Mr. Caccia: But I was really struck and concerned by the fact that the hon. member for St. John's West would engage in such a demolition job which was intended to demonstrate that everything in Canada is going wrong. That is not a fact, and hon. members opposite know it.

Mr. Blenkarn: Yes, there is a Conservative Party, and that is all right!

Mr. Caccia: There are a lot of good things going for us in this country, and the opposition had better realize it, because it is important that we maintain the confidence of Canadians in their own country.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I was told that coming to the House of Commons would be a learning experience, and after two years, I have learned something. I have learned that when it comes to basic policy or basic philosophy on how to run the country, there is no difference between the Liberals and the Conservatives, the so-called Progressive Conservatives. The fact is, the two old-line parties are really two parties fighting for the same position.

This whole process of debate today is aimed at doing exactly that. Two parties are fighting for the same position. The fact that they are fighting for the same position has been proven over and over in this House. It has been proven by their blind support of Reaganomics. Every day in the House we hear the Minister of Finance (Mr. MacEachen) telling us that the

policies of the Reagan government will save us from inflation, while our friends in the Tory party cajole us with pleas that if we would move a little closer to the great United States President, we would not have all the same economic problems as the United States. I know that this does not sound very logical, but logic is not one of the strong points of the official opposition. I suppose that the greatest proof of the similarity between the Liberals and the Conservatives was shown in the 29 times they voted together in this House in this session. The Liberals and the Conservatives have voted together 29 times on issues such as how the government should handle Governor Bouey.

Consider their support of the grain embargo. Both the Conservatives and the Liberals supported the embargo which the United States put on the movement of grain into Russia, an embargo which the United States immediately dismissed or circumvented, but which hurt the farmers and the grain producers of Canada. Both the Liberals and the Conservatives supported that embargo. Here we are again, speaking on a motion put forward by the Leader of the Opposition (Mr. Clark), a movement designed to put some distance between the policies of the Conservatives and those of the Liberals. That is why it was brought forward. It is because their policies on these issues have been very close together ever since they were in power. Again, for proof of similarity of the policies of these two parties we can look to their voting records. One of the projects which has collapsed, or at least has been delayed, is the pipeline. There was another case in Saskatchewan where the Liberals and Conservatives voted together.

Mr. Mazankowski: You know why you were defeated in Saskatchewan.

• (1040)

Mr. Hovdebo: On July 22 of 1980 the New Democratic Party attempted to ensure some guarantees. On that date the hon. member for Vancouver-Kingsway (Mr. Waddell) presented the following motion to the House:

> That before the House adjourns for a summer recess, the House calls on the government to declare that it will not proceed with the construction of the pre-build portion of the Northern Gas Pipeline until complete financial guarantees for the whole pipeline have been obtained and an agreement has been reached between the Government of Canada and the Government of the United States that the Canadian gas exported through the southern portion of the proposed pipeline will be replaced by Alaska gas at an equivalent price.

In a speech on the same day he said:

> Indeed, I have been raising this issue in this House ever since April 17, namely, that we in the New Democratic Party believe this prebuild should not go ahead unless Canada is guaranteed that later on there will be gas swaps of amounts equal to the gas we sell now at approximately equivalent prices, along with guarantees, ironclad, signed, sealed and delivered, that the whole pipeline will go ahead. That is the position of the New Democratic Party.

Later in his speech he said:

> The main issue is that the Liberal Party is gambling with the future of this country in going ahead with this pre-build. Hon. members on the other side obviously do not see this, but I believe the jury in the country is beginning to understand what is really at stake and just what the Liberal government has done.

The Liberals and Conservatives voted together on that motion in order to make sure we did not have guarantees of swaps or guarantees that the pipeline would ever be built. They gambled and lost, so today we are faced with the motion of the Leader of the Opposition (Mr. Clark) and with the collapse of the pipeline. All the spin-off jobs in manufacturing and related industries have collapsed or have been postponed. This was made possible by the fact that those two parties would not support some guarantees and voted together to kill the NDP motion for guarantees.

Let us examine the government's position on megaprojects and on energy. The government pinned its economic and industrial recovery strategy on the development of resource megaprojects. The leading opportunity in the development of Canada's rich bounty of natural resources is outlined in a statement taken directly from the economic development document of the November 1981 budget. This sounds very much like a continuation of past policies which have promoted the export of raw materials and the potential jobs that would have occurred had the resources been processed and manufactured in Canada. The government sees this resource development policy as an opportunity to benefit all regions of Canada concurrently if it is managed properly with respect to funding and promoting indigenous manufacturing and service industries.

If the Liberals were serious about managing and developing megaprojects in order to build an enduring and diversified economic base, they would need to take the interventionist approach along the lines of promoting Canadian ownership and control as they attempted to do in the National Energy Program. However, they clearly state in their economic policy document that they do not consider this approach appropriate for any other sector, such as mining or forestry. Moreover, they have abandoned their throne speech promise to strengthen FIRA. The Liberals seem to be content to let others write the rules while they remain the referee.

Another weakness of the Liberal strategy is that it assumes our resources are for sale and that we will use them as a lever to gain access to larger markets for our resources and manufactured goods. Unfortunately, the government has been a poor bargainer, and in recent resource and trade deals with Japan and the United States that has been evident. All too often foreign governments and companies have been able to play on the need of this country to export raw products, which does not allow us to develop our manufacturing industry.

The economic viability of many of these megaprojects has been seriously called into question when the factors of prices, taxes, inflation, interest rates and financing are examined in the light of what is happening in the changing world today.

Claims of job creation and industrial spin-offs were exaggerated, and they were not cost-effective when compared with manufacturing investment. In all the megaprojects the Canadian content guarantees were weak. The fact that these energy companies withdrew from these projects proved that the projects are really not cost-effective. There are cheaper

alternatives to costly oil sands development. For example, enhanced conventional oil recovery or even alternative energy forms and conservation are available.

By committing themselves to megaprojects the Liberals inevitably committed themselves to massive public subsidies through tax concessions, grants and loans. The benefits are not worth the costs, and the projects have died.

The Liberal resource megaproject plan was simply to change our past economic pattern. As someone put it, we were drawers of water and hewers of wood. That has been changed to diggers of coal and pumpers of oil. We deserve better.

The NDP position is that where resource megaprojects can be demonstrated to be necessary to help achieve some defined national goal which is realistic, they should proceed with public subsidies and maximum public equity. The key words are "public equity". Moreover, maximum Canadian content must be guaranteed in terms of equipment and employment. Very little Canadian content was guaranteed with respect to the pre-build, according to those involved.

• (1050)

A reliance on resource megaprojects to stem the tide of the deindustrialization of Canada has proven precarious because of the uncertainties about the economic viability of these projects and the danger of perpetuating resource sellouts along with the export of jobs. The NDP has explained its policy in a statement entitled "A New Employment Option for Canada" which was released in February, 1982. We have shown a preference for concentrating on the development of our manufacturing sector by processing most of our raw resources here in Canada to create jobs for Canadians. This is a particularly important decision as far as western Canada is concerned. We have the resources; if we ship them away we limit the increase of jobs which are possible in western Canada.

With regard to some energy megaprojects, the NDP believes that we should develop, where feasible, less costly alternatives. For example, instead of a series of costly oil sands plants, enhanced oil recovery projects may be more economical and produce an equivalent amount of oil. Conventional heavy oil upgrading or even coal gasification requires less capital investment than oil sands plants. Alternative energy projects to make gasoline from natural gas, and methanol from wood waste, are also becoming economically viable. Investment in conservation is also less capital intensive, creates more jobs, and reduces the need for costly energy developments.

The NDP believes that only through strong government presence can we give direction to resource development and provide guarantees to maximize Canadian benefits. If the policy is wrong, the government should change it, but the presence I speak of must be sensible and in the right direction. The lip service given by the Liberal government until now has proven to be a disaster. Coupled with a plan to restore our manufacturing sector, this will enable us to revitalize the Canadian economy.

Mr. Caccia: Mr. Speaker, upon checking the procedural books it turns out that using the words, as I did, "deliberately misleading" is unparliamentary. Therefore, I wish to apologize to the hon. member for St. John's West (Mr. Crosbie), and I wish to thank you for your guidance.

Some hon. Members: Hear, hear!

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I appreciate the opportunity to speak to the motion concerning the crisis in the oil industry brought about by this so-called Liberal government supported by the western Liberal Party, otherwise known as the NDP. I must say it comes as no surprise to me considering the current Liberal government's track record on fiscal responsibility. Furthermore, the National Energy Program is a cruel joke on the Canadian people.

It is no surprise that it is the Liberal NEP which has caused the failure of the Alsands project. Canadians now know that what is needed is a government prepared to work with the private sector for the betterment of all Canadians. This necessarily involves developing a feeling of trust between business and government. Progressive Conservatives place more emphasis on the creation of wealth, for we know that as more wealth is created there will be more to distribute to those social programs currently underfunded by a debt-ridden federal government. Business requires flexibility in the marketplace to pursue programs which will benefit Canadians.

The NEP has caused the industry to cut back on its capital expenditure plans, its research and development, and its participation in the Alsands project, in order to generate sufficient capital to finance projects currently in progress. The minister tells us the slowdown is a result of a worldwide economic recession. The petroleum industry has always been a strong performer in the Canadian economy, and the Alsands project was a recognition of the role energy would play in Canada's economic development. It could provide the vital initial impetus to get Canadians back to work and business into gear. The industry could play a pivotal role in our economic development in the years to come. For every billion dollars it spends, it can generate between $500 million and $1 billion in further business activity across Canada, in addition to contributing to our energy security. One can sense the extent of the failure of this government from the failure of the Alsands project.

The major oil companies are not the only ones suffering from the NEP. I find it unbelievable that as a result of oil import compensation charges Canadians will pay more for gasoline and home heating fuel when they conserve fuel. As we use a higher percentage of foreign oil, it is Canadian production which will suffer. There will as well be a loss of jobs and a negative effect on our balance of payments.

Our neighbours to the south are benefiting from a worldwide oil glut. However, the Canadian consumer realizes no such benefit. In my riding, the tourism industry supplies much needed employment. The high price of gasoline will have a detrimental effect on the number of American tourists who come to that region, and that will continue for as long as there is that difference.

In the rural areas of Ontario, where a car is more of a necessity than a luxury, residents are feeling the effect of high gasoline prices eroding their standard of living. The government-forced metric conversion program has cleverly masked the layers of tax increases being shoved on to the Canadian consumer. The $2 a gallon price for gasoline has become a fact of life for Canadians in central and eastern Canada. The small independent businessman who operates a service station bears the brunt of criticism from consumers about rising gas prices, but he has no power to control those prices. We know, thanks to the report on the state of competition in the petroleum industry, that when you squeeze out independents, the price goes up. In this case, it goes into the hands of a government pricing monopoly. These businessmen are entitled to a fair return on their investment, but with decreasing profits and rising costs the future looks dismal.

Canadians have recently witnessed the realization of a made-in-Canada Constitution. They have prided themselves on their association with Great Britain and the democratic tradition inherent in parliamentary institutions. I would have hoped this would have allowed us to carry the British democratic legacy honourably. However, I have observed that the British parliamentary democracy is not only mature, but more responsible in government. The Falkland Islands dispute provides proof of that assertion. In that dispute a senior cabinet minister, as well as two junior cabinet ministers, accepted responsibility and did the only honourable thing: they resigned. They accepted responsibility and demonstrated their belief in responsible government by resigning. However, in Canada, we have a Minister of Finance (Mr. MacEachen) who introduced the National Energy Program in 1980 and then in 1981 introduced a budget that was so obnoxious his own party rebelled, not to mention the Canadian public as a whole. This budget, which is still in the process of amendments, is the ultimate in incompetence. Clearly, parliamentary democracy demands and rightly expects his resignation. The fact that the Minister of Finance has not changed indicates that the current government's concern for parliamentary democracy does not exist.

• (1100)

Now we have a Minister of Energy, Mines and Resources (Mr. Lalonde) who also must concede defeat. Under his stewardship, the collapse of the Alsands project has worsened an already bleak economic situation. The minister is quick to avoid blame by transferring it to external factors. The minister should do the only honourable thing; that is, take responsibility for the failure of the Alsands project and resign.

It was not external factors which led to the demise of the Alsands megaproject. Clearly it was Liberal mismanagement. The budget and the national energy policy complement each other. They both stink!

To talk of oil self-sufficiency as well as to promise exploration in other areas does nothing to alleviate the anxiety of Canadians over their future financial prospects. The tax regime imposed by the National Energy Program has reduced the industry's cash flow and earnings from oil and gas production to the point where its ability to generate investment capital is seriously impaired.

Investor confidence in the industry and in the economy has also been badly shaken, especially in the case of foreign investors. The combination of a severe reduction in internally-generated funds, which, in turn, affects the companies' ability to borrow, as well as weakened investor confidence, make the accumulation of large-scale funding, either through equity or debt, extremely difficult. It is obvious any fiscal terms that could have been struck between industry and the government had become academic, no matter what rate of return the terms created, because the petroleum industry simply does not have the money to invest on the scale required. For the same reason, and also because of a general lack of investor confidence, it is unlikely to find new participants in the near future for the Alsands project.

Investor confidence in Canada by foreigners is now restricted to bond sales and bank deposits, which have become particularly attractive to non-residents because of the high interest rates. This represents an outflow of between $4 billion and $6 billion in interest. As the federal government must float more bond issues the situation simply gets worse.

Government policies which cause the amount of capital outflow that is now occurring are policies exacted at a tremendous cost to all Canadians. The Petroleum Monitoring Agency tells us that the cost of Canadianization was $6.5 billion in the first six months of 1981.

This government must ask itself whether Canadianization costs exceed the benefits. Can we still afford the national energy policy? Of course not. There was a net direct investment drain of $10.2 billion in 1981.

While there is an element in the government which holds Canadianization above all else, the cost that is being imposed on the Canadian economy is horrendous. The name National Energy Program has a nationalistic ring that makes it sound appealing. It is, however, ill-conceived legislation that is beginning to backfire. In financing the current account deficit, together with the outflow of direct investment capital and unidentified outflows of funds, Canadians had to borrow $13.6 billion in 1981 through new security issues outside the country. An additional $14.9 billion was required in short-term capital imports.

The sharp rise in interest charges on the foreign debt is a visible legacy of the National Energy Program. The crippled dollar is another. The federal government has serious fiscal problems with little room to manoeuvre. The solution is clear. Relax the National Energy Program. Allow industry to keep a sufficient share of the oil and gas revenues it generates. It does not need handouts. It will then have the funds and the incentive to undertake a wide variety of projects. This action will also encourage outside investment.

The federal government needs to reassess its taxing and pricing arrangements for the health of the industry and the economy. While there may be initial pain from reduced

petroleum taxes, the creation of new jobs and increased profits in many sectors of the economy would generate considerable additional tax revenues.

The current period of softness in the international oil market will allow the government the opportunity to reassess our crude price position as well as our tax position. One alternative would be for domestic production to track the price schedule agreed to by Ottawa and the producing provinces, but not to allow the price of domestic crude ever to exceed that of imports.

There are other steps which could be more appropriate as federal government objectives that would allow for tax changes that could result in additional industry revenues comparable to those initiatives that have been currently implemented by the Alberta government. What is important is to provide sufficient funds to revitalize the petroleum industry in a manner that would provide the industry and investors with a badly needed assurance of some long-term stability.

The National Energy Program has coincided with one of the worst economic periods this country has experienced for a very long time. Coinciding as it did with a depressed economic environment, the effects of the national energy policy are devastating.

In Saskatchewan, Grant Devine spoke not at but to the people. He responded to the voters' wishes and struck a responsive chord, particularly with young people who are worried about their future financial prospects.

The role of government in the economy is to provide a framework for private sector growth. Creation of wealth is what government does best. Governments which become directly involved in commercial activity are not operating in the best interests of Canadians. There is still the opportunity to correct this state of affairs. If the federal government acts to provide relief on the scale that the gravity of the situation dictates, the country will see a significant turnaround in the industry and a new spirit of confidence will emerge in the future of this country.

I sincerely hope that the Canadian voter will not be fooled by the "prince-in-waiting", John Turner. The mad money policies of the current Liberal federal government were started by the former finance minister back in 1974 much to the detriment of the Canadian public. Somehow I believe the Canadian voter is fed up with being lied to.

The national energy policy, a policy of socialism with its high degree of intervention, is a 50-year-old policy that may have had some benefit during the last depression, but it is killing us now. People are rejecting the promise of next year. Temporary shutdown, it is called.

People in Saskatchewan have clearly indicated with their vote that they want relief from high interest rates, inflation and lack of opportunities. If the current government does not have the intestinal fortitude to make the hard decisions needed for these difficult times, let it put the question to the voters. Then we can get a new government that will put the state in its place and get Canada working again.

Even now, this government is telling Canadians that it is not the fault of the national energy policy that the megaprojects are failing. It is apparent this Liberal government is assuming that if you continue to repeat something often enough, hopefully, Canadians will actually believe it. This is why Trudeau and his government have launched a $5 million ad campaign proclaiming that it is "helping Canada work". Besides promoting job training and skill development, the campaign is intended to suggest that whatever its problems, the Canadian economy is working. Taxpayers are actually revolting at this waste of money. Times have changed and people no longer believe slick media slogans—the just society in 1968, the land is strong in 1972, win the ethnic vote in 1974, trust the Prime Minister (Mr. Trudeau) in 1979, and gasoline increases below 14 cents per gallon in 1980. This type of advocacy advertising is now backfiring because 1.2 million people are officially unemployed, along with students looking for work, struggling businesses, farmers and consumers trying to make ends meet with high interest rates and inflation. They all have trouble believing this b.s.

• (1110)

Some hon. Members: Oh, oh!

Mr. Vankoughnet: Canadians by the thousands now know this socialist party as a tired old government lacking proper representation across Canada, devoid of ideas to fit the crisis, pork-barrelling and pouring out tax dollars as a screen for inaction and incompetence. This political bankruptcy is a result of many good Liberals abandoning a sinking ship over the past few years. All that is left is the philosophy put forward by a Liberal backbencher on January 29, 1982, when he said:

> If, in order to promote our development the Liberal Party thinks we have to be communistic, we shall be communistic. This is what it is all about to be a Liberal.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have an opportunity to say a few words on the motion of the Right Hon. Leader of the Opposition (Mr. Clark) concerning the cancellation of the Alsands project and the postponement of the completion date of the northern gas pipeline project. This is not the first delay we have seen with the Alaska gas pipeline project. Certainly during the 1970s, when we were in power, we moved expeditiously to see the northern gas bill passed so that we could put in place the regulatory procedures and the agency to see the project go forward. The project is a private enterprise in which most of the funds are being raised in the United States, as they should be, because it is American gas in Alaska which will be transported to the southern 48 states. The delays are regrettable, but they are due to circumstances in the United States. We moved rapidly to put in place the agency during the 1970s. I served as chairman of the Northern Pipelines Committee. If there was any delay at that time, it certainly would not have been caused by us.

In its announcement last week the Alaskan company indicated that there were a number of factors in the United States which were affecting the project. For example, there

was the short-term excess oil supply; depressed prices of crude oil, which, incidentally, cancelled or postponed other projects in the United States like the oil shale project; low levels of economic activities; and the general uncertainty of United States financial markets. All these were factors in postponing the start-up and the completion date of the northern gas pipeline.

However, that is not to diminish the disadvantage to Canada. Most of the pipeline will be built in Canada, from which we will receive many spin-off benefits. Also there will be the foreign exchange advantage and the balance of payments advantage in the cost of transporting Alaskan natural gas to the lower 48th parallel.

It is interesting and significant that the sponsors and natural gas producers in Prudhoe Bay indicated that they are still committed to the project and will continue with the expenditure of money for the planning and development of the project. Likewise, Foothills Pipe Lines Ltd., indicated that it would continue with the pre-construction work or Phase II so that the project can go forward even though it is delayed for a couple of years.

It is important to remember that the western leg of the pre-build was completed last fall and that the eastern leg of the pre-build will be completed this fall. Certainly this will mean that something like one third of the total length of the project will have been completed. The waivers given last fall by the United States Congress, the Senate and the House of Representatives, were largely due to the completion of one third of the length of the project itself. Even the economic benefits of the pre-build are of significance to Canada. For instance, the National Energy Board estimated that the net economic benefit of the prebuild to Canada will be some $4.5 billion, and that over the lifetime of the line some $17 billion worth of natural gas will be sold in contracts to the United States, which should give us a balance of payments benefit from the pre-build of some $2 billion. Although the project has been delayed by some two years, there is no doubt that we will derive a great deal of economic benefit from the pre-build of the gas pipeline. This is especially significant at a time when we seem to have a surplus of gas in western Canada which is shut in.

With regard to the cancellation of the Alsands project, the House will recall that when the National Energy Program was announced on October 28, 1980, the Premier of Alberta indicated that he was putting a hold on the Athabasca tar sands project, on the Alsands project and on the Cold Lake project. This was especially regrettable; I am sure the premier of the province now believes that that decision was most regrettable.

On November 12, 1980, I directed a question to the Minister of Energy, Mines and Resources. I indicated that the Standing Committee on National Resources and Public Works had been studying these massive projects which would have an immediate influence on the amount of oil, but that over the period of construction they would be of great economic advantage to Canada. Also I indicated that in the end they would certainly provide a great deal of oil supply and security. I asked the minister the following question:

> —will the minister be seeking an agreement with the Alberta minister of energy to have the province's hold on these plants lifted and this issue separated from the over-all disagreement on oil pricing and revenue sharing from conventional oil, so that these projects can go forward without delay?

In his response the minister said:

> The one suggested by the hon. member is indeed one we would welcome.

He went on to indicate that he would talk with the Alberta minister of energy. It is most unfortunate that the whole question of tar sands plants could not have been separated. If we look at it realistically, we realize that the federal government was trying to get its share of revenues increased from some 10 per cent, as it was before October 28, to something like 25 per cent or 28 per cent. That kind of disagreement will take many months and, in fact, it took about ten months to reach an agreement. There was no illusion. When you think about trying to increase the federal government's share of revenues and taking on the multinationals and provincial governments, in an issue like that, you realize it will not be easy. It will take a number of months to accomplish.

• (1120)

It is unfortunate that this project could not have been separated from an over-all agreement on oil pricing and revenue sharing of conventional oil. I believe if that were the case it would probably have gone ahead. The companies clearly indicated that in their testimony before the committee in the fall of 1980. We can never be 100 per cent sure. There was an agreement in early September, 1980, which was made with Alberta, but the project still did not proceed immediately at that time. Negotiations preceded that and clearly there has been the utmost co-operation between the two levels of government. They have been willing to put up half the equity—about $6.5 billion—of the $13 billion required for the project. They were willing to guarantee a return of some 20 per cent on the investment of the private shareholders of Gulf and Shell. Even with the co-operation between the two levels of government, the guaranteed return on investment, and equity participation of 50 per cent, the companies were still unwilling to proceed with the project. The problems that the United States investors faced on the northern gas pipeline were the same problems facing the private investors. I believe that it is their prerogative. It is a private-enterprise project, even though governments were willing to guarantee rates of return by granting concessions in royalties and taxes. Whether or not to go ahead is still a private-enterprise decision.

I recently spoke to a senior official in a large company who was studying a massive expenditure in the development of his company. He said, "When we sit down to look at these mega-projects we know that if we make a bad decision we can effectively wind up the company." I believe that with the uncertainty as to the interest on money, oil prices and so on, the responsibility and difficulties faced by large corporations are considerable.

The Energy Legislation Committee during this past few weeks heard a great deal about the delay in exploration and development activities in the oil and gas industry in Canada. I think it is rather interesting to note that a recent report of the United States department of commerce forecast of projected capital expenditures abroad for foreign affiliates of U.S. companies estimated that Canadian affiliates of U.S. petroleum companies plan a 28 per cent increase in exploration in Canada in 1982 over 1981. I believe that it is a significant figure because exploration by United States affiliates on a worldwide basis is estimated to be only approximately 18 per cent.

Therefore, in spite of all the rhetoric we hear from the other side and complaints about the National Energy Program, the fact is that American-owned affiliates are making capital investments at a much higher rate in Canada than they are in other countries.

We are told that a report will be coming out very soon. I believe it is the next report of *Oilweek* in which it is indicated that of something like 170 drilling rigs which moved from Canada to the United States—supposedly because of much better returns there—only 20 are operating. I think we would want to take all those arguments we hear from the other side with a grain of salt. It is clear that the economic uncertainties are faced by all countries around the world and not just by Canadian oil companies.

For instance, during the past couple of weeks in the United States, Exxon Colony in Colorado had planned a 47,000 barrel per day shale oil project costing $5 billion. It is my understanding that this project has been cancelled because of the very same problems that face the private sector with regard to the northern gas pipeline deferral and the Alsands cancellation. Likewise, Exxon Troupe in Texas has a gasification project worth $4 billion which has been deferred recently. Similarly, Panhandle, which is a company in Wyoming, had a coal gasification project involving some 49 billion cubic feet per year of natural gas which has been cancelled. In Nigeria, a liquefied natural gas project costing $14 billion was recently shelved because of the problems that face all megaprojects, wherever they may be in the world.

Naturally, we are all disappointed that the Alsands project was scrapped. However, I believe it is rather ridiculous to accept the argument from the other side that Canada's prosperity depends on a single project like Alsands. Its own private sponsors have indicated that it is unprofitable under the present economic conditions, in spite of the generous offer by Alberta and the Canadian government which would have covered fully the 84 per cent of the cost of the suspended project. Hon. members opposite have no faith in the economic drive of Canadians. Are they suggesting, despite their continued pleas, that the private sector should do more in the Canadian energy field and that the federal government should saddle the Canadian taxpayer with the total cost of Alsands, amounting to some $13.9 billion?

I would like to give a short report on the economic benefits which megaprojects are providing to Canadians. The number of projects, other than Alsands, to which I can point is a tribute to the diversity of the Canadian resource sector and the potential which exists there. For example, there is the development of the Hibernia oil and of Venture gas off the shore of the east coast. There is the exploration and development of our oil and gas resources in the Beaufort Sea. There is the Trans Quebec & Maritime PipeLines which is now getting ready for construction.

Let us review some of these projects briefly. Since the National Energy Program was announced, work has progressed steadily on the work on Hibernia. Four delineation wells have been drilled. As a result, the Canadian Petroleum Association has recognized new proven oil reserves amounting to over one billion barrels. Our expectations for the area are even greater. This development means jobs for people in Newfoundland, in Atlantic Canada and across the country.

• (1130)

We have the Venture gas field near Sable Island. Petro-Canada had an important role to play in the discovery of this field in 1979. Since the National Energy Program two delineation wells have been drilled at Venture, resulting in an estimated proven reserve of 1½ trillion cubic feet of natural gas.

The Venture gas field lies within the offshore region covered by the recent agreement between the Government of Canada and the province of Nova Scotia on offshore resource management and revenue sharing. Under this agreement, the government of Nova Scotia will exert a large degree of control over the development of these resources and receive the lion's share of potential offshore revenues.

What is more, the offshore administrative regime established under this agreement and the new oil and gas act which was proclaimed on March 5, 1982, will ensure that Canadians participate more fully in the accelerated exploration and development activity which will now take place in the Canada lands on the east coast.

I could go on and mention the Beaufort Sea development which is estimated to cost some $44 billion and will create 10,000 jobs, some 4,600 permanent. I could also mention the Trans Quebec & Maritime PipeLines project which will cost some $2 billion and create 12,000 jobs. There is also the heavy oil upgrade in Saskatchewan which will cost $2 billion and the Dome Petroleum project to explore liquefied natural gas which is expected to be completed by 1985. It represents $2 billion in investment and 8,200 jobs during construction. The rim gas project, also to be completed in 1985, will cost about $1.5 billion and mean 2,000 jobs in construction.

I could also mention the new methanol plant in Kitimat, British Columbia, to be completed in 1983 at a cost of over $140 million, the ethylene plant II to be built in Joffre, Alberta, by 1984, costing $500 million, expansion of the Trans-Canada PipeLine in Saskatchewan, Manitoba and Ontario which will mean an investment of $237 million this year, and the truck construction of a new TransCanada PipeLine from North Bay to Morrisburg, Ontario, which represents an investment of $408 million.

It is clear from these comments that although we are all disappointed that the Alsands project is not going ahead because of economic circumstances, we recognize there are many other projects going ahead which will help to move us toward energy self-sufficiency during this decade. I think these few comments indicate a great deal of movement in that direction.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I wish to quote as follows from the document entitled "Economic Development for Canada in the 1980s", which was tabled with the budget introduced in this House in November 1981:

> The decade of the 1980s holds great promise, offering opportunities of unprecedented magnitude and the potential for lasting benefits from economic renewal to Canadians in every area of the country.
>
> The leading opportunity lies in the development of Canada's rich bounty of natural resources.

It goes on to point out the importance of massive megaprojects. It identifies $440 billion worth of potential projects, predominantly in the energy sector. It talks about the tremendous opportunity this will provide in terms of manufacturing activity, both to supply machinery, equipment and materials needed for resource development and to extend the further processing of those resource products beyond the primary stage.

It goes on to talk about the massive investment that will be required and about the opportunity for utilizing Canada's innovative resources in the development and exploitation of advanced technology, about increasing the productivity, providing the necessary goods and services, creating a climate of innovation and creativity in manufacturing, about engineering, technological communications, and electronic opportunities. It then points out the following:

> It is equally clear that we must build upon and strengthen our technological infrastructure. Innovation is a major key to success in the market place and to the achievement of the productivity growth that is so essential to the real growth that underlies our expectations of rising standards of living.

Those are lofty, credible objectives, but analysed in the context of the reality of what is happening, these words are nothing but empty, shallow, meaningless rhetoric. It clearly points out once again the misleading nature of this government. What we have in this document is nothing but a bunch of rhetorical fluff. It resembles in great part the platform that was presented to the people of Canada during the 1980 election.

I am not sure how much longer the people of Canada will be in a position to swallow this kind of phoniness and deception. The policies of this government are such that they mitigate against the achievement of these goals and objectives. They mitigate against achieving a stable climate that is conducive to investment and has some semblance of confidence.

The people of Canada and Canadian industrialists have no confidence in the management of this country as it is now provided by this government. They believe this country is being steered by a group of economic misfits.

Mr. Huntington: It is being castrated.

Mr. Mazankowski: My colleague says it is being castrated. That may be an appropriate word. Suffice it to say it is being steered by a group of economic misfits which industry does not trust. It changes the rules in the middle of the night. That is why Alsands is not going ahead.

This government has developed a policy of redistribution of wealth rather than the creation of new wealth. It discourages investment, creativity, innovative abilities of Canadians, vitality and the creative instincts of Canadians.

We are living in a society, an economic climate that is sterile rather than vibrant. Moreover, the on-again-off-again policies of this government, the budget, the National Energy Program, the attitude of the Prime Minister (Mr. Trudeau) and the manner in which they govern in a climate of confrontation and unilateralism has created chaos and uncertainty. The budget and the National Energy Program have created confusion, the result of which has created hardship and heartbreak for many thousands of Canadians.

Since the 1980 election, this government has had essentially one objective in mind, that is, to get even with the west. I have a cartoon here which appeared in the Ottawa *Citizen* of June 9. It is rather interesting that it should appear in a newspaper in Canada's capital. It illustrates the picture of the *Empress of Venezuela* supertanker which is obviously carrying oil to Canada. At the same time there is a box of Canadian dollars being lifted by the crane. The picture shows our Minister of Energy, Mines and Resources (Mr. Lalonde) with a caption that states: "Consider yourselves lucky, this money could be going to Alberta."

• (1140)

In a nutshell, that really puts this whole debate into perspective. There is an insane jealousy along the benches of this government for any potential development and growth that may take place in western Canada, particularly in the province of Alberta. There can be no question that, in the interest of national security, in the interest of the advancement of our technology and maintaining world leadership in oil sands technology, in the interest of fuelling the engine of economic growth and development at this critical time, and providing jobs, and in the interest of bolstering the manufacturing sector of Canada, this Alsands project should be going ahead. There can be no question about that. It could have been under way and it should have been under way. There is no question that it could have been under way, but unfortunately it was doomed. It was doomed, Mr. Speaker, the moment this Minister of Energy, Mines and Resources assumed his responsibility in charge of energy in this country.

To back that up, Mr. Speaker, I would like to quote from an article which appeared in the July 10 edition of the Toronto *Globe and Mail*. It is an article written by Mr. Ronald Anderson, a very perceptive individual in terms of economics and energy policy in this country and indeed throughout the world. He stated, back on July 10, 1981:

Mr. Lalonde does not care much any more about the oil sands. He continues to say that the Government wishes to pursue all options in increasing the domestic supply of oil; but the National Energy Program largely wrote off the supply of conventional oil in Alberta—

We know that because we have 300,000 barrels a day locked in right now in the province of Alberta and probably 50,000 barrels a day in the province of Saskatchewan. So that has been proved. He has been right on that. I quote again:

Mr. Lalonde now seems ready to write off the oil sands.

That was stated, Mr. Speaker, by Ronald Anderson in the *Globe and Mail* of July 10, 1981.

So the mould was cast at that time. The mould was cast, and so for hon. members opposite to stand up and blame Alberta, blame the private sector, blame the oil companies, blame the opposition, is totally false and inaccurate. The mould was cast, Mr. Speaker. This Alsands project was doomed by this government, by this minister, when he assumed the responsibility of his portfolio.

The article goes on to read:

Mr. Lalonde, after a tour of Dome Petroleum Ltd. drilling operations in the Beaufort Sea, is reported by The Canadian Press to have talked confidently about the possibility of an oil surplus in Canada by 1990.

The Energy Minister indicated that he regards development in the Beaufort as an alternative that is at least as attractive as oil sands development. He said it now appears that Canada can be "pretty confident of production coming out of the east coast and the Arctic."

That again demonstrates and illustrates the naiveté of a man in charge of the energy future of Canada. We know that it will take years to overcome the regulatory hurdles, in terms of building a pipeline from the Beaufort Sea or any other mode of transportation. It will take years to develop that system to get oil out of the Beaufort into the lower part of Canada. We have the ongoing jurisdictional dispute between the province of Newfoundland and the Government of Canada.

Furthermore, I would venture to say that in the end the oil from the Hibernia or frontier source will be as expensive as the oil out of Alsands. It seems to me that any deliberate policy shift to reliance exclusively on the offshore and the frontier represents a very high risk. That is where we are today, Mr. Speaker.

The members opposite cannot try to weasel out of this. the responsibility for the failure of this project going ahead lies at the doorstep of the treasury benches. The responsibility also lies at the doorstep of the members who support this government and keep it in office, and that applies also to the red rump to my left.

The fact of the matter is, Mr. Speaker, when the Minister of Energy, Mines and Resources chooses to do what he does, he is not only hurting the economy of western Canada, he is in fact hurting the whole nation. That is what the National Energy Program has done. It will go down in history as the major man-made disaster of the 1980s.

We talk about Canadianization. And who is not in favour of Canadianization? We all want to see our energy industry controlled and owned by Canadians to the greatest extent possible. The fact of the matter is, whether or not we have a large degree of foreign ownership, we will have the regulatory abilities to develop those resources in a manner that meets the national public interest. We still have that freedom, surely.

Therefore, I do not get overly excited about the fact that we have a high degree of foreign ownership, because we still have ultimate control. But what does Canadianization cost us? It cost $6.5 billion in the last year, and that is money that has not produced one barrel of oil. It has not added to our ability to achieve greater self-sufficiency.

What else has the National Energy Program done? It has seen the exodus of $10.2 billion of investment capital out of this country, about $5.3 billion worth of foreign capital and $4.9 Canadian. We have massive government intervention in the energy industry, and we can expect more.

I notice that the *Financial Times* of April 19, says:

According to an internal energy department study obtained by the *Times*, officials are probing the refining and marketing segments of the oil industry, looking for rationalizations for new interventions. There is talk of "carrots" and "sticks" to promote different objectives ... We can see possibilities involving forced Canadianization, price controls, profit restrictions, production directives, and continuing erosion of private control of the industry.

So Canadianization is not really the ultimate purpose here, it is nationalization and greater centralized control, so that the bureaucrats and the politicians here who occupy the treasury benches can determine who the winners and the losers are going to be, who will get a grant and who will get a subsidy and where and in what part of the country. And by doing so they will be dividing rather than uniting this country. We have had too much of that. What we need in the country is a renewal of our economic and political partnership. We need co-operation. We need co-operation with other governments, we need co-operation within industry. That has been lacking. We have had division, chaos and confusion. That must stop.

I will quote now from a freelance writer who writes for the *Edmonton Journal*. He has observed this massive government encroachment, this massive government intervention. He has been noted as not being a Conservative or a Liberal, but rather he has been noted as being in line with the New Democratic Party. This is what he had to say:

When I look at the Ottawa crowd today, I have visions of Lenin, Trotzky and other assorted personages of the Russian revolution of 1917 ... First the government instigates inflation by being spendthrift and by being overly generous in the settling of its own labour disputes. Then it goes after inflation and hurts many people.

Much of the inflation we have in this country today was and is caused by government irresponsibility. Even now, when everyone is supposed to hold the line, Ottawa's spending is up by more than 20 per cent.

He goes on:

Federal and fiscal monetary policies affecting directly and indirectly Canadians' ability to afford housing, are other examples of Ottawa's anti-middle-class sentiment. Fewer people than ever before are in the position to own homes of their own. A nation of home owners is becoming a nation of tenants. This is bound to weaken society severely.

Coming from an individual who has leftist tendencies—and he is horrified by the tendencies of this government—one would certainly assume that the average Canadian, too, is horrified.

S.O. 26

• (1150)

I have in my hand an article from one of those average Canadians, a man by the name of John B. Witchell. He refers to the writings of the Prime Minister in the book entitled "Federalism and French-Canadians" in which it is stated:

Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist government in certain provinces, from which the seeds of radicalism can slowly spread—

If the whole of the Canadian electorate could miraculously be converted to socialist ideals at one fell swoop, there would be no reason to discuss strategy—

In his article, Mr. Witchell says:

By now, if we are willing to accept the clear intent of Trudeau's words, we begin to realize that his "Federalism" is merely a stepping stone to socialism—socialism as in China, Russia, or the Cuba toward which he once paddled in his own canoe.

That is the major concern in Canada, over and above the fact that we face the highest unemployment rate in history, the highest interest rates, the highest rate of inflation, and the highest level of bankruptcies. People are concerned about what this man and this government, his cabinet colleagues and his supporters in the back benches, will do to them. They are fearful when they hear that the government is contemplating the taxation of the imputed rental income from the homes which individuals own, another $4.5 billion. It is there. We as members of the opposition must draw this to the attention of the House and the country, day in and day out. There can be no question.

Referring back to the National Energy Program, I have heard much from hon. members opposite about the fact that this Alsands project has failed because of the private sector. I have also heard hon. members opposite and those in the NDP say, "Well, those boys in the Conservative Party are in the pockets of the multinationals". The National Energy Program has not hurt the multinationals. It has crippled small Canadian industry. Exploration is down by 40 per cent since this disastrous policy came into effect. Look at the headlines which state, "Exodus of oil rigs increases", "Budget may throw 200 rigs off the job", "Small firms suffer". The small Canadian firms suffer. Another headline states, "Oil service, a lot of red ink, a lot of pain". Referring to trucking companies, about 25 per cent of Alberta's heavy-haul truckers went out of business during 1981, according to the industry's trade publication. Ontario loses too. The fact is that when this megaproject was worth $7 million, as the Hon. Larry Grossman indicated in the study—although it has doubled to $14 million—it creates $800 million in business for the Ontario iron and steel industry. That would amount to $1.6 billion, $370 million for Ontario metal working firms, and if we double that it amounts to approximately $700 million. The Ontario transportation industry amounts to about $650 million. There is another $1.5 billion for other manufacturers and processors in Ontario. There is another $1.6 billion for the Ontario trade and service sector. If we look at what Syncrude has provided, we find that out of the $2.2 billion Syncrude project, roughly 20 per cent of the labour force came from Ontario and 20 per cent to 25 per cent of the equipment it needed came from Ontario. Syncrude officials calculated that, by 1976, more than $100 million worth of machinery and equipment was ordered from Ontario.

So here we are. We see firm after firm going out of business,, yet the government has the audacity to deliberately kill a project which will kill industry in Alberta and in Ontario. For every job created in the oil industry in Alberta, two jobs are created elsewhere in Canada. This government's attack on western Canada is really in effect an attack on the central manufacturing heartland of Canada and, indeed, is causing chaos and confusion and is creating further dislocation, hardship, hopelessness and despair in this country. I can say to Your Honour that not only should this government resign, but it should also leave. It should get right out of the country because it is a menace to Canada and to the free society that we enjoy.

Some hon. Members: Hear, hear!

Mr. Maurice Harquail (Restigouche): Mr. Speaker, I want to begin my remarks by telling the House and Canadians how disappointed I am in the hon. member for—is it Vegreville?

Mr. Mazankowski: That is close enough.

Mr. Harquail: The hon. member for Vegreville (Mr. Mazankowski). He was the former distinguished minister of transport who, in normal times, enjoyed the full respect of all hon. members from all sides of this House and in committee. However, to see him come into this House and stand up and try to sow the seeds of disruption and separation within this country the way he did this morning gives us cause for concern. I am sure he will want to reflect on his contribution.

Mr. Mazankowski: You have destroyed the country. I have not been in charge of that.

Mr. Harquail: The hon. member will want to reflect on his approach this morning. As I said, the hon. member for Vegreville has obviously been drawn over by his leader, not to the right or to the left, but beyond any semblance of reason. In recent times the hon. member has given utterances to the press to the effect that he was not sure whether he would support his leader in the next leadership review. However, this morning he gave us a demonstration that the Leader of the Opposition (Mr. Clark) has drawn him beyond any semblance of reason.

Mr. Hnatyshyn: "Beyond Reason". I have read that book.

Mr. Harquail: Last evening, the Leader of the Opposition took it upon himself to take advantage of the fact that he was leading off in debate to draw in hon. members from this side. I must say that he did it in a very unfair manner. It was found that he did not even know what he was talking about, because when he made reference to the riding of Restigouche, he did not even have one bit of information as to the economic development taking place in northern New Brunswick. However, I am delighted that yesterday the Leader of the Opposition brought forward this motion to adjourn when he asked leave to move the adjournment of the House. Now there is a party which is interested in the future. There is a party which

is interested in the country. However, what do its members want to do? They keep the bells ringing for two weeks.

Mr. Huntington: To stop this wave of socialism.

Mr. Harquail: Now they come to the House to ask the support of the Speaker. They lean on poor Madam Speaker—

Some hon. Members: Oh, oh!

Mr. Harquail: —to help them out of the disarray that they are in today. That is the problem. In any ordinary democratic system, there must be a good opposition to give good government. What do we have here? The reason this institution has had its problems since the beginning of this year, 1982, is facing us right here in the benches of the Official Opposition.

Mr. Baker (Nepean-Carleton): Order, please.

The Acting Speaker (Mr. Blaker): The hon. member for Nepean-Carleton rises on a point of order.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I know it has been some time for the hon. member for Restigouche (Mr. Harquail), but we are debating a matter of urgency. That was the finding of the Chair. That is why we are here. I think the House would appreciate it if the hon. member would direct himself to the emergency which has occurred as a result of the failure of the Alsands project and pipeline.

Mr. Harquail: This is another indication of some of the tactics of hon. members in the opposition. They are so interested in democracy that they are not even willing to allow elected representatives in this House to have their fair time in which to speak when they have the floor. But notwithstanding their belligerent attitude, let me just go on to tell my friend, the hon. member for Ottawa-Carleton—

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

Mr. Harquail: —Nepean-Carleton (Mr. Baker), that I will be coming to the subject in very short order.

Mr. Baker (Nepean-Carleton): I am waiting.

Mr. Harquail: I just want to take the opportunity to address myself to some points which were brought into the debate, in case the hon. member was not here. As a matter of fact, he was here. That is how he was able to mention my riding. The Leader of the Opposition was looking through his briefcase and he could not find his notes. That is how prepared he was. He asked the hon. member for help in locating his notes. The Leader of the Opposition got exercised about the fact that I said, "Give him a helping hand. He needs all the help he can get". That is when he decided he would try to attack me, that he might take that approach. Where was the concentration and dedication of the hon. member's leader to the subject that he had brought into the House, the Alsands project, when he started to talk about my constituency? The evidence was very clear, but hon. members opposite do not want to hear about it.

Let me then tell hon. members about the economy of northern New Brunswick. Since the Leader of the Opposition does not know about it and since he asked for information last night, I am here today to tell the world, the House of Commons and the citizens out there who are listening just exactly what is happening down there. I will be mentioning oil exploration off the coast of Nova Scotia and Newfoundland when I get to the subject of Alsands. There is a number of other items about which hon. members opposite do not want to hear, but I will put some facts on the record so that all Canadians will know.

• (1200)

The Leader of the Opposition is not aware that in recent months, because of very substantial support and co-operation from the federal government, three major companies have decided to modernize pulp and paper mills in northern New Brunswick. One is located at Atholville. One is at the town of Dalhousie, and one is at Bathurst. There is in total in excess of $600 million of capitalization as a result of approximately $60 million of federal incentive money. That is one aspect the Leader of the Opposition inquired about last night, and I thought I would bring that information forward and clarify it today.

In addition to the modernization of pulp and paper mills which will secure permanent jobs for the next 40 to 50 years there will be, of course, spin-offs for the economy in the region, and the number of new jobs created during construction will be very significant. I underline the importance of that.

In addition to this, the Brunswick Mining & Smelting Corporation of the Noranda group has decided to proceed with the construction of a new zinc plant within my constituency at an estimated cost of $360 million. If we combine the capital investment and the modernization of the pulp mills which is under way now, which amounts to upwards $600 million, and the commitment to incentive grants of $21 million plus the 50 per cent tax credit on new construction of over $360 million, I am happy and excited to be able to stand here and tell hon. members that upwards of $1 billion of capital investment is going into northern New Brunswick. As far as I know, northern New Brunswick is still part of Canada. Let us not forget that.

Mr. Hnatyshyn: Thank God for the provincial government.

Mr. Harquail: Now that through our democratic process I have had the opportunity to set the record straight on that point, I want to refer to the matter which has been brought before the House. I am sure all interested Canadians will want to ask themselves why the opposition has adopted this strategy and this tactic at this time. Why would the Leader of the Opposition want to delay the proceedings of the House? Why would the Leader of the Opposition and his party want to bring in delaying tactics? Why would they want to holler and whoop and yell when we bring forward points which are not quite in agreement with the foolish attitude they have to our approach to trying to operate this country?

Another thing which strikes me but which has not yet caught hon. members opposite—this was referred to by the previous speaker—is that in 1980 the Canadian people made a decision. That decision was made as a result of the democratic process of going to the polls.

Mr. Mazankowski: Based on a whole bunch of deceit.

Mr. Harquail: What hon. members opposite have not yet accepted—they have not had the intestinal fortitude—is the democratic decision of Canadians.

Mr. Waddell: Not in western Canada.

Mr. Harquail: Canadians were very clear in their decision, and who got the mandate? The economic policies of hon. members opposite were put before the people in that democratic process, and they got their answer. The answer of the Canadian people to the Progressive Conservative economic approach was no. The answer was a pure and simple no. We have accepted the responsibility to govern.

Mr. Waddell: You haven't any mandate from the west to govern.

Mr. Harquail: Now we hear from the little fellow from British Columbia. He just woke up. He is back in the House screeching and yelling. Yesterday the NDP member from British Columbia got into a screeching match with the House leader for the official opposition. That is his mental attitude and approach to good debate in the House. The hon. member who is trying to interrupt my speech now, screeched and yelled yesterday. The energy critic for the New Democratic Party engaged in a violent exchange with the House leader of the official opposition.

If we were to listen again to everything said in the last 12 hours or more, we might begin to wonder if there is nothing positive going on in Canada. Is everything gloom and doom?

Mr. Waddell: Yes.

Mr. Harquail: Is there nothing positive happening in terms of economic development in the country? Let us hear the catcalls when I enumerate some of the projects under way in Canada. Under active construction is the Dome Beaufort Sea oil and gas exploration phase involving over half a billion dollars.

Mr. Hnatyshyn: Dome is going bankrupt.

Mr. Harquail: The Esso Beaufort Sea drilling system involves $130 million. The Gulf Beaufort Sea drilling system in the Northwest Territories involves $700 million. The Norman Wells oil field development involves $600 million. The Trans Quebec & Maritimes PipeLines involves $861 million. The Revelstoke hydro project in British Columbia involves $1.115 billion. The Pickering "B" generating station involves $1.805 billion.

Mr. Blenkarn: That is a provincial project.

Mr. Harquail: That is part of Canada.

Some hon. Members: Oh, oh!

Mr. Harquail: Are hon. members suggesting to me that the Pickering "B" generating station is not part of our economy? I have heard the hon. member for Mississauga South (Mr. Blenkarn) yell in the various committees, but I thought he would show some respect in the House of Commons. He is not in a committee now.

Mr. Blenkarn: Poor little fellow.

Mr. Harquail: Let me tell hon. members about some of the other things they do not want to hear about. There is a commitment to the CF-18 Hornet fighter aircraft project amounting to $2.99 billion. I am sure hon. members opposite want me to go on. The Ridley Island coal and grain terminals involve over $400 million. That is close to half a billion dollars.

Mr. Benjamin: Stalled.

Mr. Harquail: The synthetic crude oil refinery and benzene plant in Alberta involves $600 million.

Mr. Kempling: That is stalled.

Mr. Harquail: Do hon. members opposite want me to go on? They shake their heads. They do not want to hear this. Canada is still a great country. Canada is one of the best countries in the world, and hon. members opposite should not forget that. They should not try to drag it down and give the impression to Canadians that it is in such bad shape. They are only causing a negative division in the country, and I suggest there are some positive things going on.

Let me talk about advance planning and design stages of other projects. The Lower Churchill Falls project involves $1.65 billion. The Canadian patrol frigate program involves $1.89 billion. Sable Island offshore gas in Nova Scotia involves $2 billion. The Norman Wells oil pipeline involves $400 million. La Grande Phase II at James Bay involves $3.487 billion. The Hibernia oil development project offshore Newfoundland involves over $4 billion.

Mr. Waddell: Where?

Mr. Crosbie: It is not even started. You have it stopped in its tracks.

Mr. Harquail: Hon. members are concerned about what we would do to offer alternatives. We have stated what we would do, and there have been agreements. It is not good news at any time to hear of a project which has faltered. I would be among the first to join my colleagues who have said here in this debate on this motion that we are not happy about the fact that these private companies have decided that the risk is too great. However, let us not forget that we had the courage of our convictions to go ahead and offer financing for this project. We are not happy about the fact that it has been postponed. I am sure the government of Alberta is not very happy. Mr.

Lougheed is not too popular these days out west, and I am sure he is not pleased. What does the Leader of the Opposition say about that? He is very careful not to bring Alberta in when he talks about the demise of Alsands. Alsands is always the problem only of this government. Alsands is all a Liberal problem. How naive can hon. members be? Under what illusions are they operating? Do they think people are so gullible that they believe that kind of hogwash?

Mr. Mazankowski: We certainly don't believe you.

Mr. Harquail: I sat here and listened to the hon. member for Vegreville a while ago, and I hope he displays to me the good spirit he displays most of the time. Hon. members opposite become very upset when someone else speaks in the House because their leader allows only a few of them to speak. I do not understand that logic, but that is a difficulty hon. members opposite have. They do not want to hear the truth. They do not want to hear the facts.

I would like to go on and speak about alternatives to Alsands. I mentioned the Beaufort Sea, and I would like to mention others. The Dome project in the Beaufort Sea involves $500 million in investment. The Esso project involves about $130 million. I mentioned the Gulf drilling system project in the Beaufort Sea, the Norman Wells oil field, Hibernia, and the natural gas pipeline into Atlantic Canada, something we are very happy about. In British Columbia we have a coal development project which represents some $700 million, and I have already mentioned the Ridley Island coal. There is the Carmont upgrader in Montreal which represents an investment of over $1 billion. There is the upgrader in Saskatchewan which is another billion dollar investment. These are some of the projects which have not been mentioned here once.

• (1210)

It all becomes very clear. People stop and ask themselves why do they play this kind of political gamesmanship? We have an opposition in such disarray that it has to come back to the House with delaying tactics, where the House was hijacked, and then they have the gall to come in and say with a happy face that they are all good men and women who are sincerely interested in democracy and they want our country to work. As the worn out expression goes, you cannot have it both ways.

You cannot say the country is having all sorts of difficult problems just because one project was cancelled. We have admitted that it is regrettable the project is not going ahead at this time. Perhaps it will at a later date and we will be ready to support it. It just happens that the world economic situation today is such that it does not permit the project to go ahead. Reference has been made to the reasons why. We here in Canada are not an island unto ourselves; we deal in the international marketplace.

There are other countries with similar problems, not the least of which is the United States which had to cancel the $5 billion Exxon project in Colorado. A $4 billion project in Texas has been deferred. The Wyoming Panhandle coal gasification project, $49 billion, has been deferred. A nuclear energy project of over $30 billion in Mexico is delayed. Liquefied natural gas exports from Nigeria in excess of $15 billion have been shelved. The list goes on and on.

We can talk about the situation in France referred to by the hon. member for Lincoln (Mr. Mackasey) last evening, which represents a very significant amount of money and which has been postponed. In the U.K. falling oil prices and demand are creating uncertainty about the outlook for up to 70 potential new fields in the North Sea. These are some of the facts which sincere Canadians would be interested in knowing. But that is not to say, as is being put forward, that it is all doom and gloom. There are many exciting things taking place in Canada.

While we have suffered for years in eastern Canada, specifically the Atlantic area, we are at long last over and above the seasonally adjusted unemployment situation which is constantly with us in the forestry and fishery industries. We now see some hope in New Brunswick because of the modernization of their important pulp and paper mills and the proposed construction of a new zinc plant which will cost in excess of $360 million.

I have put forward, Mr. Speaker, some aspects of this government's position with regard to projects, ongoing and proposed, costing from $500 million to in excess of $1 billion. These are all the direct result of decisions taken by this government in a spirit of co-operation with private enterprise to secure jobs for the future, and create jobs now.

There are other aspects which I would like to draw to the attention of the House during this debate, but of course time is limited and I would be the last one to want to delay the business of the House. I for one, if members opposite were prepared to tell the whole story, would be in a better mood to accept it. But they do not want to talk about anything positive.

What we have seen here lately is an attitude of character assassination, attacking people personally, with no consideration for the traditions of the House, and they are trying to break down the country. And I think that is an outright shame. We know why! The answer is in the Gallup poll. When they should be on the crest, the polls show they are dropping. The Canadian people have no faith in the opposition parties, but we are going up in those polls. Then, when you look at the leadership, our leader far outstrips the Leader of the Opposition in the polls, and even the Leader of the NDP (Mr. Broadbent) is running second behind the Prime Minister (Mr. Trudeau). It is a desperate party, a desperate opposition in disarray, with a desperate leader.

Some hon. Members: Hear, hear!

Mr. Les Benjamin (Regina West): Mr. Speaker, I have listened to the hon. member presenting a list of all the good news, most of which had nothing to do with this government and was in the works in spite of, not because of the government. I was particularly interested to hear him mention the heavy-oil upgrader in Saskatchewan. That has been in Liberal speeches for the last eight years, and we still cannot find it. It

has just dropped out of sight. Then there is Prince Rupert. I was reading the *Western Producer* the other day, and the hon. member should subscribe to it because Prince Rupert is not off the ground either. Oh, the National Harbours Board has a couple of bulldozers running around pushing dirt up to the shoreline, but that is all.

Of course, Mr. Speaker, there will always be investment in projects going on in many fields of endeavour in any country, but when it remains unplanned and unco-ordinated, and when it is subject to high interest rates, just like the home owner, investors will go broke. All the experts told us what we have to do. I have a figure here totalling some $77 billion just on three projects. Of course, now that we have lower world oil prices there is not as big a buck in it as there was, so the industry is going home. The private investors are not interested because the bucks are not going to be as big as they would have been had those projects been in place one or two years ago. So much for our great corporate citizens and their grand plans for private enterprise to make Canada self-sufficient in energy. The Liberals keep running around trying to be half pregnant. But there is no such thing. On the one hand they say they are all for free enterprise. They make just as good speeches as the Tories do about their versions of free enterprise. Then they say, "We are going to go down the middle of the road." But the problem is that all the action happens in the middle of the road. My hon. friends on the government side have been running around for the last several years trying to be all things to all people. They cannot make up their minds what to do. I will say that the Progressive Conservatives decided which way to go, but they could not count.

• (1220)

Mr. Mayer: Tell us how you do it.

Mr. Smith: Tell us how Blakeney counts.

Mr. Benjamin: Keep your cool, fellows.

I never gloated over eight elections in which the Tories got wiped out.

If the megaprojects are worth while, then there has to be built-in protection of Canadian companies and Canadian governments. These projects are not built just because we can make a fast buck outside our borders when there are areas in our country that do not have gas or have to pay exorbitant prices for fuel to heat homes, drive cars, run farm machinery or run industry.

What I consider to be traitorous—and I hope that word is not unparliamentary, because I believe that the traitorous attitude of the Liberal government, supported by the Conservatives, is to go again into supine acquiescence at the request of the United States government—is to agree to another four trillion cubic feet of natural gas going outside our borders and that we are going to build a pipeline in the southern part of Canada to get rid of that Canadian gas. We had nothing but a telex which the U.S. ambassador delivered here. It was not signed by the President of the United States. There was no legislation by the U.S. Congress. But every time General Haig hollers "Jump," these fellows ask "How high?" The Liberals do the same thing when it comes to our resources. They pander to corporations who can make a lot of big bucks. They even pander to making some bucks for their own particular government. It is a policy of "Ship the resource out of here." We have been had again.

The delay of at least two years about which the Leader of the Opposition (Mr. Clark) is complaining will last exactly as long as it takes for the United States to decide that it has to have its own natural gas extracted from the North Slope of Alaska, and until then, as long as the Americans can have our gas, they will take our gas.

I get annoyed with those who say that there is a surplus. There never has been a surplus. There never will be a surplus of natural gas in Canada in terms of what Canadians need.

Mr. Mayer: Not as long as we have the national energy policy.

Mr. Benjamin: Whether it takes 20 years or 200 years, Canadians need and will use up all the present and the proven reserves that we have.

We are finally building a pipeline to Atlantic Canada, which should have been in the works many years ago. But it is finally happening. While we were running around on hands and knees dealing our natural gas with yankee traders and pre-building a pipeline that will carry and sell Canadian gas, 4.1 trillion cubic feet of it, our fellow Canadians in eastern Quebec and in the four Atlantic provinces are paying exorbitant, unconscionable costs to keep their homes warm. That 4.1 trillion cubic feet of natural gas would have heated every home in the four Atlantic provinces for 25 years. But in order for the owners, the so-called owners, the private enterprisers, to make bigger bucks, we sell it off.

I invite my hon. friends to read the debates in this House in 1973, 1976 and 1977. While I hate people who say "I told you so", what the former member for Nanaimo-Cowichan and The Islands had to say, and what my leader, the hon. member for Oshawa (Mr. Broadbent) had to say, has turned out to be completely correct. Here we sit with several hundred miles of pipeline running through Alberta, part of Saskatchewan, into the United States and up into B.C. Our Canadian gas is being used by Americans.

The demand we made in 1973, 1976 and 1977 that every cubic metre of natural gas we provide the Americans be returned to us whenever we need it, whether it is five, ten or 25 years down the road, is not met. Unless the line is completed through to Alaska, Canada will not be able to construct the Dempster branch to bring Canadian gas to Canadians. This frantic effort to sell off more of our resources that we need ourselves is something that should not be done. There is no such thing as a surplus of natural gas, and there never has been. This resource is something which the Canadian population will use up no matter how many years it will take.

The Leader of the Opposition complains about this two-year delay. We will be lucky if it is only two years. I predict that it

will be much longer than that. But he complains. Yet he and his colleagues voted with the Liberals for the umpteenth time on the pre-build. The Liberals and the Tories were dancing together at night at Canadian Petroleum Association receptions.

• (1230)

I do not know why the Right Hon. Leader of the Opposition should complain in his motion. He said that this was an emergency. He helped cause the emergency. He and his colleagues aided and abetted the so-called emergency. In the meantime Canada has been stuck and "had" again.

When we are dealing with megaprojects we should remember that many megaprojects could be carried on other than those involved in oil and gas. If there is the political will to challenge investors, workers, businessmen and people generally, many megaprojects could be developed. If we took only $2 billion out of the $77 billion supposedly lost, we could put it into the construction of well-insulated and energy-efficient housing units. The side effects of that $2 billion investment would be public investment, plus whatever private investment would be involved. We could return the forest industry to work, we could return the appliance factories to work, we could provide roofs over the heads of tens of thousands of Canadians. They would be megaprojects which would not worry about whether or not someone in Texas or Denver is happy with the Government of Canada.

For less than half the cost of the Alsands project over the next eight to 12 years, depending upon how fast we want to do it, we could electrify 300 miles of urban transit in Canadian cities. We could electrify 10,000 miles of railway track to carry 75 per cent of the traffic, which would be only 10 per cent of the trackage in the country. That is another example of a megaproject which would save more diesel fuel than could be produced by oil sands plants. We could transfer 36 million gallons of diesel fuel per year from running trains to producing food. It would be equivalent to producing two crops in the three prairie provinces in one year.

Mr. Mayer: From where will we get the electricity?

Mr. Benjamin: We are up to our backsides in electricity, and we are in the process of developing electrical expansion in at least five provinces, some of which is designed for export to the United States.

Other countries in the world of all political stripes have been doing this since World War II. Here we sit like a bunch of dummies. The railways are putting tens of millions of dollars into reducing grades in the Rocky Mountains when they could have electrified the track for less money. Getting such outfits to change their mind set would show some imagination. I have mentioned only two examples of megaprojects. The first one involved the expenditure of $2 billion more on housing than we are presently spending. It could result in interest rates geared to income. The second example was the electrification of urban transit, our main high-density railway lines. It would create more employment and conserve energy. Also it would transfer energy into more useful purposes such as food production. It would cost a lot less than the Alsands and Cold Lake megaprojects.

Operations such as Alsands are there for the country to use as and when it requires production. I do not see why it must be done yesterday or tomorrow, in view of all other available alternatives. The day will come when the nation will have to invest billions of dollars into Alsands, but it does not have to be done in a panic, especially if we were working on other megaprojects.

I hope the government will take a good hard look at its policies and that it will reverse them. I hope the official opposition will quit supporting the government on losing propositions which get rid of natural gas, so that some pipeline companies or oil companies can make more bucks by sending it to the United States, when we need it here in Canada, particularly in Atlantic Canada.

I am glad Madam Speaker approved this emergency debate. I think the debate concerns the fact that the national government should come to the House with a completely new program which goes in a different direction. It challenges Canadians. It is something like a declaration of war but is more like a declaration of peace. We can do what needs to be done because we have the people, the resources, and the money. All we need is the political will to do it.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, first I should like to congratulate you for approving this debate. I think it has been a good one. It has provided me with a certain sense of *déjà vu*, particularly since I am taking part in it along with the hon. member for Regina West (Mr. Benjamin) and the hon. member for Vegreville (Mr. Mazankowski).

I remember the first speech I made in the House of Commons. It was during the course of an emergency debate when the then minister in charge of the Canadian Wheat Board, Mr. Otto Lang, disregarded the Temporary Wheat Reserves Act and touted the grain stabilization act. I remember well the excellent speeches made at that time by those hon. members. I am feeling a sense of *déjà vu* because at that time hon. members from western Canada were castigating Otto Lang for his LIFT program—Lower Inventory For Tomorrow—which paid farmers not to grow wheat. Now we have the spectacle of the present government paying oil companies just to hang around, paying Imperial Oil $50 million just to wait around for a few more months to see what would happen because these economic illiterates were not able to make up their minds, paying the Alsands consortium a few more millions of dollars just to hang around a bit longer, until finally the whole thing collapsed because of the pernicious inertia of the government in its applied energy policy.

Also I remember well two or three years ago speaking with officials in my department about the glorious future of the country in terms of regional disparity relief because of the Saudi Arabia which they claimed we had in the country. The province of Alberta was to be the great instrument for developing the kind of wealth which would allow Canada to reduce its

foreign commitments, to carry out the dream of economic equality in the country, and to fuel the recovery of the Altantic region.

Now we find out that the former American president, Abraham Lincoln, was correct when he said, "You can't strengthen the weak by weakening the strong". The government has killed the initiative of this dynamic sector upon which all Canadians were counting for the benefit of their country.

Another reason for my feeling of déjà vu was the national energy policy of Donald Macdonald,a former distinguished member of the chamber, of whom I am sure Madam Speaker has fond memories. He was a good minister who brought forward a policy which at the time seemed to be reasonable after the first Arab oil shock, as it was then known.

• (1240)

There was also Douglas Fisher, another distinguished member, who pointed out at the time that this particular national energy policy resembled in many ways the same kind of objectives the present minister of Energy, Mines and Resources (Mr. Lalonde) so proudly proclaimed when he brought it into the House after the election of 1980.

Mr. Fisher said in an article in *The Toronto Sun* that:

—Mr. Trudeau addressed the nation on TV to outline Canada's immediate responses to the oil crisis. He wanted Canadians to know his government had been working on "both immediate problems and also putting in place the elements of long-range energy policy."

Then on Dec. 6, 1973, he set out in the House his first "National Energy Program." Its "prime objective, to be reached before the end of the decade (i.e. 1980) is self-sufficiency in oil and oil products."

As Douglas Fisher wrote that was in 1973 and the target was 1980. Now, in 1982, with the whole National Energy Program coming down in ruins around us, this government has the audacity to say that we will have energy self-sufficiency by 1990. What a lot of hogwash, as someone said, you cannot accomplish "vast" projects with half-vast ideas. I think that that was never more true than at the present time.

When I heard the speech of the hon. member for Restigouche (Mr. Harquail) I was reminded of Ogden Nash's famous dictum which could be transposed like this, "Perhaps modern Canadian politics would be very much the better for a more restrictive use of simile and metaphor." The examples he was using, as the hon. member from Regina quickly pointed out, were recycled and recooked projects that were existing in many cases, as the member said, despite the government's efforts and not because of them. The hon. member for Vegreville did not have an opportunity to point this out—although he deserves a great deal of credit for it—the Prince Rupert grain elevator project, a $300 million project for which the government is taking credit is very important to Canada. It was dead in the water when our government took office, but the hon. member for Vegreville revived it. Now the hon. member for Restigouche and others like him are taking credit for it.

The whole problem of the government's National Energy Program which has had such terrible effects on the country, particularly in the Atlantic region where we were depending upon its revenues to help develop our economy, relate back to the 1980 election campaign. If there is not a proper foundation of credibility to support your policies, it becomes an exercise in futility because the public will soon see through it and no longer trust you.

I happen to have with me a famous election campaign advertisement published by the present Minister of Finance (Mr. MacEachen). He published this ad with great fanfare. It said, "Would you let the Tories raise the gas price again?" He went on to say that because he spoke up for the people of Canada and the motorists of Cape Breton, the price would come down. He said "Vote Liberal and the price would stay down." Anyone who would make a statement like that must have known, if he had the knowledge people gave him credit for, that what he was saying was not true. This matter was later compounded in the House, after the Liberals came back to power, when the Minister of Finance, along with the Prime Minister (Mr. Trudeau), began to play games about what was happening in terms of what the Canadian consumers and the Canadian producers were getting.

In November of 1980 the press printed an excellent article which had a picture of the Prime Minister and of the Minister of Finance. This article, written by John Ferguson, had the headline, "Is Ottawa Intentionally Misleading the Public?" The article quoted the Prime Minister as saying, "Let us look at the budget to see if it is fair to the provinces. The western producing provinces will be getting exactly the amount that Mr. Clark's December budget said they will get; $40 billion between this year and 1983." The Minister of Finance was then quoted as saying, "The energy pricing burden placed upon all consumers in Canada, including low-income people, is $40 billion less in the budget than the budget last December." That was our budget, the Crosbie budget.

Mr. Ferguson wrote that the two statements were flatly contradictory since it was impossible for the producing provinces to get the same amount of revenue under the Liberal pricing proposals if consumers are paying less than they would have under the Conservative budget. When this was pointed out to the Minister of Finance, he said, "Your point is correct." But he said that he did not think there was a contradiction. Mr. Ferguson went on to write that while the minister was smiling after looking at a transcript of the Prime Minister's speech, he thought that there was clarification needed. That is clearly a $40 billion clarification.

While I have been in the House for a good portion of the time since that statement was made, I do not recall that it has ever been clarified. It is just another example of unclarified statements that the people of Canada had to put up with since this government returned to power.

I will admit that when our party was in power we did not do everything correctly. However, at least we did not put our party ahead of the country. We kept our commitments and attempted to pass a budget which embodied some relief for

people with low incomes who could not afford to pay the very modest increases in petroleum products which we proposed to impose. We also showed some pity for senior citizens who we knew could not afford to pay high prices for fuel oil. We also realized that home owners would need some help with their taxes and mortgage payments.

Of course, none of these provisions were introduced by the present government. In my estimation the reason these provisions were not introduced was that the government thought it would be able to derive enough revenue from Alberta, that great engine of economic growth, and apply that money to implement those programs which our party had envisaged. I suggest that our program was much better and would have had more humane results.

Another cause of our economic malaise is the intense preoccupation of this government which it has shown during its term of office for sociological, philosophical, linguistic and other policies. Some of these policies are very good and constructive, but the government has forgotten entirely about the need for good constructive management.

People talk about the Prime Minister's brilliance and eruditeness, but forget that if those qualities are not grounded in solid common sense and managerial ability, he is not able to govern the affairs of the country. As many people know, under his stewardship we have seen a dynamic country which was number three in the world sink to very low depths among the industrialized nations of the world. Unfortunately, this latest debacle indicates that we are not about to make any dramatic recovery. Billions of dollars have been wiped off the stock markets of this country and it is not just the profits of rich industrialists. It is the profits from investments of ordinary Canadians also. The whole perception of this national energy policy has soured our relationship with our neighbour, the United States.

I believe it was John Kennedy who said in this Chamber that "history has made us friends, geography has made us neighbours, and economics has made us partners." What we should be doing is entering into bilateral arrangements with the United States in certain areas for our mutual benefit. We should not be fighting with them over a diminishing resource. Ultimately this will do neither country any good because it has destroyed the potential which this country used to have to co-operate with the petrochemical industry and to use that great wealth for the benefit of the entire country.

We are told by some members opposite that things in the Maritime provinces are all right. My own constituency is a case in point. Not too many months ago things were not too bad in the constituency of Central Nova. We had the Hawker Siddeley railway plant in Trenton, we had a shipyard in Pictou called Ferguson industries as well with full employment. We had other industries also upon which families depended for their future. Since this economic malaise has come over the country, and since we have now had a realignment of the Department of Regional Economic Expansion, and since there is apparently no money left to fund economic relief, there are nearly 3,000 people unemployed in Trenton and 300 people unemployed in Pictou. There is a great sense of alarm felt by my constituents.

• (1250)

I am glad to know that things are going so well in the constituency of my friend from Restigouche. I can assure him that is not the case in my constituency and in many others in Atlantic Canada. He talked about the Q & M pipeline. I would like to talk about the pipeline too. In 1980 the Prime Minister in a speech to the Board of Trade in Halifax set out the Liberal energy policy. There was no mention at that time about the Constitution or all of the subsequent things. He was going to do something about energy to help Atlantic Canadians. One of the points that he emphasized was the need to switch to alternate energy sources. The Prime Minister said on January 25, 1980, that in order to switch:

> People must have access to gas. Nowhere is access needed more than in eastern Canada and I am announcing today as part of our program the Liberal government will take immediate action to ensure the full co-operation of all parties in the construction of a natural gas pipeline to Quebec and the maritimes. The pipeline will have reversal capacity so that maritimers will have the opportunity both to use western natural gas now and to send offshore gas to central Canada later. Like the railroad in the 1880s, energy pipelines in the 1980s have the potential to be a steel link uniting the nation.

Some steel link. It is 1982 and the pipeline is slowly inching its way down. The sad part is that it is not a truly reversible pipeline. It looks to me like the Prime Minister, the Minister of Energy, Mines and Resources and this government are deliberately delaying it. I hate to say this, but I may as well, as the saying goes, speak the truth and shame the devil—it looks as well as though the fix is in. Instead of the Atlantic region, specifically the Strait of Canso, getting the liquid natural gas terminus that would provide us with the wherewithal for a petrochemical industry, that will go to Gros Cacouna. As well, I do not think the pipeline is designed the way it should be. I believe that the whole national energy policy as far as Atlantic Canadians are concerned is highly suspect.

I hate to say it, but I think that all members of this House and all Canadians are justified in expressing this kind of view, going right back to the time when the Minister of Finance made his obviously misleading statement in order to get re-elected. When the Minister of Energy, Mines and Resources indicated his desire for untrammelled power, passed the national energy policy, and in the process alienated our relations with the United States, at the same time the constitutional machinations were alienating us from the United Kingdom.

A lot of people are concerned now that the national energy policy is to all intents and purposes ensconced in the kind of statutory form that will be hard to correct considering the great power and the great amount of discretion that the minister has. I read somewhere today that the Canadian Bar Association is nervous about the kind of discretion and unrestricted power of this minister.

I made a few notes about some of these sections on an earlier occasion. It may be reasonable to put a few of them on the record now. The minister may enter into an exploration agreement under this legislation, without notice. He has the sole discretion over the production licence. The minister has the discretion of renewing the production licence. He has the power to direct that the Crown's share be transferred to a designated Crown corporation without any input from any partners or anyone else.

He can veto the transfer of Crown shares for any interest acquired by Petro-Canada. One section provides for in camera proceedings in any appeal to the Federal Court of Canada. The sections go on and on.

I ask you, Madam Speaker, if you were a farmer, a lumberman or small business person, would you like to do business in an environment where the Crown can come in and say, "Congratulations, we now own 25 per cent of your business. Here is some more good news. We will tell you exactly where you can sell your product, how you can market it, and what kind of a price you are going to get for it." I do not think you would be very happy. I do not think it is any secret that the petroleum industry, whether it is American, French, Canadian or any other nationality, welcomes this kind of restrictive environment in which it is prepared supposedly to risk hard-earned dollars.

This psychology of the government of taking money from people, recycling it, and giving it back in grants is just not working. How could it work? It is wasteful. It is not in accordance with good business practice or human nature. Basically, that is what is wrong with our country.

This government has manipulated and intruded itself into many areas. It is not as though it has any competence. That is the sad part. Winston Churchill, writing a book in the 1930s called "Great Contemporaries", made a very poignant remark about a contemporary. I think his name was Lord Rosebery. He said that it might be said of Lord Rosebery that he outlived his future by ten years and his past by more than 20.

I believe when we look at the Minister of Energy, Mines and Resources and the Minister of Finance we will come up with a similar judgment. I remember when the energy minister gave that famous speech in the House when he was the minister of national health and welfare, about keeping the NFL out of Canada. I thought at that time he was on the downhill slide, and I think he still is.

The Minister of Finance, a native Nova Scotian of whom many people used to be proud and gave a lot of credit for sagacity and shrewdness, is now, I am afraid, not exactly on the same pedestal as he was. I have heard more jokes about him in the last month in Nova Scotia—

An hon. Member: Tell us about the swimming, do.

Mr. MacKay: No, I couldn't tell that one. To get back to the matter of the emergency debate, my party believes, and I sincerely believe, that if we as Canadians could stop bribing people with their own money, if we could imbue Canadians with a sense of initiative once again, and bring in some of the policies that would reward people and companies, we might offer Canadians a bit of hope for the future. We should go back to doing what we did a few years ago. At least we were making economic progress then. The emergency we are facing today indicates that this government and what it is doing are a dismal failure.

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I appreciate the opportunity of participating in this debate. I should make the observation at the outset that this debate was precipitated based on your ruling that there was a matter of national urgency which demanded that we in the House of Commons turn our attention to matters of energy policy and the economic future of this country as a result of the collapse of the two major projects.

Implied in that ruling, I suggest, was a recognition that although the two projects were mentioned in the request for an emergency debate there were many other factors of importance to which we in the House of Commons should turn our attention. We should discuss alternatives so that the government could take some advice and change the course of its policy for the purpose of bringing Canadians to the position they are entitled to expect, that is, a position of reasonable security in terms of energy and in terms of our economic future.

It is unfortunate to observe that in the course of this debate the government party thinks so little of discussing in an open forum such as we have in Parliament our energy future and economic future that there are no more than three government members now sitting in the House wishing to be involved in this debate. The fact that there are only three members out of 140-odd government members in the House at this time demonstrates very vividly the lack of interest and the arrogance of this government with regard to these issues.

Mr. Forrestall: It may be that they are embarrassed.

Mr. Hnatyshyn: They have every right to be embarrassed under the circumstances.

• (1300)

What are we talking about? We are having this emergency debate. People may be asking about it. This debate has already lasted for a considerable period of time. It is going on because we on this side of the House feel very strongly that a change in direction is absolutely essential. This government has shown by its past activities that it responds only when blunt instruments are applied to it and its policies.

We recall very vividly what transpired when the government brought in this latest energy bill. It was necessary at that time to take a stand on the form of that bill. An omnibus bill was brought forward. We on this side of the House in the Conservative Party took a firm stand. In the final analysis, after a great deal of pressure was exerted on the government, it capitulated and accepted our most reasonable proposition

which was put to it some months before the bill was introduced. The government has the responsibility of holding up the business of the country.

You may ask what was so wrong with that bill. Madam Speaker, the Canadian Bar Association has made a representation to the special committee on energy and has said in its representation and its petition, put forward impartially, what it thought of the energy legislation. What they have said to that committee of the House of Commons is simply this. The government's energy legislation is arbitrary, it is contrary, they say, to the rule of law and it is in fact contrary to the principle set forth in the Canadian Charter of Rights and Freedoms. This is an independent assessment made by the Canadian Bar Association. They are not involved in any political issue but they look at the legislation from the point of view of the application of the rights and freedoms of the average citizen. This is their assessment of the energy legislation in Canada. This is their assessment of the attitude that this government takes toward energy legislation, as a government.

They say that the bill which allows the federal government to assign billions of dollars in exploration, in incentive grants to Canadian-owned companies, gives so much discretion and regulatory power that it will significantly impair the rule of law. That was the view of the Canadian Bar Association. It says that the legislation also contradicts the new Charter of Human Rights and likely will be challenged in the courts if it remains unchanged. This was the attitude taken by the Canadian Bar Association. It is an important point of view which enters into the discussion of this particular government's energy policy.

This policy has been a disaster. It has left Canadians with a future of insecurity. It has done away with any real prospect of oil self-sufficiency by 1990. I have only to refer in that connection to the last annual meeting of Texaco Canada Incorporated. The president of that corporation, reporting to the shareholders of the company, indicated:

> It now appears that oil self-sufficiency is not a realistic objective in this century, notwithstanding the reduced demand for petroleum products.

Madam Speaker, what is the situation we have today as opposed to the situation that I think obtained in this country almost two years ago? At that particular time, Madam Speaker, two years ago, the Canadian oil industry was driving swiftly toward the goal of national self-sufficiency by 1990.

An hon. Member: Right on.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I was proud of being part of the government that understood the essential importance of striving for that goal by 1990 at a time when we were making very substantial progress. Look at what has happened. In fact if the policies which were initiated by our government had been implemented at that time and carried on, we would have been in a position today where our economy, I suggest to you, would have been flourishing as a result of the initiatives we had taken.

Rather than that, what we see today is a disaster, a country with the potential we have here, faced with economic ruin. That is putting it very mildly. We are talking about the loss of jobs in this particular project—100,000 jobs in terms of primary jobs relating to this project alone; we are talking about 90,000 jobs in secondary capacity, flowing out of these particular projects. These are only two of the projects we are talking about.

We have to recall that these megaprojects were the fundamental cornerstone in the budget brought down by the Minister of Finance (Mr. MacEachen). The minister predicated his forecast of megaprojects going ahead in terms of energy self-sufficiency, of economic development in our country. It has come to the point now, Madam Speaker, where today we have to redefine the term "megaproject". Now, a megaproject, according to this government and this Minister of Finance, means any project of a value of $500 or more. This is precisely because the minister goes around and tells us now that rather than having the larger projects we will have to be satisfied with a multitude of smaller projects.

An hon. Member: Minis.

Mr. Hnatyshyn: What are these projects that are going to resolve our economic circumstances? What are these projects that are going to restore us and our country in terms of energy self-sufficiency? There is very little precision, only some generalization about the projects going ahead that will take the place of the megaprojects.

Self-sufficiency, Madam Speaker, is an objective that we in our government had as the highest priority. It had its economic advantages and benefits. People in the country now, looking back at the proposals we put forward, I suggest to you, Madam Speaker, look back with fond recollection. I can tell you that in the time of another election, if this government goes forward to the people, that point will not be lost on the electorate, especially in view of the promises made, as pointed out by my colleague, the hon. member for Central Nova (Mr. MacKay), by the Minister of Finance in particular about keeping oil prices and gas prices down below what they were under our projections.

Madam Speaker, the federal government, when we look back at the promise made in the last election, has deluded the people of Canada with respect to the energy future. I recall one of the first initiatives taken by this government. It consisted of a very elaborate and extensive advertising campaign initiated by the minister of Energy, Mines and Resources (Mr. Lalonde). We have all seen this campaign on the television screens and in the newspapers. It was an expensive, slick advertising campaign. What we were told was that our energy future was in good hands with the federal government.

Madam Speaker, we know that the federal government is not subject to the Combines Investigation Act, because it is a part of the Crown and cannot be prosecuted. We know that it cannot subscribe voluntarily to any association that deals with misleading advertising. It is a good thing for them because if they were subject to the law and to voluntary constraints they

would have been prosecuted for misleading advertising to the Canadian people.

An hon. Member: Right on.

Mr. Hnatyshyn: What do we find today? When this party's government was in place, we were able to reach an agreement with the province of Alberta in terms of pricing arrangements. We had the Alsands project ready to go. We were close to closing the negotiations with Imperial Oil on the Cold Lake project. These projects were ready to go with the co-operation of the province of Alberta and the government of that province. These are the facts. These particular projects to give work to the people were in place. I can tell you, Madam Speaker, that the energy benefits from that particular project would have been very substantial.

I hasten to point out, Madam Speaker, that at that time the cost of the Alsands project was some $5 billion. That is a much different figure from the figure we are faced with today, that is, $14 billion to $15 billion. It is no wonder the company finds it absolutely impossible to go ahead, after the delay and the confrontation it has had with the federal government which has delayed purposely the development of these projects in western Canada. They are paying a political price in western Canada. That price is going to spread to central Canada and to Atlantic Canada at the time of the next election. This process has been in operation for two years. It would have involved production of 140,000 barrels of oil per day, or roughly 8 per cent to 10 per cent of Canadian crude oil production. It was estimated that there would have been over 20,000 man-years of construction work, but 6,500 permanent jobs in Canada, of which 2,800 would be jobs directly connected with the project. However, technological advantages and advantages respecting our ability to develop projects in Canada and to train people to do these jobs in our own country have been lost. There was also the potential for increasing employment opportunities for Canadians and, specifically, to provide training and job opportunities to the native people in the region surrounding Alsands. These things would have been in place. But no, this government had a different slant to its energy policy and brought in what it calls the National Energy Program. What has been the result?

• (1310)

I want to talk about conventional oil exploration and development. The program has been an unmitigated disaster. I am sure you realize, Madam Speaker, that during the past year over 200 oil rigs have left Canada for the United States. Of those remaining, at least 40 per cent are standing idle. That is the result of the energy policy of this government, and that has had a very deleterious effect on the industry and the future of energy self-sufficiency in our country.

In very simple terms, the energy policy is a massive tax grab by the federal government. That is the simplest way to describe the energy policy of this government. It is a massive tax grab, and it affects us in western Canada more than it does people in any other region. I can assure hon. members of that, and that is understood and resented very much.

The National Energy Program has had the effect of reducing the earnings of oil companies. This applies not only to large oil companies but to small Canadian oil companies in Canada as well. Earnings have been reduced to the point where it has become impossible for companies to generate the investor confidence and the investment in their own companies which is needed to acquire funds with which to invest in the megaprojects which are absolutely essential to our energy self-sufficiency.

The earnings from operations of Imperial Oil, the largest oil company in Canada, fell from some $600 million the previous year to some $450 million this year. That has been repeated by large and small companies across the country. This massive transfer of oil and gas revenues from the industry to the government treasury has severely curtailed the ability of the private sector to finance exploration and development. We are bringing conventional oil exploration and development to a standstill. Hon. members opposite should go to southern Saskatchewan and see the rigs standing idle. They should go there and see all the supply people going out of business. These supply people are the people who service rigs.

Mr. Mazankowski: Wells are not producing.

Mr. Hnatyshyn: Wells are not producing. What are we doing with the potential we have in this country?

In terms of frontier development, there has been chaos in the management by this government of our Canada lands. Because of red tape the industry has curtailed its plans to explore and develop in 1982. The best information I have is that reductions will continue into 1983.

I should refer to the offshore. This government feels that somehow Hibernia will solve all our energy self-sufficiency problems. We have seen the way this government has handled the offshore situation. Confrontation is the hallmark of the Prime Minister (Mr. Trudeau) and his government. It has been that way since the Prime Minister took office. It has been that way with the province of Newfoundland, to the point where there is absolute reluctance on the part of the industry to move to the offshore or to make the major investments required to bring Hibernia and the potential which exists there into production. Would anyone in the House be prepared to invest the kind of money necessary when there is no understanding between the federal and the provincial governments with respect to jurisdiction, not only in terms of drilling but also in terms of manpower and other related matters?

Mr. Paproski: No way.

Mr. Hnatyshyn: No way at all, as my colleague says. Conventional development and production today is virtually shutting down, and the minister says this is a worldwide phenomenon. What he does not tell us is that in the United States oil and gas drilling is up this year 31 per cent from

1981. I would like to quote from an article by Diane Hill in *The Calgary Herald* of April 28 as follows:

> This year is shaping up to be another record-breaker for oil and gas activity in the United States—thanks in part to the work of Canadian petroleum companies which have set up southern operations.
>
> According to the Denver-based Petroleum Information Corporation, drilling for oil and gas in the U.S. during the first three months of 1982 was up 31 per cent from 1981.

Diane Hill went on to point out the following:

> And 1981 was the industry's busiest year ever.

I have only started, Madam Speaker. I beseech the government to listen. I beseech government members to put extreme pressure on the treasury benches in this regard. We are facing potential disaster in terms of our economy and energy self-sufficiency. I say to the government that now is the time and the opportunity for it to reconsider its energy program. Let the government withdraw the energy program and reconsider it. We on this side of the House would co-operate and give the government the best advice we could because we believe in Canada. Let the government withdraw the budget. Calls on the Minister of Finance to withdraw the budget have come from every walk of life in Canada. I say to the government that now is the time to show political courage and leadership. We would support an effort to bring Canada back to its rightful place in the world, and we would offer the government constructive alternatives.

[*Translation*]

Mr. Carlo Rossi (Parliamentary Secretary to Minister of State (Multiculturalism)): Madam Speaker, it is a pleasure to be able to take part in this debate, which will be a welcome opportunity to recall certain facts. As we all know, Madam Speaker, during the last few months, the Governments of Canada and Alberta were making every attempt to keep the Alsands project afloat. Notwithstanding the, in my view, extremely generous offers made by the federal and provincial governments with respect to tax provisions and financing, the other private sector members of the Alsands consortium decided that conditions were not favourable for carrying the project. Naturally, I share the disappointment of all Canadians who were looking forward with enthusiasm to this project, which would, in time, have become a source of oil and economic benefits as well.

Madam Speaker, we all know there are limits to what a government or several governments can do to improve the terms under which a project is to be carried out. In any case, Madam Speaker, we certainly do not need any advice from the Conservative Leader of the Opposition (Mr. Clark). Speaking of advice, Madam Speaker, this morning on the radio I was listening to a program on CKVL called "En première page", which is hosted by Mr. Yves Ryan, the Mayor of Montreal-North—my municipality—and Pierre Leroux. I was saying that we do not need the advice of the Leader of the Opposition, and on the program the Leader of the Opposition was asked what the price of gas would be if he and his party were in power today, May 5, 1982. The Leader of the Opposition answered that the difference would be 2.5 cents per litre or 18 cents per gallon. His host quickly corrected—

Mr. Paproski: That is right.

Mr. Rossi: The member opposite says, "That is right". I would suggest he do some arithmetic, because he is making the same mistake as his leader. According to the program's host, 2.5 cents a litre would mean ten cents per gallon, and from the answer given by the Leader of the Opposition it was clear he had no idea how the metric system worked, and he was letting his host do the arithmetic. Then, the Leader of the Opposition, who does not have a clue about the metric system, was asked what he would do about inflation. He said: "The first thing I would do to control inflation would be to get interest rates down". Madam Speaker, the Leader of the Opposition was contradicting what he had said not quite twenty-four hours before. I shall quote from *La Presse* of May 4:

> In an interview with the reporter, the Leader of the Opposition, Joe Clark, made the most astounding and disarming statement ever made by an Opposition Leader.

These are not my words, but the reporter's. Acknowledging that his party had not come up with an alternative to the Bank of Canada's economic policies, he continued as follows:

> We have looked for a solution different from the government's, but we have no alternative. Today, I cannot come up with a better solution.

Those words were spoken by the Leader of the Official Opposition. This means that the Progressive Conservative Party and any government it might be called upon to form have no magic solution to the problems caused by inflation, the recession and especially by high interest rates. Within twenty-four hours, the Leader of the Opposition had contradicted himself, as he usually does.

• (1320)

Further on, still on the same program—I am a fan, and I listen every morning with great interest—the Leader of the Official Opposition was asked whether he was aware of the fact that Mr. Mulroney was travelling around the Province of Quebec. Mr. Clark's answer to the radio host was that Mr. Mulroney—and the Official Leader of the Opposition was aware of the fact—was travelling around Quebec to raise funds. He said that Mr. Mulroney was very active in that field, and that he was going to do what everybody else did before getting into the House, namely, become a Member of Parliament. For the time being, he was doing very well as a fund raiser.

Coming back to another one who claims he is always defending the right of Quebecers—they do not appreciate the truth on the other side, Madam Speaker. They do not like hearing it. There is another one who rises on the other side, in order always to defend the rights of Quebecers: I refer to the hon. member for Joliette (Mr. La Salle). That hon. member is

the main architect of the Union Nationale's demise, as leader of that party. Do you know what he promised Quebecers? To abolish the safety belt. What a program! To abolish the safety belt, because his wards in Quebec see that as dictatorship, being forced to use safety belts. I will not fall for that. His same Progressive Conservative Party, when the hon. member for Joliette was in the government, as he will recall, raised the embargo on chicken. In his constituency, in Saint-Félix-de-Valois close by, people do not feel like congratulating him, the self-avowed protector of Quebecers.

It will also be remembered that before the Progressive Conservative government in 1979, the Liberal Party granted $3 million every year for the building of produce warehouses, which allowed Canadian and Quebec farmers to hold the domestic market longer. As soon as the party opposite became the government, those grants were abolished. Fortunately, Quebecers and Canadians soon woke up, the Liberals were re-elected and the same grants reinstated.

As I said, Madam Speaker, we have no lesson to learn from our friends opposite. And in spite of those promises, and although there was a Progressive Conservative government in Alberta, the Clark government never could sign and agreement with Alberta. We, the Liberal Party, succeeded in this. In the case of the Alsands project, the Canadian government and the Lougheed government gave up for the time being the idea of going ahead. Indeed, Madam Speaker, there is a point where the sum of all estimated benefits from a project, either financial, economic or psychological, are exceeded by costs and the risks involved. In my view, the Canada and Alberta governments got as near as they could to the balance point in their effort to promote the Alsands project. But even if we wanted to, we could not require from governments that they create the conditions which would have allowed the project to proceed without the private participants having to take some risks. In the final analysis, both governments were ready to assume the majority of the risks involved in front-end investments, through direct involvement and loan guarantees.

Because of the uncertainty of future world oil prices and interest rates, to mention only two of the major factors, the participants from the private sector did not think that they would be able to proceed even in present conditions. By offering guaranteed loans and special provisions for reimbursement, the federal and Alberta governments tried to find an answer to alleviate the concerns expressed by the participants. One of the concerns of the companies from the private sector was that they could not benefit from tax write-offs in a current manner. The offer of the government provided equivalent benefits. An area of concern involved the cash flow requirements and the risks involved. In this regard, the federal government included in its offer a guaranteed loan and short-term participation at a rate of 50 per cent. Finally, the companies were worried about the risk that oil price increases would remain low. To alleviate this concern, we proposed loan repayment conditions providing, in the case of lower than expected price increases, an extension of the period during which the project would not be subject to full taxation.

Madam Speaker, the government therefore put together a package which, while not providing for an excessive return, was very generous in reducing the risks of the participants. The companies involved could not expect an excessive rate of return, but they were to be protected against a decrease in revenue.

In view of what I have just said, it therefore seems that the Canadian government not only met the particular concerns of the companies involved, but also that it made an attractive general proposal which could have led to the completion of the Alsands project.

I want to underline that despite what the Progressive Conservatives are trying to suggest, the government is not closing the door definitely on the Alsands project. Let us not forget that, in these particularly difficult times for the world economy, important energy development projects have been postponed throughout the world, including of course our neighbouring country, the United States. It would be foolhardy to assert that these conditions will not change during the coming year. Indeed, we know from experience that rapid changes in the economic situation are the rule rather than exception. Economic conditions could very well become favourable for the Alsands project sooner than we would expect.

[*English*]

Madam Speaker, the Government of Canada and the government of Alberta have made repeated efforts over the past several months to encourage the Alsands project to go forward. The opposition is blaming the federal government, but in doing so they are condemning their Tory counterparts in Alberta.

We must acknowledge that despite an extremely generous offer from both the federal and the provincial governments in terms of the tax regimes and other financial matters, the remaining private sector members of the Alsands group have decided that the time is not right to proceed with the project.

• (1330)

I share the regret of all those Canadians who looked forward to this project as a source of both oil and economic benefits in the years ahead. But we all know that there is a limit to which any government or governments can go on making the conditions right for any particular project. There is a point at which the sum of all the expected benefits from a project, financial, economic, even psychological, are exceeded by the costs and risks. I feel, Madame Speaker, that the Governments of Canada and of Alberta went as close to that balancing point as possible in the effort to encourage the Alsands project to proceed. As it stood in the final analysis, the two governments were prepared to assume the vast majority of the upfront capital risks through direct participation or loan guarantees.

Because of uncertainty about future world oil prices and interest rates, to name two crucial factors, the private sector

members of the project could not see their way clear to proceeding, even under this reduced risk situation. The Alsands companies were concerned about their projected rates of return and their cash flow positions as the project went ahead. Both levels of governments proposed an offer which, in my view, provided a good rate of return and maintained that rate even with lower than expected rates of growth in world oil prices. The minister has already tabled the details of the offer. Let me note, however, that the rationale for the degree of support offered was to ensure that the project would receive benefits equivalent to those implicit in Alberta's earlier promise of a 20 per cent loan guarantee and, as well, to those of a fully taxable firm which can use conventional tax write-offs on a current basis.

With the government guaranteed loan offer and the special features for repayment which are incorporated in it, we addressed directly the concerns which the project sponsors had expressed to us earlier. One such concern was their inability to use tax write-offs on a current basis. Our offer guaranteed them equivalent benefits. The second was their cash flow problems and risks. The government offer addressed this with a guaranteed loan and and a 50 per cent joint participation. Finally, the companies were concerned about the risk of low rates of the oil price increase. This we addressed by designing loan repayment terms which would, in the case of a lower than anticipated oil price growth, have delayed the time when the project would become taxable.

Of course, if oil prices escalated rapidly, the loan would be repaid more quickly and advance the date at which the project would be subject to full taxation. Thus, the government presented a package which did not provide an excessive rate of return but which was very generous in terms of reducing risk for the participants. They could not anticipate excessive rates of return but they would receive protection on the downside.

It should be clear from the terms I have outlined that we have not only addressed the specific concerns of the companies, but put forward an objective total proposal under which the Alsands project could have gone forward.

The minister has made it clear that he was not closing the door to a renewal of the Alsands project at a later date. Delays in major energy projects are being encountered throughout the world in this particularly difficult time for the world economy. It would be rash to say that these circumstances will not change in the next year or two. Indeed, the record suggests that rapid changes in economic conditions are more the rule than the exception. Economic circumstances may well favour the Alsands project sooner than we might expect at the moment.

[*Translation*]

As I said, Madam Speaker, both governments went as far as they possibly could on the financial aspect. We cannot alter indefinitely the incentives intended for particular supply sources, in view mainly of the wide range of opportunities. In addition to the potential from frontier regions, we are taking into account the increased recuperation of oil and the upgrading of heavy oil in Saskatchewan and Alberta.

In our quest for oil self-sufficiency, Madam Speaker, we want to proceed in the manner that will prove the least expensive for Canadians. The industrial economic fallouts would have been useful, but we hope to recoup them through other means. Some have wondered why this project was not entirely financed by the federal government. Madam Speaker, I reply by saying simply that the Alberta government insisted from the very beginning on a major involvement on the part of private industries, a concept that we support fully. As soon as the National Energy Program was announced, the Government of Canada indicated that it was desirable for private industries to be more involved, although still to a limited extent, in the direct ownership of the oil industry. I will conclude very shortly, Madam Speaker.

Madam Speaker: The hon. member's time has expired.

Some hon. Members: Keep on talking!

An hon. Member: Take 20 more minutes! Take all the time you want!

Madam Speaker: I think that the hon. members would like the hon. member for Bourassa (Mr. Rossi) to complete his sentence.

Mr. Rossi: Madam Speaker, I certainly want to thank my colleagues opposite, and they know that we always do this when trying to end a debate.

I conclude, therefore, by saying that we see no reason to change our position. We want to emphasize the opportunities to co-operate in the development of major energy projects and the Alsands project provided a tremendous opportunity in that regard.

Again, it is unfortunate that we could not seize this opportunity at this time, but there will be others. I am sure that before long, we will have again the possibility to develop our oil sands and achieve our long-term objectives in the field of energy.

[*English*]

Mr. Jim Fulton (Skeena): Madam Speaker, I am pleased to have an opportunity to participate in this emergency debate. I think it is important not only to look at what the implications are for these two major megaprojects as a result of their demise, but what the implications are for Canada as a whole. What is at issue in this debate is the demise of the Alsands and the Alaska gas pipeline projects. They total close to $63 billion, and perhaps much more by the time they come on line. The questions we must address are: why did they collapse, and what does it mean to the average Canadian taxpayer, something which has rarely been addressed in this debate so far.

The hon. member for Athabasca (Mr. Shields) described the collapse as a result of madness rampant in the Liberal Party, particularly in the front benches. A Liberal said it was due to

the undermining influence of the Conservatives. There may be a little bit of truth in both, but not very much. I think it is time members of the House and members of the public faced the facts. The projects have collapsed, which has meant the loss of hundreds of thousands of man years of employment across Canada. We in this party say the collapse of the Alaska gas pipeline is a direct result of the gutless attitude taken by the Liberals and Tories for failing to obtain financial guarantees for the northern section of the Alaska gas pipeline some five years ago.

• (1340)

Canadians cannot help but wonder why this House is endlessly debating the oil and gas industry. One day we are told that the industry has ripped off the average Canadian consumer for $12 billion, but then no action is taken by the House of Commons. That leads to a very cynical attitude, particularly when one realizes that so much of government policy is based on opinion polls. When the public is angry about something, the government releases a report hoping that it will turn the consumers' attention away from what is really at issue. The next day we find out, for example, that the oil companies will get 93 cents on the dollar in subsidy for exploration. That perhaps came as a perk to angry oil executives after the public had been informed that the oil companies had ripped off $12 billion before that.

On Alsands, we now find that a guaranteed rate of return of 22 per cent is simply not enough. We have to ask, Madam Speaker, what do they want? It is quite clear they want Canada's economy on a platter for surgery as the monopolies see fit. That is why we in this party say that if the Liberal-Tory coalition must pander to the dinosaur mentality of most megaprojects, then we must, through this House of Commons at least, make those projects work for the benefit of all Canadians. But more than that, we should use some imaginative and creative developments of our national options. Where do we go from here?

The most recent piece of legislation indicating where the government intends to go was Bill C-48. In this bill the government has indicated its intention to spend about $300 billion over the next 15 years north of 60 and off the east and west coasts drilling for gas and oil. These are major megaprojects. But we can see already that with the Canadian economy in the shape in which it is and the global economy going the way it is with oversupply, particularly in the oil and gas sector, that approach may well and predictably be inappropriate to get Canadians back to work and our economy going again.

On the other hand, we have the Conservative position that has been put forward very well in the last 24 hours. That is simply to give a better deal to the oil and gas companies, which may well lead us deeper into the mire in which we find ourselves already.

The Conservatives say the Liberals killed these projects. But what do the Tories really say? Are they saying that Peter Lougheed and the Liberals should give more to Alsands, that the 22 per cent rate of return is not enough? Surely, these are the original parties to the selling out of Canadian interests. It is a quick fix always at the cost of our children and the future of our country. What we should be doing is going into small-scale oil and gas projects, wind, tidal, low-head hydro, biomass, solar, geothermal and conservation.

What about the example given by my colleague, the hon. member for Regina West (Mr. Benjamin), this morning, that of the electrification of the railway, particularly in dense urban transit areas which, at half the cost of the Alsands project, would release the same volume of diesel as will be created by Alsands? So why put $13 billion into Alsands when there is an option to provide through conservation the same volume of oil to Canadians at half the cost? I think the Canadian People have a right to know what is going on behind the scenes in the boardrooms.

We could have more jobs and a much more stable economy. We could develop export markets for world-leading technology in almost all of the alternates because we have one of the most highly educated and technically skilled societies in the world. Why Alsands? Sure there are jobs, Madam Speaker, but at $4 million per job, while alternatives, conservation and manufacturing can be brought in for less than $100,000 per permanent job, it does not seem right.

The facts surely lie in the dinosaur mind set of the two major parties in this country, the Liberals and the Tories. Their roots, especially their election funds lie deeply in the bank accounts of the oil and gas companies.

Mr. Clark: That is a falsehood.

Mr. Fulton: That element has more to do with this debate than most Canadians appreciate.

The Liberals and Conservatives even at this time vote together on policy day after day. In this session alone, the Tories have supported and voted for Trudeau 29 times. This party has voted for government bills only 14 times.

The collapse of Alsands is due to three important and reasonably obvious factors. First come the high interest rates which are supported by both the Liberals and the Tories. Second, the rising construction costs. I think all members in the House know that energy projects are prey to a kind of inflation that is quite separate from the consumer price index. Third, dropping fuel prices caused by a recession and high interest rates. These dropping fuel prices are also caused by an oversupply in both OPEC and non-OPEC nations, something that has not occurred generally in the past. Even with the Liberal and Conservative guarantees of a 22 per cent rate of return, the economics simply do not seem to fly.

Let me deal with the Alaska gas pipeline, Madam Speaker. It is a very serious issue. We have seen the federal government's never too specific industrial strategy. We have seen it now that it has collapsed. We have seen Alsands go down, which really was the cornerstone of the Liberal's policy. We have seen Cold Lake and Shell. We have seen the Norman Wells pipeline delayed for two years. We see the Quebec and

Maritime line for gas which may well run into serious problems with Nova Scotia ambitions to bring its gas onshore. As for double-tracking in the west, I do not think that was anything other than a campaign promise never to be delivered. We see now the very likely prospect of the collapse of the nuclear industry in Canada which will see the loss of 40,000 jobs. Then there is the Alaska gas pipeline which would have provided hundreds of thousands of man-years of work if this House had had the guts to put together a piece of legislation which required the kinds of financial guarantees that we talked about in the House five years ago.

I would like to quote from a recent article appearing on the editorial page of *The Citizen* for May 4, 1982. It reads:

> The Trudeau government made the stupid mistake of committing Canada, in 1980, to "pre-building" the southern portions of the line so that the link to U.S. markets would be ready when the upper portion was completed by the U.S. partners.
>
> In July 1980, Energy Minister Marc Lalonde warned that if the U.S. reneged, it would be the greatest breach of faith in 200 years of Canada-U.S. relations.

We have had that now and not one member of the government has even stood up to talk about it. The article continues:

> The two-year delay may be claimed by Lalonde to be something less than a complete collapse of the plan, but any realistic appraisal of the situation must conclude that a $50 billion pipeline initially projected to cost less than $10 billion is a non-starter, especially in today's high-interest-rate, reduced-oil-price economy.

I would like to comment on the Conservative position on the Alaska highway natural gas pipeline because I think the Tories have played a vital role in selling out Canada's interest so that we now have trillions of cubic feet of gas essentially going out of Alberta at a door-step cost, cheaper to U.S. consumers than to Canadian consumers. So here we have these two parties which vote together but do not have the financial guarantees for the northern end of the line, yet we have gas companies in Alberta and Saskatchewan saying that they need subsidies so they can have cash flow in order to drill for gas. They drill for it, they get it but they cannot sell it because we have a surplus in Canada. But what they do then is to come to the Liberals and Conservatives and say, "You have to build a pipeline. We have to export it to sell it to the United States." We build the bottom part of the line. Then we export gas to the United States cheaper than Canadians can buy it. Of course, the Americans are not going to build the northern end of the line as long as they can get our gas cheaper then they can get their own. They never have to build the line. It is an example of Canadian lunacy where the Liberals and Conservatives are so tightly interwoven with the gas and oil companies that they are always taking another step and always needing more cash flow. Always one more step is taken to sell out Canada.

In 1978 the Conservatives supported the Liberals on Bill C-25 which established the northern pipeline agency. It gave effect to the agreement between the U.S. and Canada to build a pipeline. Led by the hon. member for Yukon (Mr. Nielsen), their northern pipeline spokesman, the Tories opposed the NDP position and our amendments regarding the maximizing of Canadian content in jobs and material, protecting native rights and the environment, and ensuring there would be no Canadian government financial backing or liabilities for the construction of the line.

The Tories also supported the pre-build concept. In December, 1979, the Conservative government authorized an additional 3.75 trillion cubic feet of natural gas for export, thereby strengthening arguments for the construction of the pre-build and using it to export Canadian gas. It is interesting to note that only 40 per cent of the possible throughput of that pre-build is being used. The Americans are dealing with us in a very interesting fashion. They will not finance or build the northern end. They will take what they want out of the line when they want it. They will not even abide by the contracts which have been put in place.

• (1350)

The Liberals, led by the Minister of Energy, Mines and Resources (Mr. Lalonde), opposed these exports when in opposition. The minister called for "ironclad guarantees" that the entire line would be built and said that there should be future gas swap arrangements with the United States in return for the exports. Of course, once he was in office he never followed through on either of these demands.

In July, 1980, the Liberals, by order in council, not through Parliament, subverted the intent of the original act which authorized the construction of a gas line to export United States gas to United States markets by authorizing the export of gas through the pre-build section. During this debate the then Tory energy spokesman, the hon. member for Perth (Mr. Jarvis) stated:

> I did not talk about ironclad guarantees, nor did our minister of the day, because it is absolutely impossible. If the hon. members there demand complete ironclad guarantees, I say to them that they are against the pipeline. It is as simple as that. If you are for complete ironclad guarantees from industry, you are against the pipeline, and I say to you that you have to make up your minds.

That was the Tory position in 1980. Both the Liberals and the Tories voted together against the motion put forward by my party which would have preserved and ensured that the guarantees were in place so that we would not be here debating this today. They voted against the motion which I am about to read, yet they stood in the House of Commons yesterday and today, yapping that they required an emergency debate about an issue which they created that will cost Canadians a great deal of money. The following motion was moved by the hon. member for Vancouver-Kingsway (Mr. Waddell):

> That before this house adjourns for a summer recess, the House calls on the government to declare that it will not proceed with the construction of the pre-build portion of the Northern Gas Pipeline until complete financial guarantees for the whole pipeline have been obtained and an agreement has been reached between the Government of Canada and the Government of the United States that the Canadian gas exported through the southern portion of the proposed pipeline will be replaced by Alaska gas at an equivalent price.

They both voted against it. The situation is very interesting. I should like to go back a little further to remind both these parties how the issue came to be. On April 4, 1978, the hon. member for Nanaimo-Cowichan-The Islands, Mr. Tommy Douglas, commented upon the minister of energy in 1971, Mr. Joe Greene, who said at that time that there were hundreds of

years of oil, that we could export it for years and years, and that there would be plenty for Canada. Six months after he made that statement standing in the House, Canada was in a deficit. Canadians have been led by some very wishy-washy statesmen who have not even taken the time to compile scientific material upon which to base their statements. Joe Greene simply telephoned the oil and gas companies and asked, "How much gas and oil is there?" When he found out that there was enough oil for hundreds of years, he said, "Sell it off. We will have a good time, everyone can have new cars". A terrible fraud was perpetrated on the people of Canada.

I think Mr. Douglas put in a nutshell where these two old line parties are leading the country when he said:

It makes one ask whether this government is like the Bourbons who learned nothing and forget nothing. Have we forgotten that it is only five years ago that some of us were pleading in the House to phase out exports of oil?

Today we are doing it with gas. He continued:

Today we are a net importer of oil and we are told by the National Energy Board that in the 1990's we will be spending $4 billion or $5 billion per year to pay for imports of oil.

We now know that it will be much more than that. Also he said:

Are we going to make the same mistake with reference to gas? We are exporting 60 per cent of our gas production. We are going to increase it now by almost 40 per cent.

When our children stand in the House, they will be puzzled about the members of Parliament who sat here in the 1970s and 1980s. They will think there really was madness then. Perhaps the hon. member for Athabasca is correct. The only problem is that when his frontbenchers are on the government side, they find themselves involved in exactly the same kind of madness. Mr. Douglas went on to say:

The government say: "Just a moment, we are going to work out a swap arrangement". I think a swap arrangement could be worked out if it were on an energy equivalent, so that for every 100 units of BTU energy we sold we would get back a similar amount, if and when we wanted it.

That was never followed. He also said:

Do we realize what we are doing? We are walking blindfolded into a continental energy policy. The Americans have always wanted a continental energy policy, particularly when they ran short of energy. We are like the couple of brothers who went into town: one saved his money and did well, and the other one had a high old time until he was broke and then said, "Let's pool our resources".

This is what they are saying to us now. This is precisely what the Liberals and Tories are saying that we should be doing. They throw it all away; they sell it off as cheaply as they can to the United States. They sell it to the United States more cheaply than we are required to pay to heat our homes and run our vehicles. They sell it all off and say that the economy is having a great time. But we are getting into a deeper and deeper pit on the energy side. We can manage for quite a few years, but we do not have inexhaustible supplies. Mr. Douglas continued:

If we enter into a swap arrangement by which we sell 370 billion cubic feet of gas per year at $2.16 at the border, and 10 or 15 years down the road we buy it back at $3.50 or $4 per thousand cubic feet, we will have sold Canadians down the river. This House had better be aware of the manner in which the pieces are falling into place.

Now they are talking about starting the pipeline at the south end and building it so that it will take Alberta gas down to the United States, and the companies involved will make enough money out of that to finance in part the rest of the pipeline. The primary purpose in the immediate future is not to take Prudhoe Bay gas to the United States. The primary purpose is to take Alberta gas to the United States, and then hope some day, when the line is completed and Prudhoe Bay gas is coming down, if we need it, we can buy it back at a price. I suggest with great conviction that price will not be the same price we got for the gas we sold.

Mr. Douglas was prophetic when he spoke in the House six years ago. The present situation is such that the Tories are trying to convince the Canadian public that the collapse of the northern end of the pipeline is somehow related to the Liberals. Their voting record and speeches are very clear. Anyone who analysed the situation six years ago knew that we would be in the position we are in today and that the northern end of the pipeline would never be built. It is a preposterous proposition for them to put forward continually.

The hon. member for Yukon is trying to make a great deal out of the issue. In 1978 he said the following:

—let me make it abundantly clear that this party does not in any way intend to delay unduly the passage of this vitally important legislation through the House. Members of my party cannot advance amendments that will cause irreparable harm to the viability of this project, nor can any amendments be advanced that will go beyond the provisions of the international agreement that has been negotiated. Amendments are possible, and we will attempt to assist the government in a constructive and positive manner—

It is preposterous for them to be taking the position they are taking now on this very important issue. Of course it is not unusual. If our amendments for guaranteed financing had been put in place, we would not have to debate this side of the issue. That part of the line would have been constructed right now. It would have been in the interests of our neighbours to the south, so that they could move their gas from Alaska, down through the Yukon, and the southern portions of British Columbia and Alberta, and into the United States. We would have been left with the legacy from these two parties of a prebuild line exporting only Canadian gas.

I should like to make a couple of more quick points. One is a quotation from a Calgary newspaper under the headline entitled, "Proving small is beautiful". As I said earlier this afternoon, every Liberal member has indicated a desire to launch into megaprojects to stimulate the Canadian economy through the trickle-down theory. Even the Calgary newspapers tended to stay with the megaprojects until this week. Now they are starting to move away from them. The article which appeared in *The Calgary Sun* reads as follows:

There are rumblings already to the effect that some conventional energy schemes, largely neglected while we held our breath over the megaprojects, may be returned to favour.

• (1400)

Madam Speaker: I regret to interrupt the hon. member but his time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Fulton: Madam Speaker, I thank the hon. members present for allowing me to continue. They said the following about the underground gas storage scheme:

—putting gas underground without making it work hard at some specific task is a very inefficient procedure.

If the same couple of trillion cubic feet of surplus gas went into good old Turner Valley, for example, according to even the most conservative estimates, we could avail ourselves of an additional 100 million barrels of the finest quality crude ever found in Canada.

And of course there is the plus of the gas that would come out again. That's $4 billion worth of oil—

It goes on to say:

Oil sand experiments—nearly two-dozen larger than bench-sized projects—are still proceeding despite the Alsands fiasco.

I have two final comments. One is simply to repeat the position taken by the Leader of the Official Opposition (Mr. Clark) who says that, "Greed, greed, greed, killed Alsands". The position taken by the Minister of Finance (Mr. MacEachen) is that the private sector killed Alsands. A very interesting quote for me to end on is, "It all depends on whose ox is being gored. On Bay Street they are saying it is a recession when your neighbour is out of work and a depression when you are unemployed."

Mr. Paproski: Madam Speaker, I wonder if you might wish to explain to the public in the galleries what is happening in the House today, particularly to the people who have come to see question period. Perhaps you could explain that we are in an emergency debate under Standing Order 26 on the subjects of the collapse of the oil sands project and the Alaska pipeline. I would hope, Madam Speaker, that you would say that we have been here since eight o'clock last night with your permission. We would hope that perhaps we could stay here long enough so that the Minister of Energy, Mines and Resources may come back from Texas.

Madam Speaker: All I can say is that the sitting which began yesterday at eight o'clock has not yet terminated.

Mr. John Kushner (Calgary East): Madam Speaker, I wish to address the problems of the economic disaster which has been caused by this government. It is a very sad time for many Canadians. The government has wasted the sacrifice that has been made by many pioneers and has destroyed hope for the free enterprise system. It has killed the initiative and spirit of Canadians. It is a sin how the "gang of five" has destroyed the incentive of Canadians through the failure of the Alsands project, the Cold Lake project, the tar sands and the Alaska highway pipeline. One of the causes of the collapse of Alsands is the inefficient budget which was produced and manipulated by this government. However, the government is not totally to blame since the bureaucrats played a large role in the formation of the budget. Our bureaucracy is now completely out of control. The government must take the blame for this, and it can now be said that this government is no longer capable of governing.

What this country needs is a new budget, a new Minister of Finance (Mr. MacEachen) and, in fact, a new government which can restore confidence and provide a new direction for Canadians. The Liberals have created this bureaucratic monster which is completely out of control. It has destroyed the hope and incentive of Canadians.

Instead of the government addressing itself to the economic problems of this country, it has been preoccupied with the Constitution. As well, the government has been taxing us to death while bankrupting Canada.

Members in the government have referred to the 18-cent increase in gasoline which brought about the defeat of the Conservative government. The fact is that the Liberal government has raised gas prices three times that amount, an act which was accomplished with the co-operation of the New Democratic Party. They are also responsible for the situation in which we find ourselves today. This is a heavier cross they will have to carry which will be reflected in the next election.

The Liberal government set out to buy oil companies at a time when Canada could least afford them. It is clear that the money which had been invested is now in the United States. It is no wonder that our economy has been crippled. The government is out of touch with reality. While the government was negotiating agreements with Alberta on the Alsands project, it was negotiating with Mexico at the same time and thereby shortchanging Alberta on its heavy oil. It is not surprising that this Constitution, which was intended to unite our country, has divided it more than it has ever been. However, no one is against the Constitution because it is part of our country's growth.

In spite of what has occurred, the Alberta government has once again introduced an incentive in an attempt to get the Alsands project started again. The federal government is not addressing that situation at all. It is still playing with matters which are not relevant to the economy of Canada at the present time.

It is interesting to hear Liberal backbenchers ask us not to blame the government because it is the bureaucrats who are causing our current problems. This morning, I spoke to the Minister of Finance and he indicated that he was looking forward to receiving assistance, with respect to the economy and interest rates, from the United States. It is quite clear that at this time the government no longer governs. It has absolutely no control over the economy. It is the bureaucrats who are running the country. However, they had no alternative because the responsiblity was delegated to them.

As I mentioned, this government is looking to the United States for some direction or some sign of relief in the United States economy. The government has certainly not followed the lead of the United States with respect to the metric system. Metrication is costing billions of dollars. The government is not implementing a proper system for bilingualism. No one is against the French language, but the fact is that it is being pushed down the throats of some Canadians in areas where it is not necessary. This is also true for some civil servants who must be bilingual in order to hold a job. The fact is that it is not necessary in some positions. The unemployment situation is one of the worst we have experienced since the Great

S.O. 26

Depression. In fact, it is a depression, and it is a serious one at that. People are losing their jobs and homes, businesses are going bankrupt, and 70 per cent of companies are in receivership this year as compared to this time last year, 34 per cent of which have declared bankruptcy. This is a very serious situation. Canadians have an abundance of natural resources and human resources, yet we are not capable under the system, because of the way it is being bungled by the government, of owning or building a home in this land of plenty. One certainly cannot blame the United States, other foreign countries, business or anyone else. One must put the blame where it belongs. It is the Liberal government which has seriously mismanaged this government.

• (1410)

May I say that the time has come for Canadians to realize the situation we are in. Some people say that the Leader of the Opposition (Mr. Clark) is inexperienced, but I am sure that everyone is now convinced that we would not be experiencing the present sad economic situation if there were a Conservative government in power under the leadership of its present leader.

I appreciate the opportunity of speaking here on an issue which has crippled the economy and taken away jobs, opportunities and the hope of Canadians. It was not needed or wanted; it was forced by a government which did not have the foresight and the courage to do what was best for the country and did rather what was best for the party.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I, too, appreciate the opportunity of participating in this debate. At the outset, I must say that I am somewhat alarmed at the positions and, indeed, some of the rhetoric being thrown around, particularly by the New Democratic Party. In one instance, that particular party took its place in the House of Commons and said to the people of Canada that the government should back off the Alsands project. When the private sector makes a decision, and it no longer wishes to continue with that project, the New Democratic Party of Canada tells the people that it is in support of the project. It also says that we need it because we need the jobs. It is hypocrisy at its best. However, what does one expect from that party?

Throughout this session of Parliament, we have seen that party flounder on one issue, on another issue and then on many issues. But of course, the official opposition, the Progressive Conservative Party of Canada, also talks out of both sides of its mouth. All through this debate, and we started last evening at eight o'clock, we have heard a lot of rhetoric from the official opposition, but we have not heard any suggestions as to how we could improve on the situation.

Mr. Paproski: Yes, we have. A former minister just gave us some suggestions, the hon. member for Saskatoon West (Mr. Hnatyshyn).

Some hon. Members: Oh, oh!

Mr. Dingwall: Not only are the hon. members of the opposition intellectually bankrupt, but they have no leadership, either. They lack the intestinal fortitude to put their policies, particularly their energy policies—

Mr. Fennell: We put it forward.

Mr. Dingwall: —to a vote before their own party. That is how lackadaisical, how inappropriate they would be to govern this country. It has been argued by some individuals that the mere fact that they have attacked the Government of Canada on its position on the Alsands project means, in essence, that they are attacking the Conservative government of the province of Alberta.

Some hon. Members: They don't care.

Mr. Dingwall: It has been suggested by some that there is a leadership issue in the forefront of all of this—

Mr. Paproski: Don't you believe it.

Mr. Dingwall: —and that somehow that great white knight of the oil and gas industry, Mr. Lougheed, has ambitions to go on to federal politics.

Mr. Waddell: What about Brian Baloney?

Mr. Dingwall: Now we have a clearcut issue. The Official Opposition wishes to dissociate itself with the government of Alberta and its position, particularly as it relates to Alsands. That is typical of the Conservative Party of Canada. When the going gets tough, it buries its head in the sand.

An hon. Member: Alsands.

Mr. Dingwall: I assure hon. members that Mr. Lougheed, the Premier of Alberta, is watching this debate very closely because he has worked with the Government of Canada to come up with very generous proposals—

Some hon. Members: Oh, oh!

Mr. Dingwall: —in order to help the Alsands project succeed. But, of course, the official opposition, in its daily mutterings, whether from the hon. member for Dartmouth-Halifax East (Mr. Forrestall) or from an hon. member from Newfoundland, whichever one you wish to take, must have it both ways. If the Conservative Party does not have it both ways, it feels very uncomfortable. It is extremely uncomfortable in this position because it knows that the offer made by the Government of Canada and the province of Alberta was a fair and just one, and the decision taken by the Alsands consortium was a decision based on economic circumstances which are not only in evidence here in Canada, but across the world as well.

The opposition refers to the Alsands project going down the tubes. What about the $30 billion nuclear energy program in Mexico which has been delayed? A $14 billion liquefied natural gas export program in Nigeria has been delayed. The gasification project in Texas, estimated at $4 billion, has been

deferred. This situation is occuring not only in Canada but also in other jurisdictions throughout the world which are experiencing the same sort of worldwide recession and which have made business decisions based on those factors, thereby delaying projects. I suggest that it is not good enough for the official opposition, the Conservative Party of Canada, to abandon its provincial wing under the leadership of Mr. Lougheed and then say that Canada can be immune from certain factors which are affecting all countries of the world.

Mr. Hnatyshyn: You cannot tell us because you have no provincial weight.

Mr. Dingwall: Of course, another project which was cancelled was in Venezuela. The hon. member knows very well that that country, too, based its decision on economic factors. But notwithstanding the fact that the Alsands project has been delayed or shelved for an indefinite period of time, there are still a number of energy projects which are under active construction, such as Dome's Beaufort Sea project, amounting to $500 million, the Esso Beaufort Sea drilling system, amounting to $130 million, the Gulf Beaufort Sea drilling system, amounting to another $700 million and the Norman Wells oilfield development program, amounting to $600 million. Therefore, despite what the official opposition and the New Democratic Party may say about the gloom and doom in this country, construction is taking place. There is movement in the energy field.

Mr. Waddell: Tell us about the 12 per cent inflation and the 9 per cent unemployment.

Mr. Dingwall: The official opposition obtains a great thrust from feeding off the misery of other people. But that is why its members are in opposition and that is why we are in government. We are responsible and we will make decisions. We will give Canada a direction in which it should go whereas they have failed to do that and failed to make any suggestions on that. Many other projects are now taking place. The $700 million, Quintette coal development in British Columbia is taking place, as well as Ridley Island coal and grain terminals in British Columbia, another $400 million, the Algoma Seamless Tube Mill in Ontario, $300 million, the metal mining and refining modernization and expansion program in British Columbia, another $700 million.

• (1420)

The Canadian people ought not to be fooled or duped by the official opposition when they talk about the gloom and doom in this country. There are projects going ahead. No one on either side of this House would say that we are not living in difficult economic times. That is the reason and the rationale why the Alsands consortium made the decision they did in terms of high interest rates and the economy.

We have heard a lot of mutterings from the official opposition about an incentive to invest in oil exploration in Canada. I do not want to rhyme off a number of factors that come from the Department of Energy, Mines and Resources, but I will give the hon. member some quotes from sources to which they have referred on previous occasions.

Solomon Brothers, October 1, 1981, first-year netbacks on new oil reference price oil will be up to 80 per cent higher in Canada than in the United States. Pemberton Securities, November, 1981, conceivably the dramatically higher netbacks for new oil could ultimately lead to a resurgency in industry activity approaching that experienced in the mid-1970s.

Greenshields in February 1982 had a number of factors they wished to share with the Canadian people. These are as follows: exploration for new conventional oil will forge ahead because the price for new oil has almost doubled since December 1, 1981. The relative netback to new oil discoveries is two and a half times higher than in 1979, adjusted for interest rates. With higher netbacks, some small or poor quality reserves that were previously passed by will merit development. New oil discoveries can be put on production within two to 12 months. Finally, new oil plays are available, favouring both companies with land leverage but allowing even those without to participate.

There is something positive happening in the energy sector. It is not as positive as all members would like. We would certainly like to have the Alsands project proceed but the private sector, which supposedly has a philosophy which is akin to that of the Progressive Conservative Party of Canada, says they want the free market to operate. However, when the free market comes up and makes a decision like the Alsands consortium has made, they blame the government of Alberta, the Tory government of Alberta, the provincial wing of their party. I suggest there is a major split in the Conservative Party of Canada. It is Alberta versus the federal Tories.

Mr. Lewis: You had your provincial wings clipped.

Mr. Dingwall: A lot of the mutterings last evening centred around the fact that our goal of oil self-sufficiency will not be met as a result of the failure of the Alsands project. I wish to indicate to members opposite that in terms of the projections we have, we feel there is going to be a shortfall in 1990 of about 285,000 barrels a day.

That shortfall can be met by the possibility of further development on the east coast, the possibility of the Beaufort Sea as well as other oil sands projects. The shortfall which the opposition members have alluded to in their speeches in this debate will be addressed. I am very confident, although I sense from some opposition members a real negative attitude about east coast development, particularly as it relates to oil and gas. On one hand that party wants to have development of the oil and gas industry, but you have to question very seriously some of their mutterings and statements to see if in fact they want to see the east coast of Canada, particularly Atlantic Canada, prosper in this important sector.

I am hopeful that with the Hibernia find, with the offshore development in the province of Nova Scotia, particularly as a result of the agreement which the Government of Canada and the province of Nova Scotia have reached after many months

of negotiation, a great deal of activity will take place off the coast of that province.

There is one individual whom some members of the official opposition like to quote from time to time. That individual said, "It may be that only time will tell that the activity factors we saw in the summer of 1980 were perhaps somewhat unrealistic as a result of the natural gas marketing situation, so perhaps the really important variable in terms of meeting the recovery dates I have mentioned in this answer will depend upon the prospect for improved natural gas market sales in the United States." The individual who made that statement is the Premier of the province of Alberta, Mr. Lougheed.

When hon. members refer back a couple of years, particularly to the summer of 1980, I place that before them very politely. That was said not by me or by any member of my party, but by the Premier of the province of Alberta, a member of the Conservative Party of Canada.

The utterings, doom and gloom and personal attacks being levied by members of the official opposition does absolutely nothing to improve the situation. I had hoped when this debate began that we would hear clear, concise recommendations and proposals from the official opposition. We have heard absolutely nothing. They are still crying over spilled milk in February 1980 when the people of Canada said no to "Joe Who". They will say no to that party in the next general election and the one after that.

They have no policies. If they do, they hide them from the Canadian people. They hide them very well because they came together as a party to discuss policy and then made some very serious resolutions for that policy conference. One of the resolutions that they have is that they are not going to have any resolutions. They are not going to take any votes on any policies that their party supposedly wishes to have enacted into law for the people of Canada, none whatsoever.

That is the party which is trying to portray to the Canadian people that somehow they have a right or an obligation to govern this country. If they cannot put their own policies before a vote by their own party and have a vote on the leadership of their party, how can they expect the Canadian people to have confidence in anything they say as it relates to energy policy? The official opposition and the New Democratic Party have pretty well had their own way in terms of criticizing. I had hoped, when the 22 members of the New Democratic Party spoke, that we would have had some valid suggestions on how to improve the situation, but we did not have one.

• (1430)

Mr. Waddell: What about Mr. Broadbent's economic strategy?

Mr. Dingwall: Mr. Speaker, I am glad the hon. member has raised the Broadbent economic strategy.

An hon. Member: The member for Oshawa.

Mr. Deputy Speaker: With all due respect to the hon. member, the usual practice in this House is to refer to members by constituencies or by their functions.

Mr. Dingwall: Thank you, Mr. Speaker. I am always very willing to take your advice and I will refer to the hon. member for Oshawa (Mr. Broadbent). It is good that that hon. member from Vancouver-Kingsway (Mr. Waddell) has made reference to his particular economic policies. I do not wish to take up too much time of the House of Commons.

Mr. Waddell: You have already done that.

Mr. Dingwall: Let me refer to one of their policies which affect my own constituency, Mr. Speaker; that is, in relation to the nuclear industry. It was that party, the New Democratic Party, it was their philosophy, their economic strategy, to create jobs. They said, it is on the record, that the two heavy water plants, in Port Hawkesbury and in Glace Bay, would be closed—thereby throwing out 1,000 jobs. But they stand in their place, they tell members of this House, they tell the gallery, they tell the people of Canada, "We, the NDP, are in favour of creating jobs."

Mr. Waddell: We are not in favour of nuclear bombs for the Argentine.

Mr. Dingwall: They cannot have it both ways. The NDP are clearly on the record as saying, "We want the two heavy water plants closed." I hope that the hon. member for Vancouver-Kingsway has got the guts to go to Port Hawkesbury, to go to Glace Bay, to stand in the union hall—

Mr. Waddell: I have been there.

Mr. Dingwall: —with his friends in the CLC and tell them, "We want to close down the heavy water plant." I challenge the member for Vancouver-Kingsway to do that.

Mr. Waddell: You are going to close that very plant next year, I bet you.

Mr. Dingwall: The Conservative Party muttered numerous things in this debate which are totally false. They know that the Minister of Energy, Mines and Resources (Mr. Lalonde) devoted a large amount of his time in the previous month and in the previous year trying to effectuate a settlement in regard to the Alsands project. He has worked endlessly, Mr. Speaker, and he has worked closely with the government of Alberta to try to achieve this particular goal, and I think his efforts should be recognized by all members of this House, regardless of their political faith.

Hon. James A. McGrath (St. John's East): Mr. Speaker, the parliamentary secretary who has just taken his seat said some very interesting things during his 20 minutes. I was rather intrigued by something he said a few moments ago. He said that we seemed to be crying over spilt milk, implying that we have not quite gotten over the election of February, 1980. He threw out a number of challenges. I would like to throw out one challenge to the hon. gentleman—who is still in the House.

I would like to ask him how he intends to go back to his constituency in Cape Breton and justify the position that he took during the election of 1980, consistent with the position that was taken by his leader, the Prime Minister (Mr. Trudeau), when he campaigned against increases in gas and oil products.

What has happened since that time? Notwithstanding the promise of the Prime Minister in 1980, when he said on February 12:

> The Liberal price hike will be less than half of what the Tories plan to inflict on you; we will negotiate an increase of less than 14 cents.

We know that the price of a gallon of gas has gone up by 75 cents since this government took office, and most of that is tax. We also know that the price of home heating oil has increased by 50 cents a gallon.

I would like to know how the hon. gentleman intends to go back to the depressed economy of Cape Breton and justify that situation, a situation which he campaigned against in the election of 1980, notwithstanding the fact that he knows full well that the Crosbie budget provided a shelter for home heating oil, a shelter against increases in the world price. The people who are hurting most as a result of the increases in home heating oil are the people who live in places like Cape Breton, in areas of the country where the economy is not in recession, where the economy is in depression, where the people are really feeling it.

Notwithstanding the pronouncements of the hon. member to the contrary, we know that that situation will get worse as a result of the breakdown in the national energy plan, as a result of the failure of the so-called megaprojects, as a result of the failure of the Alsands project. Not only will that exacerbate an already serious unemployment problem, which is currently hovering around 9 per cent, depending on where you are, which in the hon. gentleman's constituency is about 20 per cent, and which in my own province is over 15 per cent. We know that will contribute to the unemployment situation and will mean further increases in the price of home heating oil and in the price of gasoline. That, Mr. Speaker, is the fact.

I listened last night to the speech of the Minister of State for Mines (Mrs. Erola). I listened very carefully because that was the government's official response to this emergency debate. Naturally, we had hoped that the Minister of Energy, Mines and Resources could find the time, with the JetStar at his disposal, to get here from Texas. I do not think it was impossible for him to fly from Texas to be here in time for the debate, given the time frame. The permission for the debate was granted at 3 p.m., the debate was started at 8 p.m. The minister could have got here at some point during the evening, but he did not. He chose not to get here. Instead we had to hear the Minister of State for Mines trying to make a strong argument on a weak case. And, of course, she failed.

It is not without interest to the people of Canada that this debate has taken place. I am sure the people of Canada well know that we have been sitting here continuously without a break since eight o'clock last evening. That is over 18 hours of continuous sitting. The Chair accepted the motion of the Right Hon. Leader of the Opposition (Mr. Clark) and agreed that there was in fact an emergency situation in accordance with the provisions of Standing Order 26 as a result of the breakdown of the megaprojects. Her Honour, the Speaker, realizing that that emergency situation existed, granted the emergency debate. One of the reasons we have carried it through to this point in time is that we had every reason to believe, and we still have hope, that the Minister of Energy, Mines and Resources will find his way back to Canada from Texas and will stand in this House, and not only tell this House but tell the people of Canada just exactly what the position is in this country, vis-à-vis the energy situation, vis-à-vis the economy, as a result of the breakdown of the megaprojects, as a result of the breakdown of the Alaska gas pipeline, with respect to unemployment and with respect to its impact on increased energy prices. We hope he will find time to come here and give us the official position of the government.

Let us get back to the Minister of State for Mines. One of the things that kept cropping up in her speech, and it has emerged in subsequent speeches of members of the Liberal Party, refers to "the potential of the Hibernia field". You see how the situation has changed? Up to last week the position of the Government of Canada was, "We can wait it out. We can wait out the Newfoundland project because we have the megaprojects, we have the Alsands project, that is going to give us energy self-sufficiency and we can just take our time on Hibernia because of gas; the oil is there. It is just like having gold in Fort Knox." Now, of course, with the breakdown of the megaprojects and with the collapse of the Alsands project all of a sudden Hibernia emerges as the real alternative. We now are being told that with Hibernia and with the potential of the Beaufort Sea—which does not have proven reserves as does Hibernia; the proven reserves of Hibernia are about one billion and could be as high as 1.8 billion barrels of oil—we can still achieve energy self-sufficiency by 1990.

• (1440)

What is the position? As of this point in time the position is that the two governments are not even talking to each other. There has been a total collapse in the negotiations between Newfoundland and Canada on jurisdiction over offshore oil and gas, and nothing has happened. That in itself contributes substantially to the delay in getting on with the development of that very important reserve.

In addition to that—and this is a factor—the loss of the *Ocean Ranger* and 84 lives in February tells us one thing. Apart altogether from the tragedy of it, it tells us very clearly that we still do not have the technology to cope with that hostile environment out there and to extract reserves from the ocean floor. It is not without interest that the spot where the *Ocean Ranger*, the world's largest floating oil rig which was supposed to be unsinkable, went down was just about 30 miles from where the *Titanic*, which was also supposed to be unsinkable, met the same fate with an iceberg. We were not coping with icebergs in the *Ocean Ranger* disaster; we were coping with mountainous seas, high winds and blizzard conditions,

and we still do not have the technology—that is what emerged loud and clear from the *Ocean Ranger* disaster—to cope with that environment. However, even forgetting that factor for a moment, the loss of the *Ocean Ranger* means that the development of this important reserve will be set back by at least two years.

That must be added to what we hear from the industry. The industry tells us—this does not come from the Newfoundland government or the Government of Canada; it comes from the oil and gas industry—that if an agreement were to be reached today, it would take anywhere from eight to ten years to get the first barrel of oil from the Hibernia field. So let us take eight years and add two years to that because of the failure of our technology to cope with that environment; we are looking at 1992. That is supposing we could get an agreement today. So we can see we cannot all of a sudden look to Hibernia as the promise to make up for the loss of the failure of the Alsands project.

Let us examine the position of the Government of Canada and why negotiations are not taking place today. The Minister of Energy, Mines and Resources (Mr. Lalonde) said, on February 24, that he was prepared to be flexible in his talks with Newfoundland and that he was prepared to compromise. He said Newfoundland must be prepared to do the same thing. We looked upon that as an opportunity to make peace and to sit down and negotiate. Negotiations did resume early this year. I believe they were making some progress, until an interesting thing happened in the midst of those negotiations.

Let us remember that there was an agreement on both sides to set aside the question of ownership and to negotiate joint management and joint revenue sharing. In the midst of those negotiations the province of Newfoundland was double-crossed by the Government of Canada. There was a case at that time before the Federal Court of Canada which had been brought by the Seafarers' International Union regarding jurisdiction over rigs. Included in the terms of reference of that case was not only the question of jurisdiction over rigs but also the whole question of which government has jurisdiction over the offshore.

The Government of Newfoundland felt that this was a betrayal of the undertaking which had been made precedent to the reopening of the negotiations, and made the reasonable request to the Government of Canada that it instruct counsel to withdraw that question from the court. The Government of Canada refused to do so. As a result, on February 12, the government of Newfoundland announced that it was referring the question of ownership of the mineral resources of Newfoundland's continental shelf to the appeals division of the Supreme Court of Newfoundland, an action which was made necessary by the federal government's decision to introduce this question into the SIU labour relations case before the Federal Court of Appeal and its subsequent refusal, as I have said, to join with Newfoundland in asking that court to delay hearing the case while negotiations were in progress.

During the course of those negotiations Newfoundland, in response to the reasonable request of the Minister of Energy, Mines and Resources for compromise on both sides, put on the table a compromise proposal which formed the basis of the new negotiations. As a result of what happened in the SIU case, as I have said, negotiations collapsed. The Newfoundland government then decided to appeal to the people of Newfoundland and called a general election. However, in the process of doing so the government of Newfoundland decided to go one step further and be even more reasonable in its compromise proposal, in other words, to set before the people of Newfoundland in a general election an even more reasonable proposal than the government of Newfoundland had set before the Government of Canada during the course of the negotiations last winter.

Those compromise proposals were released on the day the election was called, and it would be worth putting them on the record. Very simply, what we are looking for is a true partnership. We are not looking for a partnership in which one government has the dominant say and one government controls the majority of the management board. That is not a partnership but a co-partnership. The government of Newfoundland proposed a true partnership in which each partner would have equal representation on the board and there would be a neutral chairman agreed to by both partners. That is a partnership. Anything else is a majority-minority position, and the people of Newfoundland were not prepared—and are not to this day—to accept the minority position on a management board respecting that important resource which holds so much promise for our people. We can wait. We can wait because the onus now, as a result of the failure of the megaprojects, is on the Government of Canada.

The proposals put forward were very simple. Both governments would set aside ownership claims and become co-owners of the resource. What could be more reasonable than that? Both governments would be equal. Both governments would receive their share of revenue directly from a joint agency. Arrangements could be changed only with the consent of both governments. That is a reasonable proposition. The proposal went on to talk about how prices would be established and what the province would receive. For example, the province would initially receive the traditional share which has been received by the western provinces for onshore oil and gas. The province's traditional share would continue until a trigger point based on fiscal and economic objectives had been arrived at, and the share would then change in favour of the Government of Canada.

What was the response of the people of Newfoundland in that general election? The response of the people of Newfoundland was that the Liberal Party of Newfoundland was practically wiped out. The great Liberal Party of Newfoundland, the founding party of Confederation in Newfoundland's union with Canada, was practically wiped out at the hands of Premier Peckford and the government of Newfoundland on the basis solely of this reasonable proposal.

The people of Newfoundland want to be reasonable. They want to share. They want to be good Canadians. They want to share in this partnership. They want to contribute their share

to Confederation. We are tired of being a "have-not" province. For once we have an opportunity to rise above that "havenot" situation. For once we can see ahead to the time when we will not have to come cap in hand to Uncle Ottawa as a colony and look for more where we can share a resource that is ours.

• (1450)

The response of the people of Newfoundland was 62 per cent in favour of that position, and only eight Liberal seats out of 82 survived.

What was the response of the Government of Canada? Almost before the ink was dry on the writ, the very next day on April 7, the Minister of Energy, Mines and Resources, who is now somewhere in the oil fields of Texas, had something to say. According to an article in the Ottawa *Citizen* of April 7, the minister accused Premier Peckford of resorting to "outright lies" in the campaign, and said that the election results meant nothing as far as the federal government was concerned. He said "Our principles remain the same. We have no new proposals to put forward."

That was his provocative and insulting response not only to the government of Newfoundland but to the people of Newfoundland—"We have no new proposals to put forward—our principles remain the same."

That situation has now changed, Mr. Speaker. Within a few days of the announcement of the failure of the so-called megaprojects, the breakdown of the Alsands project, the minister told the House that he had been on the phone to the minister of energy for Newfoundland and that he hoped they could get together again.

How things change, Mr. Speaker. I can tell the minister that hard times are no stranger to Newfoundland. We not only live in a hostile environment but we live with hard times. Through the four or five hundred years of our history we have learned to exercise patience. That patience is still there today. We can wait, Mr. Speaker. Our position is reasonable. It has the support of the people of Newfoundland. We can wait. My question to the minister through you, Mr. Speaker, is how long can the people of Canada wait?

Some hon. Members: Hear, hear!

Hon. Gerald Regan (Secretary of State): Mr. Speaker, in rising to participate in this debate I want to say that I have not had an opportunity to examine *Hansard* as thoroughly as I would wish and note all the input into the debate since yesterday afternoon by hon. members opposite. On the basis of the examination I have made and the reports that I have received from others—

An hon. Member: It has not been printed yet.

Mr. Regan: —it strikes me as being a most unusual emergency debate on the question of the collapse of the Alsands project and the concern of the official opposition about megaprojects in general.

It is a surprising debate because, as one who is concerned about energy and the economy, I would have expected that a request for an emergency debate when the Minister of Energy, Mines and Resources (Mr. Lalonde) was known to be out of the country on an important engagement meant that the opposition had concrete, positive, alternate proposals about what the government should do.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. McGrath: Look what we have flushed out. The eyes of Texas are on Ottawa.

Some hon. Members: Hear, hear!

Mr. Turner: You said he was in Texas.

Mr. Hnatyshyn: How was J. R. Ewing?

Mr. Regan: Mr. Speaker, when hon. members opposite settle down I will try to continue. I am very pleased that the minister has arrived in the House.

As I was saying, hon. members opposite decided that the situation is such an emergency that all the business of the House must be put aside and for two days or so we must talk about the problems that arise from the collapse of the Alsands project.

Some hon. Members: Oh, oh!

Mr. Regan: Mr. Speaker, I am either getting to them already or I am about to get to them, because that is when they make those noises. If they would just listen politely they might learn something.

An hon. Member: Not from you.

Mr. Regan: I expected them to come forward with a positive plan. I expected that if they sincerely wanted an emergency debate so urgently, that if they could not wait until the minister was in the House and could answer questions, they would have offered five or six alternatives. If people want to know what their actual purposes were and what they had been doing, they should read *Hansard* and find out how hon. members opposite have talked about the economy, about an election, and many other things that have no relation to the subject matter of their emergency resolution whatsoever.

I want to compliment you, Mr. Speaker, on your tolerance in regard to the breadth of comments that you have allowed them to make which are far from the subject.

Mr. Deputy Speaker: With all respect to the minister, the Chair has observed that on both sides there has been a certain tolerance.

Mr. Regan: Thank you for that assurance, Mr. Speaker, and I will try to follow the principle that has been established about the breadth of debate in my remarks.

The opposition asked for the emergency debate, however, and if they talk about a wide range of matters then it is quite obvious that it will bring forth a response on a wide range of matters. The fact that they have brought no new ideas, made no concrete suggestions or alternatives, indicates that there is more politics than economic concern in their action.

I believe that the temporary collapse, we hope, of the Alsands project is regarded as unfortunate by everyone. But I think the vast majority of Canadians would be more unhappy if the government of Alberta and the Government of Canada had decided together to go ahead in changed world circumstances where this would result in higher energy costs to the Canadian people and would provide us with the security of supply that we badly need but at a cost higher than alternatives that exist elsewhere. Hon. members opposite are trying to convince Canadian people that this is the responsibility of the government. Perhaps they have to try to convince people that despite the fact that the price has softened internationally, and that the costs for the Alsands project were very high, we should have gone ahead regardless of the fact that the private partners who put up their own money withdrew because they considered it to be too expensive.

What hon. members opposite are saying is that the government should have gone ahead nevertheless, and should have imposed a project upon the Canadian public that would result in an even higher energy cost than is the case at present.

Mr. Wilson: That is nonsense.

Mr. Regan: I should like the hon. member to explain why that is nonsense.

Mr. Wilson: I will.

Mr. Regan: I will listen very carefully because that question deserves to be answered. The hard cold facts are that hon. members opposite have not answered that question in this debate. Instead they have rambled on about the problems of the economy as though we lived on an island floating in the sky somewhere and are not affected by the American markets, the European situation, and international conditions in general. But that is not an unusual ploy for the opposition. Indeed, I recognize it is perhaps a legitimate ploy, but it is not the sort of constructive approach which results in a party gaining the confidence of the public. I therefore think it is ill-advised.

• (1500)

It is my view, Mr. Speaker, and I am confident it is the view of the Canadian public, that if the Alsands project was going to result in a higher cost of energy than available alternatives, the Canadian public would not want that project to go forward. They will be very much influenced in their judgment on the wisdom of the government's decision by the fact that the private companies decided not to go ahead under these circumstances.

Mr. Wilson: The new-found capitalistic principles of Gerry Regan.

Mr. Regan: I think the people will also be influenced, as I am, by the fact that the government of Alberta, which is not noted to be of the same political stripe as this government or to take the same views in relation to the economy, also felt it had gone as far as it should go in trying to make this project go forward. So I want to applaud the Minister of Energy, Mines and Resources who had the courage to take the right step. I applaud Premier Lougheed also. Between them, they decided they should not go ahead with a project which had become uneconomical and uncompetitive in today's world market conditions. In many ways the easy task would have been for the minister and the premier to have gone ahead regardless of cost, and that is why I applaud the fact they had the courage to recognize that the long-term interests of the Canadian public in relation to pricing have to be their first responsibility.

Let me, Mr. Speaker, say a few words about the National Energy Program which these people say is in a shambles.

Mr. Wilson: It is.

Mr. Regan: Sure, we have problems in western economies at the present time. We have a softness in markets which affects a province like mine, Nova Scotia, where we sell the vast portion of our fish into the American market. We sell the products of our large pulp and paper mills, most of the tires from Michelin, and many of our other industries into the American market. The result is that when the United States catches a cold, Nova Scotia sneezes. The same thing applies to British Columbia, indeed to a large part of the Canadian economy. If the Americans do not build homes, then we do not sell our gypsum from Windsor, Nova Scotia, my home town, or the forest products from British Columbia. So do not try to tell us that the economy is not dependent upon world markets.

What have we done in the NEP?

Mr. Wilson: Nothing.

Mr. Regan: Before it even existed we had established PetroCan, something which hon. members opposite wanted to do away with. Had they been in office a little longer, they might have done that great violence to Canada's future. In the meantime they bury their heads in the sand when the subject of PetroCan comes up because it was PetroCan's participation which kept the drilling going off the east coast when the private companies were not prepared to put up more money without having a major share paid for by the federal government. I applaud the minister for that because that brought about the successful gas discovery off Nova Scotia which will provide for the economic future of that province, and do much to help Canada's economy. It was PetroCan's involvement in Newfoundland which provided such a tremendous role in the success of Hibernia and adjacent areas. The NEP, with its investment incentives which might otherwise not have been possible, have of course resulted in the Beaufort moving forward.

I guess we all felt there had to be a selection, Mr. Speaker, as to which projects went ahead more rapidly. Can you think

of any better basis for making that selection than on the basis of which projects can bring Canadians the lower-cost energy? That again justifies the action taken on this particular project. I am rather surprised to see hon. members questioning the judgment of Premier Lougheed. Usually they are such servants, under the leadership of the Leader of the Opposition, of provincial Conservative governments that they hesitate a long while to disagree one iota with the position of a provincial Conservative government when they should be recognizing their national interests.

What else has been happening, Mr. Speaker? We have had the settlement with Nova Scotia. As the hon. member for St. John's East (Mr. McGrath) just said, Newfoundland has not settled, but I would suggest to you that the development of Hibernia has been set back a substantial period of time over the last three years because of the lack of a reasonable settlement on the part of Premier Peckford. I suggest we would be well under way in the development of that great resource if Frank Moores were still the premier of the province.

I also want to point out that we have achieved something else under the leadership of the Minister of Energy, Mines and Resources over the past year. The programs of conservation and home insulation have resulted in a situation equivalent to having had the Alsands plans go ahead. These programs, introduced by the minister and widely used by Canadians, have resulted in a 7 per cent decrease in the consumption of energy.

Some hon. Members: Hear, hear!

Mr. Regan: I think this House should be moving a vote of thanks to the minister. There probably has not been anything in the history of the country as successful and widely used by Canadians as the insulation program which will provide us with savings, not just now, but permanently.

Another thing which comforts me in the belief I am correct in applauding the minister is the fact that this changed world economy, the change in world oil prices, and the rate of inflation, have also resulted in most other major international projects of this type being cancelled or delayed. They have been stopped for the same reason. Why is it, for example, that the French have shelved the idea of bringing in heavy crude from Venezuela and putting in a $1 billion up-grading plant? Because it is too expensive in the circumstances. Why is it that Exxon has cancelled their huge shale oil project in Colorado, a $5 billion investment? Why is it that the coal gasification project in Wyoming has been scrapped? Or the $30 billion nuclear energy program in Mexico delayed? I could list several others if I had the time.

The reason is that there are changed circumstances in the world with respect to pricing, and those companies, like the companies and governments involved in Alsands, had enough common sense to recognize that you go ahead when it is in the interests of providing a competitive product. When the price gets out of line, then you have to go back to the drawing board.

The progress which has been made through NEP incentives in the Beaufort Sea, the Revelstoke hydro undertaking, the Bruce operating station, the gas pipeline through Quebec into the Atlantic provinces, and others, indicates that this is probably the most active department at any point in the history of Canada. It is bringing about the development of alternatives. You have more and more new sources of energy coming on stream. Hon. members opposite are hard pressed indeed when they try to tie a tough but wise decision to a debate on Alsands. The emergency debate indeed should instead have been an endorsement of the action taken by the hon. member.

• (1510)

Mr. Waddell: What action?

Mr. Regan: I want to say to the hon. member for St. John's East that I was gravely troubled by his words in relation to the question of an equitable agreement between Newfoundland and the Government of Canada about a resource which legally belongs to one or the other. It is not a question for politicians to argue about. If they can make a settlement, that is wonderful, but otherwise the court decides. But I was bothered by the fact that he said, "We can sit back and wait and sit back and wait." I do not think that is a good Canadian attitude. I think it important to Canada that those resource developments which can help the people of Newfoundland now and can help Canada now in relation to energy should go ahead. That is the sort of attitude I would like to see on his part. I ask him to reconsider the whole question.

I believe I have nearly exhausted my time. Let me say to you in relation to this particular project that, as hon. members opposite say "I have exhausted them", I have exhausted their arguments. I have answered them effectively. I think they will find that the Canadian people will not buy this sort of use of time for which the Canadian people are paying their salaries. I think Canadians would like to see some constructive work. Save your electioneering until election time and come here to represent the people who elected you, and do constructive work.

Some hon. Members: Hear, hear!

Mr. Otto Jelinek (Halton): Mr. Speaker, I wish I could say it is a pleasure to participate in this emergency debate. Unfortunately it is not, because of the loss of the Alsands project. This loss is probably the biggest blow to Canada and its economy in all our history.

At the outset I would like to welcome the Minister of Energy, Mines and Resources (Mr. Lalonde) who has just returned from visiting Texas and all the oil rigs and Canadian investment that he chased from Canada. I am sure that Texas was very happy to get rid of him in a hurry because I believe the Americans would not want to end up in the same economic and energy situation which the minister has created here in Canada.

As far as the statement made by the Minister of State (Mr. Regan) are concerned, I will not comment on them except for one statement. The Minister of State questioned my party's position on a positive plan. I do not know where the minister

has been for the last couple of years that he does not even know what the position of this party is on energy matters.

Mr. Regan: I do not know your position on your party's leadership either.

Mr. Jelinek: The minister knows very well that this party when it was in government, and since then, has established incentives for Canadian companies, incentives for Canadian ownership. During the short time we were in office we had entered into an agreement with Alsands which would have put that project into production by 1986. As the minister knows, and as all Canadians know, we would keep the excise tax increase on the price of gasoline at the gas pump to 18 cents per gallon.

Some hon. Members: Oh, oh!

Mr. Jelinek: But the price has increased by a dollar. The Liberals promised to keep the excise tax at 14 cents a gallon. But look at what has happened to that promise. The Conservative government said it would not increase the cost of home heating fuel. But the Liberals have increased home heating fuel by over 50 cents a gallon. The Progressive Conservative government established an energy tax rebate for low and middle-income families. We were in the process of recycling increased revenues into economic development packages which would have assisted mass transit programs and steel production, etc. The list goes on, all leading toward energy self-sufficiency in 1990. Now with the actions of this government opposite, that energy self-sufficiency dream and potential of Canadians have gone down the drain. Members opposite are the ones to blame.

And if the cancellation of the Alsands project was not enough following the cancellation of the Cold Lake project the minister of energy and the government kept telling us and kept telling Canadians that other things were going downhill as well.

I can refer to all the economic standards, whether it is inflation, unemployment—

Mr. Harquail: Mr. Speaker, I rise on a point of order. The hon. member who has the floor now is either intentionally or unintentionally misleading the House. When he made the remark about the minister being in Texas, the fact of the matter is—

Mr. Deputy Speaker: The hon. member is making a point of argument. The minister will have an opportunity to be recognized. The hon. member for Halton (Mr. Jelinek) has the floor. Order, please.

Mr. Jelinek: Mr. Speaker, it will be very nice when some of those Liberals become Canadians before politicians.

Some hon. Members: Hear, hear!

Mr. Harquail: That is Joe's mentality.

Mr. Jelinek: Mr. Speaker, hon. members on the other side get upset when they hear the truth. They know that the Progressive Conservative government had an energy policy which would have led to energy self-sufficiency.

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

Mr. Deputy Speaker: A point of order must be a genuine point of order and not an argument.

Mr. Harquail: I have a point of order, Mr. Speaker, if you would be prepared to listen to it. I would like to know whether or not you will allow me the opportunity of at least two minutes to make my point before you rule on it.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: The hon. member for Halton has the floor.

Mr. Harquail: Mr. Speaker—

Mr. McCain: Respect the Speaker. Hold others in contempt if you wish, but respect the Speaker.

Mr. Jelinek: It is very obvious members on the other side get frustrated when they hear views. I would not blame them at all when they have a Prime Minister—

Mr. Harquail: You are skating on thin ice.

An hon. Member: Sit down.

Mr. Harquail: Mr. Speaker, as I was saying—

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please. I request hon. members to keep order in the House. The hon. member for Halton has the floor.

Mr. Jelinek: As I was saying, Mr. Speaker, it is very obvious that Liberal members get very frustrated when they hear the truth from this side of the House. It must be very damaging to their egos to know they have gone downhill, for the last 14 years, as a matter of fact, and now have blown the potential for Canadians of energy self-sufficiency.

Mr. Harquail: You have a lot of nerve. You are skating around.

An hon. Member: Skating again.

Mr. Jelinek: Hon. members over there talk about—

Mr. Deputy Speaker: Order, please. I again request hon. members of the House to observe the appropriate decorum. The hon. member for Halton has the floor.

Mr. Jelinek: Mr. Speaker, they keep talking about my figure-skating background. They have done better skating today in this House of Commons than I ever did. I can tell you that I am proud of my achievements as a figure skater.

Some hon. Members: Hear, hear!

Mr. Jelinek: I won a gold medal for Canada, with my sister, and I am proud of that achievement. I wonder what that hon. member has contributed to Canada.

Mr. Deputy Speaker: This has been a long debate. The hon. member has been given the courtesy of the House to have the floor. I invite him to speak to the subject.

Mr. Jelinek: Mr. Speaker, now that I have reminded the Minister of State of the policies and programs of our government, I am sure he is satisfied enough because he has left the Chamber, hopefully to study some of those programs to try to encourage his cabinet to copy some of them for the benefit of Canada and Canadians.

I have talked about the Alsands project, but if that was not the final straw, let us go back a year or so. During the last year and a half there have been many problems which Canadians were faced with in various industries. There were problems in the textile industry, the automotive industry, the agriculture industry, along with problems in the small business area. The list goes on. Over the course of last year whenever we questioned those specific problems in this House of Commons, the government would say, "Wait until the budget comes down in November." Finally the budget was brought down, and even the Liberals must agree that it was the most disastrous budget in the history of this nation with the policies and programs that were in it. Not only have we had 40 changes already by the Minister of Finance, but most of the budget has not yet been passed. Yet the Minister of Finance (Mr. MacEachen) is too cowardly to introduce a new budget.

• (1520)

I do not have to get into the specifics of the budget, because we in this House, and all Canadians, realize what the consequences of that budget have been to the economy of this nation.

Mr. Deputy Speaker: I hesitate to interrupt the hon. member, but I think I heard an expression that has been deemed unparliamentary. He referred to an hon. member as "cowardly". I invite the hon. member for Halton to withdraw the remark and rephrase it.

An hon. Member: Withdraw.

Mr. Jelinek: I will withdraw that and replace it with "stubborn", Mr. Speaker.

An hon. Member: You are a pretty good skater.

Mr. Jelinek: In lieu of assisting some of these industries, particularly the small business sector, we were told that a budget would be brought down—and we all know what the consequences of that budget were.

Then the answers to our questions and to the problems in the country were, "Don't worry, because the National Energy Program is going to save the economy of this nation".

But what happened to the National Energy Program? Very quickly, I shall give a few statistics, Mr. Speaker. For example, drilling activity in Canada, down 25 per cent in 1981 over 1980—and I want to point out that that is in contrast to an increase of 25 per cent in the same period in the United States, to counter the contention of the Minister of Finance and the Prime Minister that it is an international problem.

Well completions in Canada in 1981 were 7,183, compared to 9,480 in 1980—a drop of 25 per cent; exploratory drilling in Canada declined by 19 per cent; development drilling in Canada was down 28 per cent. And since the introduction of the National Energy Program, Mr. Speaker, on October 28, 1980, 226 drilling rigs have left Canada. The number of active rigs in Canada declined by 33 per cent between 1980 and 1981.

So much for the National Energy Program. So, what do the Liberals do then? They come back and they say, "We have all of the megaprojects that are going to save everybody and everything, because the spin-off is so terrific from these megaprojects right across the country." The Alsands project alone was a $14 billion project. And it is true. The spin-offs from that project would have been tremendous. One hundred thousand jobs would have been created between that project and the Cold Lake project. The spin-offs would have affected Ontario by 40 per cent of the total cost of those projects, be it in steel production or in automotive plants, manufacturing, or the parts sector. Even the small business sector in secondary manufacturing would have profited tremendously.

I agree that the spin-offs from this project would have assisted the economic situation tremendously right across the country. But now, Mr. Speaker, now that is down the drain. And the Minister of State has the audacity to come before this House and question why we are debating this in an emergency session, when the Speaker herself agreed it was an emergency situation to be debated by this Parliament because it is a tragedy for the economic welfare of this nation.

This is not just one small industry—and I have some compassion for those small industries, as many of my colleagues know; this is a major project affecting all of those industries from coast to coast and affecting the employment opportunities for Canadians, of which there are over one million and a quarter unemployed today. That is the tragedy of the situation, and that is why this debate, Mr. Speaker, is continuing. It is because of the government's policies.

One has to question why it is that some of the policies and programs that have come from that side have been established. No one has really answered why. But I have an inkling that perhaps the philosophy of their Prime Minister, which is well known to many, has a lot to do with it, Mr. Speaker. The socialist tendencies of the Prime Minister are on record. I know that members opposite do not like me to refer to them—

Mr. Breau: Oh, go ahead.

Mr. Harquail: Go ahead.

S.O. 26

Mr. Jelinek: —but I will refer to them again. One of the Liberal members says, "Go ahead".

We can start back in 1940 when the Prime Minister was booted out of the Canadian Officer Training Corps during the war for lack of discipline—

Mr. Pepin: I thought you were talking about socialism.

Mr. Jelinek: I challenge the Prime Minister to denounce—

An hon. Member: Spit it out.

Mr. Jelinek: —to denounce these accusations.

An hon. Member: Spit it out.

Mr. Jelinek: You can tell him what I am saying.

Mr. Pepin: You are blushing, Joe. Your leader is blushing.

Mr. Jelinek: In 1941 the Prime Minister was associated with the anti-war and red supported Bloc Populaire in undermining the war effort. Then, Mr. Speaker, in 1945 he enrolled at Harvard, which at that time was a spawning ground for leftist intellectuals.

Mr. Pepin: Where are you getting your information?

Mr. Jelinek: I just read your old reports.

In 1950, Mr. Speaker, he was in Shanghai, when the communists took over, and became a rabid admirer of Mao Tse Tung and his red regime. And the list goes on.

Mr. Pepin: You are blushing, Joe.

Mr. Jelinek: In 1952, today's Prime Minister of Canada led a delegation of communists to the Moscow Economic Conference. In 1953 he was barred entry into the United States as an inadmissible person, a persona non grata. And I will go on. In 1955 he launched Le Rassemblement, a leftist united front rally in Québec. But the CCF, which was later to become the NDP, refused to join because it was too leftist. In 1960 he led a communist delegation to Peking for the red victory celebration. And on and on. This list goes on, including a quote from *The Practice and Theory of Federalism*, which he wrote in 1961—and I will quote what today's Prime Minister of Canada said then:

> Federalism must be welcomed as a valuable tool which permits dynamic parties to plant socialist governments in certain provinces, from which the seeds of radicalism can slowly spread.

That is today's Prime Minister—and thank goodness—

Mr. Pinard: How much are you paid to spread hate in this country?

Mr. Harquail: Spread hate. That is your party. You are spreading hate in Canada. That is the policy of your party—to spread hate.

Mr. Jelinek: Thank goodness for the provinces that this dream of socialist governments from coast to coast has failed.

Mr. Harquail: Spreading hate; you are spreading hate.

Mr. Pinard: You are paid too much to spread hate in this country.

Mr. Harquail: Hate, hate, hate.

Mr. Jelinek: Listen to them.

Mr. Deputy Speaker: Order, please.

Mr. Harquail: Hate, hate, hate.

Mr. Deputy Speaker: Order, please. The hon. member for Halton has the floor.

Mr. Jelinek: Mr. Speaker, the Liberals are saying "Hate, hate, hate". It seems that the Liberals—

Mr. Harquail: That is all that you know.

Mr. Jelinek: It seems that the Liberal government hates the Canadian people—

Some hon. Members: Oh, oh!

An hon. Member: You are a red neck, Jelinek.

Mr. Deputy Speaker: I appeal to hon. members in the House to observe decorum. The hon. member for Halton has the floor.

Mr. Jelinek: They are very excited over there. They are talking about hate. One would question whether they liked the Canadian public when they created an economic situation where in this great country—a country which has more natural resources per capita than any other nation in the world, that possesses technological know-how unmatched by any, a country whose human resources are better than those of any other country in the western world—we have one million and a quarter unemployed; where we have an inflation rate of nearly 13 per cent; where we have high interest rate policies supported by this Liberal government—

An hon. Member: And by the Tories.

Mr. Jelinek: And they talk about hate! Why don't those Liberals, especially the backbenchers, go to their ridings and listen to what their people are saying, because I can tell you that the people out on the street are starting to hate this government for its ineffective monitoring of the economic situation that it has created.

An hon. Member: Right on.

Mr. Jelinek: That is what hate is all about.

An hon. Member: You are spreading hate in this country.

An hon. Member: You should be ashamed.

Mr. Jelinek: The minister himself should go to his people and hear what they are saying on the street. They are not

happy—and this was before the Alsands project fell apart and created what is potentially the greatest economic disaster from coast to coast in this country.

If they can refute any of these statements I have made regarding this Prime Minister, I welcome them to stand up in this House and say that they are not so. I challenge them to do that. I do not see anyone standing up.

An hon. Member: Total silence.

Mr. Harquail: What is not so.

Mr. Jelinek: Mr. Speaker, in closing—

Mr. Harquail: Ask the question.

Mr. Jelinek: In closing—

Mr. Harquail: Ask the question.

Mr. Deputy Speaker: Order, please. The hon. member for Halton has the floor.

Mr. Harquail: He asked for a reply, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Halton has the floor.

Mr. Harquail: He asked us to reply, Mr. Speaker. He has offered us the floor.

Mr. Deputy Speaker: The hon. member for Restigouche has made a number of interruptions that are out of order. I invite him to keep his seat. The hon. member for Halton has the floor.

Mr. Clark: It will be hard for him to keep his seat in the next election.

• (1530)

Mr. Jelinek: Thank you very much, Mr. Speaker. In closing, because I know time is running out—

Some hon. Members: Hear, hear!

Mr. Jelinek: I am sure the Liberals are happy that I am closing, because I could go on and tell them a few other things that they wouldn't like. Sometimes we must stop pussy-footing around and call a spade a spade so that they know where they are sitting—and many of them know and feel embarrassed about the situation.

An hon. Member: Go and wash your mouth out.

Mr. Jelinek: In closing, Mr. Speaker, I just want to say that the potential that this country has to offer Canadians is matched by no other country in the world. It is here. And we admit that there is an international problem economically speaking—inflation-wise and otherwise. But the facts speak for themselves. This government is dealing with those international problems worse than any of the other industrialized nations. That has been established as well. One need only look, for example, at the inflation rate in the United States—which in the first quarter was only 3½ per cent, compared to a 15 per cent inflation rate in the first quarter in Canada.

One need only look at some of the western European countries, or even the Far East or Japan, to see that, yes, those countries are being hit with problems, with economic problems, but they are dealing with them better than we are, and yet they do not have the natural resources and potential—the great potential—that this country has to offer Canadians. And therefore there is only one solution, Mr. Speaker, that this government resign and allow the people of Canada to make a decision. And if it does not, I would, in closing, make one suggestion, that being that, because of the seriousness of this debate, the Governor General should dissolve this House and call an election on behalf of all Canadians.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I do welcome this debate. I am very happy to see that a number of members have participated. In a way, however, it is a strange emergency debate. I was in the House on Monday, the decision by the Alsands group having been announced on the previous Friday, and I noticed at that time that neither the energy critic for the Progressive Conservative Party nor the Leader of the Opposition (Mr. Clark) was in the House.

Mr. Clark: Where were you yesterday?

Mr. Lalonde: I don't know where they were, but it took the Conservatives four days before they discovered there was an emergency which they wanted to debate.

Some hon. Members: Shame!

Mr. Lalonde: On our side, Mr. Speaker, we were in this House and we were ready to debate. We have been ready to debate all along. We have been debating today, and we will continue to debate as long as the opposition wants to debate.

Some hon. Members: Hear, hear!

Mr. Lalonde: I want to begin by saying that the National Energy Program, notwithstanding the attacks of the Conservatives, is alive and well and getting the job done. It has done so for 18 months now, and it will continue to do so, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Lalonde: The government, through the National Energy Program, is meeting the energy challenge in three ways: providing security of supply—security with regard to oil in particular; providing the opportunity for Canadians to participate; and providing fairness in pricing.

The progress we have made in the short 18 months since the NEP was announced is not only enviable, it is remarkable indeed. Eighteen months ago we said that we would move Canada toward energy self-sufficiency—and we have already done so, Mr. Speaker. According to *Oilweek* magazine, the

voice of the industry, our self-sufficiency in oil has increased from 79.5 per cent in 1981 to 80.9 per cent in 1982, in spite of very difficult conditions all around the world.

Under the National Energy Program, our potential domestic supplies have increased. According to the Canadian Petroleum Association figures, our oil and natural gas reserves both increased in 1981.

Three oil discoveries have been made since the National Energy Program came into being, and delineation drilling at Hibernia has established proven reserves of more than one billion barrels of oil. That is progress, and that is what the opposition is criticizing. That is what they would want to undo.

Canada's enormous thirst for oil—and I think it is equalled only by the Tories thirst for power—has decreased, and this is something that cannot be said for the Tories, who are still following the mirage out there in their political desert. Consumption of oil in Canada has been lowered from 282,910 cubic metres in 1980 to a predicted 268,000 cubic metres per day this year. Canadians have made great strides in reducing their dependence on oil through conservation and by switching to more abundant and less costly energy sources.

An hon. Member: Nobody can afford to do anything.

Mr. Lalonde: Over 170,000 Canadians have taken advantage of the National Energy Program grants for converting from oil, and over one million Canadians have received federal grants for increased insulation. Over 1,200,000 Canadians have been helped by the Government of Canada to reduce oil consumption in this country—and that is much more important than whether one or two oil companies got everything that they wanted. It is important because it has meant a 17 per cent reduction in the use of heating oil over last year and a 7 per cent drop in total use by Canadians of crude oil over the past year.

As my colleague stated earlier, more oil has been saved by those measures than the whole production of Alsands would have been—and at a fraction of the cost, Mr. Speaker; at a fraction of the cost.

Some hon. Members: Hear, hear!

Mr. Clark: Apply that theory to job creation.

Mr. Lalonde: In short, we are getting closer, with each passing day, to energy security, and the National Energy Program is delivering on that score.

Edmund Burke once observed that if we command our wealth we shall be rich and free, and if our wealth commands us, we are poor indeed.

Eighteen months ago we said we would give Canadians a say in their energy future—

Mr. Clark: They are all saying "No".

Mr. Lalonde: I am pleased to report that the Canadian share of oil and gas production revenues has increased by about six percentage points, from 28 to 34 per cent, under the National Energy Program.

An hon. Member: It has gone down in absolute numbers.

Mr. Lalonde: Mr. Speaker, we are quickly attaining our goal of 50 per cent Canadian ownership. We challenged Canadians to play a new role in meeting their energy needs—and Canadians, contrary to the contention of the Conservative opposition, are responding, Mr. Speaker.

Our third goal in formulating the National Energy Program was fairness—fairness in the pricing and taxation of oil and gas; fairness for each and every Canadian from one end of this country to the other; and fairness in revenue sharing among governments and the industry.

In a period of 18 months we have successfully achieved agreements with the producing provinces—with Alberta, with Saskatchewan, with British Columbia, and recently with Nova Scotia. Again, remarkable progress—progress the Tories were obviously incapable of achieving.

They are determined to live up to a statement made many years ago by the Earl of Derby to the effect that the opposition's duty is a very simple one—to oppose everything and propose nothing.

• (1540)

The increased federal share of revenues have made possible the very programs which will ensure energy security for our nation—exploration incentives, off-oil conversion, home insulation grants, and many more. Why was Alsands suspended? The consortium gave the following reasons: the unsettled state of international oil markets and the possibility of lower than anticipated prices; the falling world demand for oil; and escalating project costs and concern about inflation.

There are two very significant points to bear in mind. The consortium did not deny that the Canada-Alberta offer was very generous, nor did it describe the National Energy Program as a cause for concern. True to form, federal Tories have shamelessly abandoned their Alberta counterparts. They are desperate men seeking desperate solutions, as usual.

The government worked closely with Alberta to develop this very generous proposal. I find it most regrettable that federal Tories blindly refuse to recognize the constructive and co-operative efforts of the two governments during the past few months. It is a classic dog-in-the-manger stance, one at which the Tories have become past masters. Indeed this is another typical classic Tory trait. It is not only pelicans, as nature teaches, that turn on their kind; the Tories are just pelicans in that regard.

I should like to draw the attention of hon. members of the Conservative opposition to the statements made by the Premier of Alberta at his press conference on April 30, 1982. Those statements are on the record and they clearly indicate that we have done everything which could be expected from the govemnments in this regard, and that the governments could not responsibly go any further than they did. I invite hon.

members opposite to look at the record and to take the lead of the Premier of Alberta in what is a responsible attitude in terms of finalizing situations, and what is a responsible view of the world taken by a man who does not put his head in the sand and refuse to see reality.

I suppose there is nothing more appalling than the contradiction of the Conservative Party and the hypocrisy of the New Democratic Party. They have taken their traditional stance of coming down soundly on both sides of the fence on this issue as they do on every other issue. They have repeatedly called for the shelving of Alsands. It follows that they should now be rejoicing at the news of the suspension of the project. Unexplainably, or perhaps quite understandably, they are now moaning and groaning over its demise. I will not spend too much time commenting upon the NDP.

I should like to return to the facts of the situation. The Tories, with their overblown rhetoric, claim that we have starved the oil industry. Let us get the facts straight. Canada is a major energy explorer, something which benefits our balance of payments. In 1981, exports of natural gas, electricity, uranium and coal exceeded the value of oil imports by $3 billion. As well, declared dividends of the industry increased by $400 million or fully 33 per cent, as compared with an increase of 12 per cent in other sectors of the Canadian economy. This is the record. It does not reflect the behaviour of an industry which is extremely short of cash.

Let me compare our situation with that prevailing in the United States. According to *International Petroleum Finance* estimates, Gulf Canada, Shell Canada and Texaco Canada substantially outperformed their foreign parents in 1980 and again in 1981. This morning the *Oil Daily*, the national magazine in the United States of the energy industry, reported the first quarter results of the main oil and gas companies in the United States. I think it will enlighten the opposition to indicate the earnings of the following companies for the first quarter: Occidental, minus 76 per cent; Marathon, minus 71 per cent; Standard of California, minus 65 per cent; Mobil, minus 49 per cent; Texaco, minus 44 per cent. There is no national energy program in the United States. This is the situation faced by these companies in the United States. I could refer to dozens of other companies with similar results. This is the situation which the oil industry all over the world is facing at the present time.

As I indicated, we have seen better results for subsidiaries of American companies in Canada, such as Gulf, Shell and Texaco, than in the United States. This does not take into account the very substantial incentives announced by the government of Alberta in the last few weeks, such as royalty reductions which will amount to $5.5 billion over the next five years.

It is clear that it is the opposition, not the government, which has been withholding up to $1 billion in petroleum incentive payments to the industry this year by its bell-ringing exercise and its delaying tactics. If there was an iota of sincerity in its actions, it should approve forthwith the bill which is before the House to ensure that Canadian oil and gas companies receive those benefits without any further delay. They say that the cow which moos the most gives the least milk. I would say that Tories are the best examples of such animals.

Some hon. Members: Hear, hear!

Mr. Lalonde: What results do we see today? First we see exploratory drilling for oil in Alberta where the majority of Canada's oil is currently produced. It was higher in 1981 than it was in 1980. *Oilweek* magazine predicted an increase in drilling this year in all western provinces as well as in frontier and offshore regions. By way of comparison, in that bastion of free entreprise, the United States, rig activity plummeted in 1982. Compared with the last quarter of 1981, the number of active rigs in the United States is down 20 per cent. In Canada geophysical activity, the precursor of drilling activity, is also on the increase. It is up 62 per cent over the last quarter of 1981. These are facts which the Tories continue to refuse to see, despite the fact that everyone else sees them and reports them.

There is one final undeniable fact which the opposition—and the Tories in particular—refuse to recognize. The National Energy Program is succeeding. It is getting the job done. It is working to ensure a better and brighter energy future for all Canadians. The Tories cannot stop it, not by holding the Chamber to ransom, not by any number of theatrics such as this debate, not by empty and unfounded criticism. We will not let them stop progress; the people of Canada will not let them stop progress. They are bombarding Canadians with words. Canadians require deeds. They can react, but they are unable to act. They can criticize, but they cannot propose. They can attempt to tear down, but they cannot build.

• (1550)

Years from now, long after most of us have gone from this Chamber, the senseless and vituperative criticism which has flowed from the benches opposite will be only so many lines in *Hansard*.

It is said that we often discover what will work by finding out what will not work. That is something the Conservative opposition cannot seem to grasp. It is the essence of the opposition's mentality to react like Pavlov's dogs to daily events. It is the challenge of those who govern to rise above those events and to fix their sights on the future.

I would invite the official opposition to take a leaf from the Premier of Alberta and the minister of energy of Alberta who have worked very closely with us on this program and who have come to the conclusion that it would have been irresponsible for the federal government and the Alberta government to venture any further than we did. If some hon. members argue, as they have, that we should have had an agreement before, I refer them again to the statement of Premier Lougheed to the effect that if we had approved the project a year or 18 months ago, the agreement provided that the companies could still walk away from the project.

This is what Premier Lougheed had to say:

I wonder what would have happened to Alberta businessmen if Alsands had been cancelled because of the international situation, after seeming to go ahead.

We have seen this as recently as last weekend. At the same time that the Alsands project was cancelled, we saw Exxon in the United States literally walking away from a project in which $1 billion of investments had already been committed. They walked away from it.

We have seen the Alaska pipeline being postponed for two years. We have seen a number of other projects in the United States and abroad being either delayed or shelved or cancelled because of the uncertainty about world oil prices, inflation, and the cost of inflation generally.

I invite the Tories to do the impossible, to come out of their fantasy world, face the reality, and realize that what is important is that we can achieve self-sufficiency in this country without being dependent on the realization of a program like Alsands.

Some hon. Members: Hear, hear!

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, this weekend I have to return to my constituency office in the east end of Vancouver. When I meet people who come there to complain about being unemployed, or high inflation, or all the different problems which they now face, I can quote the immortal words of the Minister of Energy, Mines and Resources (Mr. Lalonde) by saying that it is the challenge of the government to raise itself above these events.

We have just seen the collapse of a $13.5 billion energy project. Although the government is attempting to mislead us, we have, in reality seen the collapse of the financing of a $40 billion to $60 billion energy project which is the Alaska pipeline. But what does the minister say? He says that it is the challenge of the government to rise above these events. Furthermore, we have just seen the collapse of the whole economic strategy of the Canadian government which is built on megaprojects. Once again the minister says that it is the challenge of the Canadian government to raise itself above these events.

Someone once told me that the Minister of Energy, Mines and Resources might be a socialist. He is not a socialist. He is a Stalinist. He says that the NEP is alive and well and performing its job. That is a fatuous statement and completely inaccurate.

If the minister took the time to read the National Energy Program he would find that it says the Alsands project was at the heart of the National Energy Program and one of the main pillars of the program to provide energy self-sufficiency. Now that it is gone, the minister must rely on Hibernia, as he said. All Canadians know that there are technical and environmental problems in Hibernia. An example is the *Ocean Ranger* which tragically sank.

If the minister listened to the remarks of the member from St. John's East (Mr. McGrath) he would realize that there is an implacable dispute between the government of Newfoundland and the Government of Canada. The minister is now relying on Hibernia, but when will it come on? The minister also referred to the Beaufort Sea. We have not had one barrel of oil from the Beaufort Sea, and there is some doubt as well about the formations there. There is no way at this time to get oil from the Beaufort Sea. There is no pipeline there nor any actively producing wells.

Where are the great facts that the Minister of Energy, Mines and Resources is so proud of putting before the House? The fact is that the NEP is collapsing, and I predict that the minister will collapse with it.

I want to quote from the November, 1981, budget papers. It states that the leading opportunities lie in the development of Canada's rich bounty of natural resources. It also states that major projects, according to a task force, amounted to $400 billion of potential projects, predominantly in the energy and resource sectors. Well, they have gone. What is happening is the collapse of the government's energy policy.

The minister makes a mockery of us having an emergency debate on behalf of the people of Canada here today. The minister referred to Monday, when I asked the House for an emergency debate and the Leader of the Opposition was good enough to listen, and also ask on Tuesday for that debate. I congratulate him for that.

The government says that there is not an emergency, yet if the Prime Minister (Mr. Trudeau) and the Minister of Energy, Mines and Resources will listen, they will find that the people of Canada feel that they have a government which does nothing but dither.

We see an edgy business community, a scared labour force in Canada, and now there is a government which is at a stand-off with business, with labour, with the provinces and with both opposition parties. It is at a stand-off with all the people in the country whom we need to unite in order to make the country work.

All we hear from the Prime Minister is that co-operative federalism is dead. All this has the earmark of the policy of the Prime Minister himself. I say, as a western Canadian member of Parliament and as a New Democrat, that it is time for the Prime Minister to go for the sake of the country.

I will make some suggestions for a program to the Prime Minister. The Conference Board of Canada, in its quarterly provincial forecast which was released last night, shows that there is a decline in economic activity which began in mid-1981 and which is forecast to continue well into this year and represents the most severe setback experienced by the nation's economy in decades.

We know that we are in a recession, maybe even worse. The question is, can we do anything about it? The minister quoted the Earl of Derby saying that it is the opposition's duty to oppose and that is all. I disagree with that. I propose to make some concrete suggestions to the Prime Minister, the Minister of Energy, Mines and Resources and their government. It seems to me that it is time for the nation to shift its direction decisively. Instead of waiting until November, we should have a new budget now. Instead of focusing on megaprojects which

are megadisasters, we need to focus on our manufacturing ability.

This is a country which has everything. However, what we do is export it all. I live in British Columbia and I see how we ship out our raw resources and how there is no manufacturing taking place. Our Canadian market, with 24 million consumers, is the key to our economic recovery. We do not have to blame, as the Secretary of State (Mr. Regan) did, everyone else in the world. We can deal with our own market here.

Last year Canada experienced a devastating record $21 billion deficit in trading and manufacturing goods. This has cost the country 200,000 jobs in production. For every one job you get in megaprojects, you get 40 jobs in manufacturing. That is the direction in which we should head.

The Minister of Energy, Mines and Resources should get his facts straight. Alsands is no longer economically viable. The minister said that, the chairman of Shell said that, and we said that. Yet he accuses us of being hypocritical when we say the same thing. What we have said all along is that if we must have Alsands, and in the future we will perhaps need Alsands, but not now, we should not give a 20 per cent rate of return to Shell and Gulf, big multinational oil companies. We should look to Petro-Canada, our company, and we should look to the government of Alberta and its company, to develop Alsands jointly. That makes sense. We agree with the Minister of Energy, Mines and Resources that there is a glut on the world market. There are high interest rates, partly because of the making of his own government. So, Alsands is not to go ahead. We accept that, but let us have some alternatives. We can go to enhanced oil recovery, to heavy oil recovery and to coal gasification. We could put some of that $13.5 billion into conservation, and we could literally insulate everyone's house in this country, which would be equivalent to about five Alsands plants. So, there are alternatives.

• (1600)

The minister mentioned the National Energy Program. We support the thrust of the program to Canadianize. We support that kind of thrust. However, the Government of Canada, the Prime Minister, and the Minister of Energy, Mines and Resources have taken a program with a good thrust and they have mucked it up. This program has become unworkable. It has become bureaucratic and it is just not effective. There are alternatives. You do not Canadianize by giving one third of $6.5 billion to Dome Petroleum and one's friends up in the Beaufort Sea. What you do is to expand Petro-Canada by taking over one of the multinationals like Imperial. If you want 50 per cent Canadian ownership by 1990, that is what you should do. You do not have to get into a series of unworkable grants.

Mr. Broadbent: And it would cost less.

Mr. Waddell: It would cost less. What do you do about energy taxes? The National Energy Program is supposed to help Canadian industry, but I have heard from my friends to the right and people in Alberta that the small Canadian oil companies which the program is supposed to help are not being helped. I wish the Prime Minister would listen to this. They are hurting, they are not getting help. So, what we would do if we had any sense in this country would be to remove the PGRT, the IORT and the excise tax, but, in return, ensure that the provinces assign some of their provincial royalties to the federal government. They must share them. Then we will have one person to pay, one system of royalties. We would not have all the paperwork and bureaucracy and we would be able to help the small Canadian companies. Then we could go in and, instead of exporting our gas to the United States, we could gas bank it. We would pay the small gas companies and we would pro-ration it so they would have a chance like the big guys. The little companies would have a chance in Alberta.

I know these are all western ideas which do not ostensibly concern the Prime Minister. But these are concrete suggestions of things we could do to break this log jam. I challenge the Minister of Energy, Mines and Resources to look on that.

I want to speak about the Minister of Energy, Mines and Resources himself for a moment. He is in deep trouble, not so much concerning Alsands, although he is in trouble there, but, rather, concerning the Alaska pipeline, because the minister put his neck on the line concerning the pre-build of the pipeline. The story has not yet finished.

Just to recap, in 1977 the New Democratic Party, although criticized for our role in the pipeline matter by the hon. member for Yukon (Mr. Nielsen), favoured the Alaska highway natural gas pipeline. However, we wanted job guarantees for Canadians, we wanted environmental protection, and protection of native land claims. Our caucus voted against the Northern Pipeline Act of 1978 because it did not include these guarantees, because it was flawed and because Tommy Douglas, our energy critic at the time, anticipated the problems that would arise on this pipeline if we accepted that act as it was.

In the 1980s, this government brought in the pre-build of the Alaska Highway gas pipeline. In the fall of 1979, when the present Minister of Energy, Mines and Resources was in opposition, he said:

> In our view, exports of natural gas to the United States should be authorized only on the basis of, first of all, an ironclad commitment regarding the building of the whole Alaska gas pipeline. Everything has to be signed, sealed and delivered, particularly the financing guarantees, before we start exporting one cubic foot of gas out of this country to the United States.

What happened? The Conservative Party agreed to export the gas. The minister gave the speech that I quoted. Then the minister took office and completely reversed himself. He then agreed to export the gas without the ironclad guarantees being signed, sealed and delivered. That is the credibility of the man who last spoke, the credibility of the Minister of Energy, Mines and Resources. Those were his words and actions. What happened in 1982? There was the pre-build of the Alaska pipeline. We have built that length to take Alberta gas to California. In September, we will have finished the western length of the pre-build to take Canadian Alberta gas to the American mid-west, and the whole line will not be built. The project is classic.

I was in New York and called Washington last week and I obtained the American reaction. One Congressman said, "I would not put a nickel on any federal assistance to that pipeline. It will never go." The general feeling is that the total cost of $40 billion to $60 billion could never be privately financed. The government was misleading the Canadian people. It never could be privately financed. As if that were not bad enough, the government is continuing to mislead us. Mitchell Sharp, the pipeline commissioner, has threatened the American government. The minister has threatened the American government.

Mr. Broadbent: It is really scared.

Mr. Waddell: The American government is really scared of that, because we have nothing left with which to bargain. We have pre-built the line and we are left with a line which is now taking Canadian gas to American markets. We have only one quarter of the number of jobs we would normally have, and we have no guarantee that the whole line will be built. As a matter of fact, Mr. Sharp, or a Canadian official on his behalf, went to the President of the United States within the last two weeks and asked for a reaffirmation of the guarantee, but did not get it. So, the government is misleading this House to state that it is still to come. This is a real shame. I remind the party to my right that it voted with the government. I believe the vote was 153 to 28 on that infamous day in July, 1980, when we warned the government and pleaded that if it went ahead it would have to stand alone on the pre-build and that it would sell out Canadian gas like it sold out the oil industry.

I think Canadians know, or should know, why we have problems with the Alsands today and why we need this oil, why we are prepared to do almost anything or to give any amount of money to get oil in Canada. The reason was that in the early 1970s we exported one half of our daily production to the United States. Can you imagine? We exported our oil to the United States. Now, because of the pre-build of the Alaska pipeline, we will export our gas. One is an idiot to make a mistake like that one time, but to repeat the same mistake one must be a fool.

An hon. Member: You have to be a Liberal.

Mr. Waddell: I weep for Canada.

Let me conclude by quoting the hon. member for Winnipeg North Centre (Mr. Knowles) when he spoke during the pipeline debate of 1956. He stated:

> What shall it profit Canada if we gain a pipeline, and lose a nation's soul?
>
> What shall it profit the people of Canada, if we gain a thousand pipelines, and lose Parliament?

In this recent pipeline debate, what shall it profit Canada if we lose a pipeline and we lose our reputation and our soul? The minister is continuing to mislead us concerning the pipeline. He has stuck his neck out. He gambled with Canada's energy future. He failed, and he should resign.

• (1610)

As a westerner I want to say to the Prime Minister, because his party has called us the doom and gloom experts, that we love this country. This country has all the resources known to man. It has everything, the energy and the oil. There is another Saudi Arabia out there in heavy oil. We have everything. All we need is the will to do it. Once we have that, we need the confidence to say we can do it ourselves through Petro-Canada, directing it with the people behind it. Once we do that, we will have energy security and self-sufficiency in Canada. It is there; we can do it.

The hon. member for Oshawa (Mr. Broadbent) said in his speech that Canadians are ready for a new economic strategy. We do not want to be hewers of wood and drawers of water any more, the megaprojects' fools. We want a new strategy for the west where I come from, and for the east where the hon. member for Oshawa comes from, to stimulate our manufacturing industry. We know that is where the real jobs are in Canada. Canadians in both the west and the east understand that and will support it. They are ready for tough government action to do that.

Miss Aideen Nicholson (Trinity): Mr. Speaker, suspension of work on the Alsands synthetic oil project does indeed require that Canadians think carefully about other ways to contribute to our long-term energy security and to industrial activity. We are fortunate in having a number of possibilities open to us, but, in the present climate of world oil surpluses, soft prices and difficult financing problems, it is important to think carefully through the alternatives.

The Right Hon. Leader of the Opposition (Mr. Clark), who moved the adjournment of the House for the purpose of an urgent debate on this matter, had an interesting solution to offer, that an election be called. It is difficult to understand how dissolving the House of Commons and sending ministers and members back to their ridings to campaign for re-election would help solve these problems.

The Leader of the New Democratic Party (Mr. Broadbent) had an equally helpful suggestion, more government intervention, in other words, that the Canadian taxpayer be asked to assume the costs and the risks while private enterprise is allowed to go free of responsibility.

It is indeed fortunate that in these difficult times there is a government in power which is not paralysed by the rigid dogma of the far right or the far left, but which is able to respond intelligently and flexibly to the very rapidly changing circumstances of our world.

In Canada we are fortunate to have, in addition to our national natural resources, a sophisticated infrastructure of transportation and communications. We have a democratic system with public order and government stability. In particular, we have an educated, willing, hard-working population. These are important attractions to investors. With those advantages, Canada will continue to attract investment for energy projects of varying kinds.

Our options include natural gas, the use of which is being expanded throughout Canada. We have programs to encourage gas production in Alberta, to support natural gas development off the Nova Scotia coast. Oil-burning electrical generating plants in Atlantic Canada are being converted to coal. There is exploration for oil and natural gas in the Atlantic offshore and in the Beaufort Sea. Natural gas distribution systems in eastern Canada are being extended and we have a wide range of energy renewable projects.

If we use our ingenuity and if we plan carefully ahead, we as Canadians can achieve energy self-sufficiency in the 1980s. The suspension of the Alsands project is disappointing but the whole history of energy projects in Canada is one of project delays.

During the 1970s many projects were delayed, not only because of pressure by environmentalists and other public interest groups, but also because of the conflicting interests of the companies concerned and the conflicting interest of the different levels of government and different regional governments. Project delays can be expensive and may lead to missed opportunities. They may also result in better and more carefully planned projects.

These are difficult times. That is all the more reason to concentrate on finding appropriate solutions rather on the kind of unconstructive complaining we have heard in the last day.

The decision of private oil firms not to proceed with the Alsands project at this time is one of a number of similar decisions that have been made internationally. French El Aquitaine has postponed its plan to buy heavy crude from Venezuela and build an upgrading plant in France at a cost of over $1 billion.

In the United States the Exxon Troupe liquid gasification project in Texas, estimated at $4 billion, has been deferred, and the Exxon colony shale oil project in Colorado which is estimated at $5 billion. In Mexico a $30 billion nuclear energy program has been delayed. These are examples of the current situation with world oil surpluses and soft prices and difficult financing problems. The positive side of all this is that some of the reasons that demand for oil has been reduced is because conservation has increased.

It has been estimated that even Saudi Arabia's oil supply capability is going to peak at something between nine and 15 years so that the western world will not be able to rely on oil from that traditional source indefinitely. We must be pleased that all nations of the world, including Canada, are reducing consumption.

However, in Canada among our many other possibilities we have a natural gas supply much larger than we had hoped for at this stage, and great promise of further increases. People in the industry consider that we now have so much natural gas supply that we can begin to see natural gas rather as we see coal, that is, as a non-renewable resource available in such quantity that it can be used without compromising our future.

Apart from the fact that we are so fortunate in having large reserves of gas and coal, we are also fortunate in having a well-educated, innovative scientific community. In the alternative energy field, the Government of Canada is involved in two major projects with the Quebec government, for instance. One is a $35 million large scale vertical axis wind tunnel, the so-called eggbeater which is being developed to fit into the Hydro-Quebec grid. The other is a $36 million project to construct an experimental nuclear fusion device in conjunction with two Montreal universities.

The delay in proceeding with the Alsands is disappointing, but it is not a disaster unless we make it so. Probably no other country on earth has the raw material that we have, together with a well-developed infrastructure and a highly educated hard-working and innovative population. We have the advantages and we must seize the opportunity to develop them.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I regret I did not have the opportunity to speak while the Minister of Energy, Mines and Resources (Mr. Lalonde) was still in the Chamber, having just arrived by Challenger jet from Texas. Presumably he was asking the Texans to bring some of their money back to Canada or, more accurately, asking Canadians in Texas to come back to Canada.

• (1620)

The Minister's speech underlines the major problem with energy policy in Canada, and that is the minister himself. He simply cannot be trusted to keep his word, to honour government contracts, or to tell the truth.

Some hon. Members: Oh!

Mr. Andre: He said that the National Energy Program has resulted in an increase of crude oil reserves in Canada, and he offered oil rigs as proof.

On Thursday last, William Hopper, the Chairman of Petro-Canada, said before the Energy Committee in this building that those reserve additions were the result of the discoveries of Hibernia in 1979, a year before the National Energy Program came along. But that did not prevent the minister from standing up and claiming that under the National Energy Program reserves have increased. Under the National Energy Program, reserves have continued to decrease and decrease dramatically. He should consult his window on the industry, if he wants to know what is going on.

The minister quoted from some magazine he picked up in the airport in Texas, that we are doing so much better in Canada in terms of oil and gas exploration than they are in the United States. I would like to quote a few remarks from a research document prepared by the firm of F.H. Deacon Hodgson, Incorporated, investment counsellors. They made a comparison. They said, on data provided by the Petroleum Information Corporation of Denver, that here is how we have done:

> Drilling activity in Canada down 25 per cent in 1981 over 1980, in contrast to an increase of 25 per cent for the same period in the United States. Well completions in Canada in 1981 were 7,183 compared to 9,481 in 1980, a 25 per cent drop. Exploratory drilling in Canada declined 19 per cent . . . Development

drilling in Canada was down 28 per cent ... Since the introduction of the National Energy Program on October 28, 1980, 226 drilling rigs have left Canada. The number of active rigs in Canada has declined 33 per cent in 1981 over 1980. The number of seismic crews, a leading indicator of future exploration activity, also declined 25 per cent in 1981 compared to 1980.

That is the comparison, Mr. Speaker, and that minister stands in the House and says, "Look how wonderful my National Energy Program is working because we are doing so much better than the United States." That, Mr. Speaker, is a minister whose words cannot be trusted.

In 1981 Canadian citizens and Canadian companies financed drilling of more wells outside Canada than inside Canada.

Mr. Clark: That is a shame.

Mr. Andre: More wells were drilled in the rest of the world, mainly in the United States, than were drilled by Canadians in Canada in 1981. That was not the situation in 1980. What intervened? The National Energy Program, to Canadianize the industry.

What is Canadianization worth? Here is an article from a magazine, the "McAllen-Monitor", Texas:

Ed McGhee says the warning cry of "The Canadians are coming, the Canadians are coming!" is going up throughout the U.S. oil patches ... Canadian money and a lot drilled by Canadian rigs. "Coming they are—rigs, trucks, men, know-how, and money," McGhee said.

They are Canadians driven to Texas by that Minister of Energy who supposedly is doing it in order to Canadianize the oil and gas industry. That is what has been happening for this last year, and the minister has the audacity to stand up in this House and claim the opposite, when all this data and information are there and available. If he had stopped at Calgary on his way to Texas he could have found out first hand.

He says that he is really proud of how Canadianization is working. He had some figures about increased Canadian ownership. I wonder what would happen to some of those figures if he took out some of those companies who responded to his blandishments last year, and went ahead with the takeover—like Dome, like Sulpetro, like Turbo, like Drummond.

What is really the height of hypocrisy is that this is the same minister who, on January 25, was in Paris speaking to the Canada-France Chamber of Commerce saying that he would welcome French money for investment in energy projects in Canada. That was just on his way from Kuwait where he made the same plea to the Kuwaitis. What is wrong with a minister who prides himself on driving Canadians to Texas and then to make up for the loss goes to Kuwait and Paris, saying, "Please come, please come and invest in Canadian energy projects; we want you to come."

The minister then stood up and said that PIP—the Petroleum Incentive Program—which is supposed to give grants to Canadian-owned companies, is being held up by the Progressive Conservative party. Mr. Speaker, I wrote to him on December 21, 1981, several months ago, indicating that the PIPs program was the only part of this energy package that had some time urgency and that, if he would separate it from the package, I would recommend to my caucus that we give it expeditious treatment. He wrote back and said, no. Now he stands up in the House and says that we are responsible for delaying this program.

Parliamentary rules prevent me from describing his statement accurately. The interesting thing about that program, one of the reasons we wanted to see it studied in committee, is that we wanted to have outside experts report on it. Well, we did have some outside experts report on it. The Canadian Bar Association has examined that legislation. In the opinion of the lawyer who presented the views of the Canadian Bar Association, that legislation is unconstitutional. It violates the Canadian Charter of Rights. So the entire foundation, what is left of that colossal mess called the National Energy Program, may well be in violation of the Canadian Charter of Rights. Isn't that interesting? What chaos is going to be left after that little exercise, Mr. Speaker?

I have at least 12 or 14 inches of file holders of letters from Canadian-owned companies talking about how the National Energy Program has destroyed them. I could not bring them all, but here is one. Badger's Drilling, which is 100 per cent Canadian owned, say that since the budget of October 28, 1980, the Canadian independent companies they have worked for have indicated they will complete their winter program and will spend anywhere from 40 to 80 per cent of their budget in the United States.

The Canadian companies have all moved their production to the United States. Mr. Speaker, up until last week the Minister of Energy was not worried about the effect this might have on self-sufficiency. He did not care, because we had an ace in the hole, we had tar sands, and the National Energy Program was going to spur contracts. It says so right here, on page 94: "The National Energy Program will spur oil sands development." Then it talks about the Alsands project and says that the positive impact of the program on oil sands development can be illustrated by its effect on the commercial viability of the Alsands project. It lists eight other projects which were going ahead because of this marvellous policy, every one of which is dead, dying or postponed indefinitely. As a result of this minister's energy policies, according to Statistics Canada, $18 billion of long-term capital departed Canada last year.

• (1630)

To finance that, plus our regular current account deficit, because of the disastrous shape of our economy we have to rely, basically, on short-term funds to the tune of $31 billion. That means this year we have to find an additional $5 billion or $6 billion for the interest on the money we had to borrow last year as a result of the disastrous consequences of the National Energy Program.

If Alsands had gone ahead, if Cold Lake had gone ahead, if Judy Creek had gone ahead, and if the heavy-oil upgrader had gone ahead, we could have counteracted that. Now I frankly do not know what we will do. If we believe Morton Shulman, the way to make money out of this is to short the Canadian dollar. Morton Shulman sees nothing but catastrophe in trying

to cope with this, and if we want to make money, we should short the Canadian dollar because Morton Shulman and every other investor in Canada has completely lost confidence in this government, and for good cause. This government cannot be trusted to keep its word.

Why did the Alsands project fail? In January of 1980 men and equipment were on site. They were constructing the work site. They were ready and anxious to go.

When it was re-elected the very first thing this government did, on April 3, 1980, was to invoke the *force majeure* clause in the Syncrude agreement, rescinding international prices for Syncrude. The very first thing the government did was break a contract. That caused Mr. Mensel, then the Alsands project chairman, to hold a press conference and to say to the government, "If you are going to do that to Syncrude, we in Alsands are not too interested in going ahead without something much stronger than you gave to Syncrude". Ultimately it took a year and a half to straighten that out. Did the government learn its lesson from trying to break a contract, and from what it did to the confidence of Alsands? Not at all.

By way of a letter-contract dated November 20, 1978 Great Canadian Oil Sands Limited wrote to the then minister of energy, mines and resources, Mr. Gillespie, outlining details of the contract, and the following is the relevant paragraph:

> We understand that you will commence the process under the Petroleum Administration Act, as amended, to secure for GCOS the benefit of such international crude oil prices, commencing on the later of January 11, 1979, or the date on which the approval of the government of the province of Alberta is given in accordance with the law of Alberta.

Then the letter said if the minister agrees with this contract, he should sign the bottom of the letter. The signature of the Hon. Alastair Gillespie, the then Liberal minister of energy, mines and resources, is on this letter-contract. The signature is dated November 27, 1978.

Then the present minister brought forward the National Energy Program on October 28, 1980, and at page 29 the program document says:

> Therefore, the production from the existing plant—

This is referring to the GCOS plant.

> —will henceforth receive the conventional oil price.

A written contract with the Government of Canada is not worth the paper it is written on. That is the clear message. Never mind an oil statement, and never mind an election promise about keeping gasoline prices down. The government violated that promise. The government cannot be trusted to keep written contracts, and that is the problem.

Who in his right mind would make a risky investment in Canada with this government and the trained donkeys supporting it, when the record shows they will not honour written contracts? That is the dilemma. How can we restore credibility when people know their contracts will be torn up and when they know the government will invoke *force majeure* for phony reasons and introduce retroactive legislation like Bill C-48 to confiscate 25 per cent of the privately-owned assets of companies? When the government has that record, how can it restore confidence in order to bring some of that $18 billion of Canadian money which left Canada last year back to Canada for investment in Canada to provide Canadian jobs for Canadian citizens who want to work and prosper and survive? How can the government get over that confidence factor? It must be obvious to everyone except the man who is now our Prime Minister (Mr. Trudeau). The government could get that confidence by demanding the resignations of those who tore up those contracts. If the Prime minister had the slightest concern for Canada as opposed to concern for the pride of his friends Marc and Allan, he would ask for their resignations right now. Nothing could do more in the short term to restore the confidence of Canadians in Canada. We are not even talking about foreign investors; we are talking only about the confidence of Canadians in their own country.

What a tragedy it is that Canadian citizens who live here, who send their children to Canadian schools, who have an attachment to this country and who feel pride in the marvellous geography of Canada lack such confidence in their government that they would rather drill in the United States, in Australia, in Indonesia, in the Philippines, in Vietnam or in China rather than in Canada. What a tragedy.

Unfortunately, these projects are dead. The window was wide open two years ago. People were so anxious to start on these projects that they had taken the risk of putting men and equipment on site to start construction, but they are dead. They are gone. We can weep for their loss. We can try to comfort those who are unemployed as a result of those projects not going ahead, but what we have to do is look at what we can do to replace those projects and to get this country working again. But it is almost hopeless to propose anything unless we deal with personalities. It is almost hopeless to talk about new policies, to talk about tax changes, or to talk about new budgets or new energy policies if they are going to come from the same people.

For the sake of Canada we have to start with a change in those two ministers, and I plead with the Prime Minister for once in his life to put Canada ahead of the Liberal Party and to put Canada ahead of the pride of his friends. I plead with the Prime Minister to put concern for the million and a half unemployed Canadians first and to get the resignations of those ministers, and then we can get on with the job of a new budget and new energy policies and putting this country back to work so that we can have the future of which we are capable.

Some hon. Members: Hear, hear!

• (1640)

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, it seems that this afternoon we are having an emergency debate because the opposition has just realized that the Alsands project cannot be implemented right away. As the Minister of Energy, Mines and Resources (Mr. Lalonde) said, it took the opposition several days to realize that the project would not be

implemented, although the announcement was made last week. The fact remains that today we are having what seems to be an emergency debate and an important one, at the request of the Right Hon. Leader of the Opposition (Mr. Clark).

It is rather funny, Mr. Speaker, because after two years as a member of this House, I am beginning to understand what makes the official opposition tick. I cannot say the same for the New Democratic Party because you never know what they are thinking. There are perhaps 30 members representing that party, and probably as many attitudes, ideas, points of view or positions. I do not intend to dwell on their position, in this debate, since they have not really expressed their views very clearly, and the hon. members who did speak to this issue differed in the versions they gave.

As far as the official opposition is concerned, there is no mistaking what they think. For one thing, Mr. Speaker, the Canadian Progressive Conservative Party has no idea what it is doing. And it had no idea what it was doing in the past either. Let me explain. Today, we have in the House a Leader of the Opposition with an opposition party that is astonished that the Alsands project is not going to be carried out. Going back a few months and a few years, who was in favor of a world price or at least 85 per cent of the world price, for oil and oil products? The Progressive Conservative Party. Who was telling Canadians oil prices would be raised to make Canadians learn to conserve oil? The Progressive Conservative Party. They took exactly the same position as the OPEC countries: we are going to raise oil prices so you will start conserving oil and our reserves will last longer, so we will be able to live on this resource for a long time. Thanks to their advice and their policies which were partially implemented, and thanks to the advice of the western oil producers, the premiers of the producing provinces and the leaders of the Arab countries, oil prices went up, and now that Canadians and Americans have learned to conserve oil, the Progressive Conservative Party finds to its surprise that because of this and because oil is more expensive as a result of their policies, we now have an oil glut, and prices did not go up as much as they expected. Consequently, it will no longer be necessary to extract expensive oil from the tar sands and in the near future new discoveries will give Canadians the oil they need. What a surprise! Mr. Speaker, it was their philosophy, their policies and their decision. Otherwise, I would like to know why Mr. Lougheed and his Conservative colleagues wanted higher prices for oil if it was not to make Canadians conserve it? Why? This is what the Arabs tried to teach us, but even more important, Mr. Speaker, the Canadian people now understand something more essential.

In the seventies we always thought in Canada that while we imported oil from Arab countries, we also had some of our own and there would never be a shortage. A westerner, a former football player named Peter Lougheed, made us understand something, and with the help of his friends in this place, including the right hon. member for Yellowhead (Mr. Clark), he made it clear that Alberta oil did not belong entirely to the Canadian people. At a given time, he told us: "I shall cut back 60,000 barrels a day." A few weeks later, it was 120,000 barrels a day. I remember having discussed this with some of the opposition members and having told them: "This is a dangerous game that you are playing, because if the Canadian people realize that the resources of their own country do not necessarily belong to them and are not necessarily easily available, they will look to other resources from their own regions, such as wood, peat, coal or gas." However, some of the people with whom I discussed this in private told me: "Pierre, you are wrong; all we want is for our own people to have the money produced by their oil so that our regions may develop after experiencing problems for 50 years." The Canadian government has always understood this, and I understand it myself. Why do you think there is a Heritage Fund in Alberta? Because billions of dollars were put in this fund and no one objected. However, the point that I want to emphasize, Mr. Speaker, is that the Canadian people have understood that the oil in Alberta belongs to all Canadians as long as Mr. Lougheed or the Conservative Party in Alberta agree.

Mr. Lougheed showed them that when he wants that oil, it belongs to Alberta only. It does not belong to Canada. He can even prevent it from belonging to Alberta if he decides that the oil will remain in the ground. In that case, even the people from Edmonton will not have it. It is therefore surprising today to hear the party that developed such policies, and especially its leader, the right hon. member for Yellowhead, whom I accuse of being behind the Western Canada Concept. Mr. Speaker, this same man came to my constituency of Lac-Saint-Jean in 1980 to sign a petition sponsored at the height of the referendum campaign by the separatist party, the Parti Québécois. The Leader of the Official Opposition came to my constituency to sign this petition and support René Lévesque and his accomplices.

Let us look at the Western Canada Concept. What are the ideas supported and developed by this party in western Canada? First, there is the metric system. The western Canada Concept is opposed to the metric system. Mr. Speaker, for several months, I have seen members opposite rise in this House and criticize the metric system. When I was knee-high to a grasshopper and the greatest scientists were still young, everything was metric in chemistry. You should try, Mr. Speaker, to do chemistry with quarts and gallons. Everthing is done in millilitres and in litres. Chemistry has been based on the metric system for years. This did not happen because Gimaïel from Lac-Saint-Jean wanted it. This is how things are; it is an international phenomenon.

The Conservative Party of Ontario, the party of Mr. Bill Davis, has been teaching nothing but the metric system in schools for ten years. The sons and daughters of the people

who elected the Progressive Conservative members from Ontario to this place learn only the metric system at school because the Ontario premier and the Conservative provincial government so decided ten years ago. While the sons of these members are learning the metric system from Bill Davis, Joe Clark stands here and tells me that he is against that system. What is this? It is simply because people in western Canada like to say that the metric system comes from the French. In other words, the objection is somewhat racist. That is the problem. Yet, chemistry is international.

I shall mention another issue that is raised by the Western Canada Concept before dealing with the matter which concerns us directly. Bilingualism. Mr. Speaker, I have asked the library to prepare a list of the statements made by members of any party during the past two years against the legislation on bilingualism or against French. There are so many that I have been waiting for three weeks and they are still working at it. I will not say what party most of those statements come from. But I have heard people say: "You went too fast! The government went too fast when it put up bilingual signs in western national parks, etc. However, it must be kept in mind, Mr. Speaker, and my colleagues from the west have told me so, that most young English-speaking westerners today are attending French primary schools to become bilingual. Are we going to spend our lives trying to develop unilingual citizens with a single culture? We are lucky enough in Canada and in North America to enjoy two languages. This is another theme developed by the Conservative members. And when the Progressive Conservative leader comes to my constituency and signs a petition on behalf of the separatists, he does not say: "Let us speak English only". He says: "Let us speak French only." It is practically the same thing, but the other side of the coin. He is again, therefore, behind the Western Canada Concept that made it possible for an Alberta member to get elected to the legislature. Go tell that to Mr. Lougheed and his Alberta colleagues and let us talk about the energy agreement signed by Peter Lougheed and the Minister of Energy, Mines and Resources on behalf of the Canadian government.

• (1650)

That is a theme which has been used and abused by members of the official opposition. Why? Because they have no respect for anything. Nothing is sacred to them. But what is most incredible is that they dare come to us after all this time and say: "If the Alsands project has collapsed, it is because of the National Energy Policy". I can hardly believe it, Mr. Speaker. The party that has been fighting tooth and nail to make people understand that the Canadian price for oil should be 75 per cent and not 85 per cent of the world price is the Liberal Party of Canada. We have never been able to sell that principle. Even those who have fought against it are quite surprised now to realize that Canadians are buying less gas because gas is more expensive and therefore we need less.

Yet, there are some aberrations, and I often appeal to the good sense of my Conservative colleagues and urge them to please help their country. Mr. Speaker, please ask them to help our country. The party opposite has had great leaders. They were certainly not opportunists, they knew what a country meant, they would not sign petitions presented to them by separatists of the first order and they had something to give. I need not mention names, because the members opposite know them better than I do. But what is happening now in connection with their party, Mr. Speaker, is that even Tory members do not know who their leader really is. Even they do not know. Ask them. Maybe Mulroney can answer that question, maybe the hon. member for Yellowhead (Mr. Clark) can, I do not know. But one thing is sure: It is easy to understand how a party unable to fight with ideas would resort to all kinds of childish games to try to disrupt the business of the House. We have had point of orders, questions of privilege, the ringing of bells and now, an emergency debate. At least this procedure is legal. It is not on the borderline of legality or more or less out of order. It is according to the rules. But the fact remains that the political party which, more than any other, urged Canadians to reduce their oil consumption is now telling us, that an emergency debate is necessary because they have done that and we will need less oil in the future. It is most surprising. But that puts one in mind of their leader, who prances right and left, like a young calf cavorting around, tail up in the air, until you know what comes out. The politics we have been dished out of late by the Progressive Conservative Party in this country resembles that somehow.

Mr. Speaker, we must recognize that other men will come forward. I am sure of that. Premiers like those of Ontario, perhaps Alberta, will come forth, who knows, perhaps a fellow from Sept-Îles, or a friend of my colleague the hon. member for Manicouagan, one of his very good friends, in fact, who may be interested in taking over the position now held by the hon. member for Yellowhead. They are free to do so, but as far as the well-being of Canada and our population are concerned, we need a serious opposition, one that comes here with the intention of being constructive.

The Minister of Energy, Mines and Resources said a while ago that sarcasm and criticism are usually the order of the day, that there is no end to them, but that constructive proposals in the field of energy and others coming from the Progressive Conservative Party are something we will never see. Oh, no.

Once again, for I have done it several times already, instead of presenting such stupid, such backward, such self-serving motions, that are based on the latest news I appeal to the good common sense of my colleagues of the opposition. Every time something new comes up on television, we are sure to get a motion the next day. They come after the news because the policies of the parties of the opposition are conceived by the news media. After the reporter has spoken, then comes the

opposition with politics. This is how it always goes. I would urge the official opposition to be serious. Canadians need something more than parrots repeating what the media said the day before. They need statesmen to help them with worthwhile policies and structures for this country. In that context, I would refer to a sentence often heard from the Alberta premier: "We have no wish to sell all our oil today, as the Arab countries also say; we want to keep some for tomorrow so our children may also derive benefits. It is not enough to accumulate billions, to put them in the Heritage Fund and loan them at less than the going rate, because that money depreciates. Our children must have revenues down the road. Therefore, we will conserve oil."

I would urge opposition members to applaud at the decision taken by the Alsands companies not to proceed for the time being. This is exactly what they have decided. To postpone matters in order that our children may get the benefits. There is one thing we should not forget, Mr. Speaker. As I said, although it always pays to resort to regionalism and to a measure of racism, to oppose everything new by fighting the metric system, this leaves marks on people. When premier Lougheed decided to stop oil sales to Canadians, Canadians got a message they will never forget. That message is that what belongs to Peter Lougheed or the Alberta Conservatives does not necessarily belong to all Canadians. When a politician is not bright enough to realize that once he puts that message across, people will understand it for life, which means that such a politician is an opportunist and got where he is by accident, and probably will disappear by accident.

As far as I am concerned, as a member for the constituents of Lac-Saint-Jean, I have no objection whatsoever to the Alsands project proceeding later on, because I know we will still need energy. What is important to me is that people in my constituency have oil, energy. For now, they have them at a reasonable cost. This country has more reserves than ever. We have a Canadianization policy that has a tremendous impact. The simple reference to Petro-Canada having bought Petrofina is a matter of national pride in my constituency. We see Petro-Canada advertisements everywhere. We see everywhere the excellent service provided by Petro-Canada. We are proud that this country gave itself a structure not only to drill holes and to pump oil, but a structure based on the premise that every Canadian should have access to energy, both in the east and in the west.

Mr. Speaker, you are giving me an extra minute and I will use it to say how much I appreciate the way this energy policy was built on respect for everyone, on respect for the people of today and the people of tomorrow.

In the future, I would ask my colleagues of the opposition, when they want to blackmail Canadians, to use other means that cannot be turned some day against themselves or the people. Do not serve your leader's interests, but those of your constituents!

• (1700)

[*English*]

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, it is always interesting to hear the hon. member for Lac-Saint-Jean (Mr. Gimaïel). He has covered everything from soup to nuts. I am surprised that he has not given us the definition of a Liberal of today.

Mr. Gimaïel: You got that the last time and you are still thinking about it.

Mr. Greenaway: There are still many Liberals in this country who are surprised at that definition. I do not think I can quote it as I cannot find the speech in *Hansard*. I remember that he ended by saying something to the effect "If Liberals have to move, to be socialists or communists, that is the way we will move." They will do anything to stay in power. The people of Canada are catching on and it will not be long until hon. members opposite are communists the way they are carrying on.

I do not think that anyone in Canada will ever forget Friday, April 30. It could easily become remembered as the 1982 counterpart to the "Black Friday" of 1929, when the economy collapsed in a state of confusion. This time, however, the blame can be laid squarely on the doorstep of the Liberal destroyers.

The destructive policies followed by this Liberal government have almost ruined the energy industry, the most vital sector of our economy. The National Energy Program will be seen as a blueprint for disaster that finally culminated in "Black Friday" 1982—the day that our energy sector was devastated—the day that 13 years of Liberal economic mismanagement culminated in the collapse of the Alsands megaproject.

We would be foolish to think that only Alsands died on April 30. We would be optimistic to think that this failure was even limited to the energy sector. The ramifications of last Friday will send a shock wave through the entire Canadian economy. It will directly, or indirectly, affect every family in Canada from coast to coast. What we have witnessed is a milestone on the path leading us from prosperity to poverty.

The death of Alsands hits us squarely below the belt. Investor confidence in Canada has now reached a new low. As a matter of fact Alsands failed partially because investors felt that they could no longer trust a government that invited them in as partners. The first effect of "Black Friday" could be seen as the value of the Canadian dollar dropped to mirror international opinion of this failure. But that was just one result.

In the weeks and months to come Canadians will be faced with the true extent of this total failure by the Liberal destroyers. They will see it in terms of lay-offs, in terms of bankruptcies, and in terms of ruined lives, lost pride and lost hope. But most of all Canadians will feel it as the ultimate blow—the final destruction—of their confidence in the Liberal government and its bankrupt economic policies.

For years now the Liberals have been hiding behind energy megaprojects. When questioned about their industrial strategy,

they would always say, "Well, we have the energy megaprojects. They will bring in much needed jobs and investment as well as more revenue for the government. They will provide us with energy security in the future."

The final curtain has dropped. On April 30 Canadians saw the naked truth. There is no industrial strategy. There is no plan to bring us out of our economic difficulties. The government has no plans, no ideas, no strategy, and apparently no real desire to address the problem. We are adrift, in a sea of economic mismanagement.

The Prime Minister (Mr. Trudeau) has fiddled and he has burned Canada. He fiddled in 1972, and a former finance minister, John Turner, played second fiddle, at a time when they should have been pressing ahead on the projects that would have left us energy self-sufficient today with projects like Alsands and Cold Lake. The Prime Minister also fiddled as he ineptly toyed with wage and price controls in 1975 and failed to address the underlying problems that caused inflation. He continued to fiddle, next with the Constitution, when all around him Canadians were crying out for an economic policy. This had to be the greatest fiddling job in the history of Canada.

Last week we were treated to another farce. The entire Liberal cabinet emerged from a weekend meeting at Meach Lake to announce to a concerned Canadian public that they were determined to continue on their ruinous economic course. They fully supported the November MacEachen budget, the most vilified economic document in two decades. Surely it was not that they believed in what the MacEachen budget was doing. It could not be. Already it has been roundly condemned by three cabinet ministers and many Liberal backbenchers. It was not a statement of favour, it was a statement of failure. They admitted that they had no ideas, no plans, no direction. And in doing so they left the Canadian people in a vacuum to fend for themselves as best they can.

I think W. A. Wilson put it very well in an article in last week's *Calgary Herald* under the title "Federal Brainstorming Meets With Failure." One sentence at the end sums it up where he said that the Chrétien-Regan statement after Meach Lake really meant "Sorry, we do not know what to do next."

They are bankrupt. Then came "Black Friday", the final blow. It was the final statement by industry and business as to what they think of the government's economic plans, and they said very clearly what they think of the National Energy Program.

I think that the oil industry's point of view was best expressed by Mr. John Stoik of Gulf Canada. He said:

> Over the years, the government has so strained its credibility with retroactive rule changes that those of us in the industry now must ask ourselves, "How can we undertake to make huge investments in long-term megaprojects when we have good reason to fear that the government will come along *again* and pull the rug on us?"

This lack of faith, however, is not confined only to the oil industry. In the April, 1982, edition of *Executive Magazine* Mr. Kenneth MacDonald wrote:

S.O. 26

> At a political meeting last January the sitting member, a Liberal, remarked, almost as an aside, on the abuse he gets from constituents. At times vitriolic, it was to him commonplace, part of the job. A few days later, Finance Minister MacEachen was given personal protection by the Parliamentary security service after two threats had been made upon his life. Prime Minister Trudeau himself had been the target of a man who was arrested after being found with the ingredients of a bomb.

He went on to say:

> It would be easy to dismiss these incidents as extreme expressions of discontent with an unpopular government. Citizens who feel aggrieved by government actions have nowhere to turn but to their MPs. If their livelihoods were threatened by MacEachen's budgetary measures, some might be driven to threaten him in return. The Prime Minister's penchant for confrontation is hardly a calming infuence upon the unstable.

I have yet to be subjected to abuse, much less abuse of a vitriolic nature, by my constituents. But then again I have yet to support a government as incompetent and unfeeling as this one. It should not be part of an MP's job. It should not be part of our job to be subjected to threats and abuse. This is not a normal attitude, it is an act of extremely frustrated people. It is an indication of the lack of faith, the lack of hope, felt by the people of Canada.

It is a growing lack of hope that ultimately will result from the loss of the megaprojects. That is probably the most damaging aspect of their cancellation. Canadians have now discovered that the finance minister's policies are disastrous. He has constantly contended that when American interest rates come down, then Canadian rates will follow. Well, Mr. Speaker, American rates are coming down. The American inflation rate has dropped. For one month this year the U.S. actually experienced deflation. Why have we in Canada not experienced similar results from high interest rate policies? The answer is that the Americans have a plan.

The Americans support their monetary policy of tight money with a fiscal policy of government restraint. They are cutting back spending. They are deregulating. They are getting government off the backs of the people. President Reagan has reduced taxes and helped industry. In contrast, in Canada, we have high interest rates and huge increases in government spending.

Suddenly and with alarm, Canadians are realizing that we may not be pulled out of this recession by the Americans. There is every chance that we will soon find ourselves living at a standard markedly lower than that of our American counterparts. We are being forced to accept inflation. They are even now overcoming it. And it is rapidly becoming apparent that even the bankrupt Liberal strategy of waiting to ride the American coattail to recovery is not going to work. As this reality sinks in, it will become increasingly difficult to convince investors that they should invest in Canada. We need dramatic changes in policy, if this country is to recover. This government needs to make some tough decisions and to exhibit some leadership.

• (1710)

But ministers are not going to do this. Instead, their actions remind me of the sacking of Rome. The last few weeks have

brought us unending tales of Liberal patronage and corruption. Example: we find out that Privy Council Clerk, Michael Pitfield, had his weekly first class airfare to Boston paid for by the people of Canada. The purpose of these trips was to ensure that Mr. Pitfield could moonlight at Harvard University. Example: last week, we learned that Mr. Arthur Erickson, a personal friend of the Prime Minister's, had been chosen as the architect for the new Canadian embassy in Washington. He was chosen by the cabinet—and this in spite of the fact that he did not make the short list, sent to the cabinet by a distinguished panel chosen by the government to sort through the applicants. Said the Prime Minister, "I pick my friends".

An hon. Member: Shame!

Mr. Crosbie: A personal toady of the Prime Minister's.

Mr. Greenaway: Right. Example: Jack Horner—

An hon. Member: Tory, Tory.

An hon. Member: Who is he?

Mr. Greenaway: The Minister of Transport admitted that Mr. Horner will probably be rewarded with a seat on the board of Canadian National—and this for committing political suicide for the Liberals in the days before May, 1979.

Mr. Horner obliged the Prime Minister again in 1980 with a repeat performance of his remarkable kamikaze act. Rather than join Senator Stollery in the other place, the government has opted to offer the politically deceased Mr. Horner a position at CN.

I wish I could stop there, Mr. Speaker, but I cannot. Another example: last week we found out that while the government has been urging restraint on Canadian workers, the Prime Minister's personal minions in the Prime Minister's Office, the Privy Council Office, and the Federal-Provincial Relations Office, were getting raises in excess of 20 per cent, considerably above the guidelines set down by the Minister of Finance of something under 14 per cent. A fine example for Canadian workers!

And, Mr. Speaker, we found out last week how the Prime Minister himself demonstrates personal restraint at home. We found out that the Prime Minister apparently does not pay for any of his food, or his liquor, or any of the expenses incurred at 24 Sussex Drive.

Mr. Crosbie: An incredible cheapskate. He does not even pay for a babysitter.

Mr. Greenaway: That is right. The Canadian taxpayer picks up the tab. As a result, inflation has no meaning to the Prime Minister. He is inflation and interest rate-insulated. It is just a pity we could not soak him in urea formaldehyde.

Mr. Speaker, all of these things, these scandals, add to the sense of distrust by the taxpayer. They have the feeling they are being cheated rather than governed. Businessmen have lost confidence in the government. There is a growing feeling that this nation is turning into a banana republic, governed by a dictatorial junta rather than a modern industrial state governed by a responsible and sensitive parliament.

This Liberal wrecking crew has destroyed Canadian faith in honest government. Without this faith and trust, we cannot hope to lead the nation out of its current recession. The Liberal government has not provided leadership; it has squandered our heritage.

There is a joke circulating in the Canadian business community, and it is that if one wants to own a small business in Canada, you simply buy a large one and wait six months. This may be a joke, but it has a lot of truth in it. It is a strong indicator of the attitude among investors at this point. If nothing else, the demise of Alsands will foster a continuation of this attitude.

And Alsands is not an isolated example of Liberal failure. It is the culmination of 13 years of ad hoc policy. It is the ultimate proof that a nation cannot prosper through crisis management.

In 1968 Canada was third in the world in terms of per capita gross national product. Today we are thirteenth. Other countries are gaining, and we are definitely losing. Expensive and wasteful government is robbing the Canadian people of their standard of living. It has killed their initiative by taxing away incentive.

I would like to draw to your attention, Mr. Speaker, how the cancellation of Alsands will affect the people of my constituency and how the National Energy Program and the failure to build the pipelines will affect the people across the country.

Our life's blood in my part of Canada is the forest industry, and it has been staggering through a period in which the collapse of the housing market has cut deeply into the lumber market. The Alsands project, as well as other megaprojects, would undoubtedly have stimulated some demand for lumber and plywood for construction purposes. As spin-off industries grew, the people who worked in these areas also would need new housing and wood products. Instead, the forest industry is on its knees in British Columbia. Unemployment has reached crisis proportions. In one community in my riding, the community of 100 Mile House, unemployment for the first three months of 1982 is up 121.9 per cent over what it was a year earlier. In my home town of Williams Lake unemployment is up 91 per cent over a year ago; and in Quesnel there are 78.1 per cent more people unemployed this year than in the first three months of 1981.

Over all in my riding, unemployment is now running at about 25 to 30 per cent. These three communities, like so many others in my riding, depend on lumber sales to keep them going. The megaprojects would have, indirectly, provided needed jobs. But instead families of the unemployed are losing their homes; dreams are being shattered. Men and women are experiencing first hand the frustration and humiliation of unemployment.

These people are losing their hope for the future. As the November budget was a stinging left jab for Canada, the death

of Alsands will go down as the punch that will bring this country to its knees.

You probably do not know this, but in my riding last year there was a company from Calgary searching for oil. They spent over $27 million test drilling for oil. They found some encouraging results, and are now assessing data. But they are not going to spend any more money in my riding, or probably anywhere else in Canada, until the economic climate improves. Why should they? So, there is a whole bunch more jobs that have gone down the drain in my riding.

And yet, Mr. Speaker, none of this had to be. The Liberal wrecking crew could have avoided it. This government's lack of policy and direction has put us where we are. It was government greed that killed Alsands. It is government greed that has robbed the people of Quesnel, of Williams Lake, of 100 Mile House, and all Canadians, of their jobs and their futures.

Finally, Mr. Speaker, in the last 14 years of Liberal mismanagement, we have seen a complete lack of commitment to the future. Several weeks ago in this House I gave a speech that compared this country's pitiful economic record with the superior performance of Japan. I urged the government to study Japanese economic strategy, their formula for success, and especially the importance they place upon research and development.

If our government had displayed a similar commitment, we would not now be debating the loss of projects that represented our only hope. If only our government could have learned from the Japanese example. Other countries certainly have.

I wonder if this government is aware of what is going on in France at the present time. That country cannot depend on energy megaprojects. Instead, it has placed paramount importance on science and technology. They are pumping billions of dollars into research, all the way from the cost of educating young scientists right up the ladder to the conversion of research into productive innovation. They are passing legislation right now, a law, to fix the government research budget to an increase of 17.8 per cent a year in real terms over the next three years. The only thing rising that fast in the Canadian context is the deficit.

Furthermore, this law redefines the role of the ministry of research and development, giving it four main tasks: First, to pursue research in every domain; second, to ensure discoveries are brought to application wherever possible; third, to spread knowledge; fourth, to educate and train people for research. The government of France recognizes how to tackle problems; it does not just sit on its hands and hope things will improve. It is a pity that the Liberals have not taken advantage of the last decade to build a country, brick by brick, rather than to destroy it, budget by budget.

• (1720)

We have a long way to go. Last Friday was another setback for Canadians. When the government is thrown out in the next election, we will have that much further to go to bring about the economic recovery of Canada. The sooner the election, the faster we can get on with the work of rebuilding. The time has come for Conservative construction, rather than Liberal destruction.

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, I must say at the outset that I have looked around the House and noted that there are not many members present who belong to the party which moved the emergency motion. We did not move the motion, but we are here to debate it. The party which moved the motion is very poorly represented today in this emergency debate.

Some hon. Members: Oh, oh!

Mr. Tobin: I should like to tell hon. members opposite that we did not move the motion. We wanted to get on with the business of government, business which is important to all Canadians in the country.

Mr. Neil: Mr. Speaker, I rise on a point of order. Would the hon. member tell us how many Liberal members were in the House last night? At times there were none.

Some hon. Members: Shame!

Mr. Tobin: Mr. Speaker, I submit first of all—

Mr. Prud'homme: Mr. Speaker, I rise on a point of order. The hon. member for Moose Jaw (Mr. Neil) said that last night at one point there were no Liberal members in the House. From 11.15 o'clock last night until 6.15 this morning there were at least one, two or three government members present, and I was one of them.

Some hon. Members: Oh, oh!

Mr. Tobin: I should like to continue my remarks.

The Acting Speaker (Mr. Laniel): Order, please. These are not points of order. Neither hon. member is in charge of taking counts in the House.

Mr. Tobin: Again this is an attempt to distort the facts, which has been the tactic of the Tory party all day.

Mr. Taylor: You are the one who is distoring the facts.

Mr. Tobin: My point was not how many members there were on the other side versus how many there were on this side. My simple point was that hon. members on that side of the House said there was an emergency. Hon. members on this side of the House indicated that we should get on with the business of government. It is that side of the House which once again hijacked Parliament. Approximately ten or 11 members of the Tory party have shown up in the House in an attempt to suggest that there was an emergency.

Some hon. Members: Oh, oh!

Mr. Tobin: The only time they come alive or wake up is when an hon. member stands in the House and points out reality. It is a sad state of affairs.

Mr. Taylor: Yell louder.

Mr. Tobin: I am required to yell because it takes a great deal to get through the thick skulls of hon. members opposite. I also remind my friends opposite that none of them have recognized publicly in the debate—and I know what many of them have recognized privately over the last week since the collapse of the Alsands project—that the Government of Canada and the government of Alberta played a role in assisting the development of the Alsands project. Those governments assisted private enterprise and private capital in developing that megaproject. There has been no mention today of the government of Alberta.

I do not want to commence my remarks by examining the situation from day one, or returning to the debates or negotiations on the National Energy Program and the agreement which was subsequently signed by the Government of Canada and the government of Alberta. I know what was the role of the government of Alberta, but I remind hon. members opposite who at least share party affiliation, if nothing else, with the government of Alberta, that two governments were involved. One of those two governments as I recall—and this is my private view—held up for ransom Alsands in the name of dotting every "i" and crossing every "t" which it wanted to cross and dot. That party held up the project for ransom, but there was no mention of it today.

I regret I am becoming somewhat emotional and that in order to be heard I must yell slightly. Instead we have heard references to military juntas by hon. members opposite to describe the Government of Canada. We have not witnessed a rational or reasoned approach. We have not heard any constructive comments or suggestions. We have seen a group of grown men behaving like children today. We have seen the built-in prejudice of a group of fellows supposedly participating in an emergency debate on energy. Frankly I found that rather disappointing.

Let me talk about the National Energy Program. Hon. members opposite will have noted that the Minister of State for Mines (Mrs. Erola) indicated that self-sufficiency in the country increased to 80.9 per cent in the last two years and that domestic supplies of oil and gas increased in 1981. Also they will have noted that there have been several major finds of oil and gas in Canada in the last few years, not the least of which is the Hibernia field off the coast of Newfoundland. They will have noted that consumption of oil in Canada has decreased from 291,000 cubic metres to 261,000 cubic metres and that 170,000 Canadians have taken advantage of programs to switch off oil. Also they will have heard that over one million Canadians took advantage of programs to provide additional insulation. All these matters have resulted in reduced consumption and, in the final analysis, a lessened need to import expensive crude oil and to pay the difference, the oil compensation charge.

Those are the facts. I am disappointed, as I am sure every member of the House is disappointed, that Alsands is not going ahead. The rationale of hon. members opposite is that because the Alsands project is not going ahead, somehow the entire National Energy Program should be scrapped. Primarily because of a decision taken by those who control private capital in the country, the project is not going ahead and we should put an end to Petro-Canada. It is like saying that if one stubs one's toe, one should shoot one's foot. The government will not be bamboozled by such inane logic.

Let us look at hon. members opposite who have had no constructive comments or suggestions to make. Let us look at their record. They started out in 1978 by saying that the idea in the country was to get rid of all socialist politicians who thought up Petro-Canada. While they were contemplating moving the Canadian embassy to Jerusalem, they were contemplating selling off Petro-Canada at the same time. That is their policy. Let the future of Canada's energy needs be placed totally and irretrievably in the hands of the boards of directors of the multinational oil companies out of this country. That is their rhetoric.

• (1730)

I would like to believe differently but at times you really sound like a trained parrot, of those who would see the National Energy Program and Canadian-owned and controlled national oil company as a threat to your profit margins. Shame on you.

That is why you backed down. That is why you backed down from your so-called commitment to sell off Petro-Canada, because Canadians spoke with a voice and it was loud and clear, and it was angry and fed up with your rhetoric. We are fed up again today with that rhetoric.

I remember when the hon. member for St. John's West (Mr. Crosbie) rose to talk about the budget two years ago. He referred back to his own budget which he introduced seven or eight months previously. I remember when he condemned the National Energy Program in his speech. He suggested that in some manner we could persuade—can you imagine that he believes Canadians are so naive—Canadians that their best interests and the best interests of Canadian oil and gas and energy reserves of this country could be decided upon and directed by the boards of directors of companies outside of this country. That was his argument.

What I find frightening is that the people of Canada in every Gallup poll have unequivocably expressed their support for that concept. Still today, two years later, we hear the same rhetoric.

Mr. Taylor: You are still buying oil from Mexico. You let Canadians go unemployed.

Mr. Tobin: I would like to say a word or two about Hibernia.

Mr. Crosbie: On a point of order, Mr. Speaker. Would the hon. member permit a question?

Mr. Tobin: Mr. Speaker, I will certainly permit a question from the hon. member if he will kindly have the patience to sit quietly for a moment. He can yell if he likes. I enjoy the applause. I will be glad to answer a question if there is time at the end.

The Hibernia find, with over a billion barrels of oil in proven reserves off Newfoundland, unquestionably now becomes more important than ever. Its development in a relatively quick period of time is now more important than ever. First and foremost, I say this as a proud Canadian but also as a proud Newfoundlander for my province, that jobs are badly needed in the industrial development and jobs are badly needed in the spin-off industry. I can assure you that the economy needs a shot in the arm.

That development is needed now. I say this as a Newfoundlander, but that development is badly needed by the people of Canada more than ever. I simply want to take this opportunity during this debate to say two things. There have been two elections in Newfoundland in the last couple of years. During the election in 1980, offshore was an issue and five Liberals out of seven were elected in that election. Offshore was an issue in that election. We had a recent provincial election and there is no denying that Premier Peckford was given a very strong mandate. A great number of Conservative members were elected.

Members opposite should listen and learn. Perhaps it could be described as a paradox, given that that issue was raised during these two most recent elections in Newfoundland. I suggest that it makes it very clear to all concerned that the people of Newfoundland view Hibernia as a very important resource for that province and as a key for its future development. That fact must be recognized by everyone in the House.

I also feel that if you look back to 1980, no one can deny that the people of Newfoundland also clearly recognize that that resource is important to the country as a whole.

I would simply say that we have had the elections and the battles. Now is not the time to continue the game of winners and losers. For the sake of Newfoundland and for the good of this country, it is time for both sides to sit down and negotiate an agreement. It is needed now. I would caution all those concerned to remember that political parties, whatever their stripe, are more than any one man. Political philosophies are more than any one man.

An hon. Member: You would never know it.

Mr. Tobin: I would caution Premier Peckford not to view what I am sure is a very gratifying election result as a blind trust to pursue this issue in a purely political fashion. On the other hand, I can assure you that as a Newfoundland Member of Parliament, and I know my colleagues would understand and agree with this, and that all Newfoundland members would agree, that the Government of Canada will approach the table in the true spirit of fairness and justice. I can assure you that no Member of Parliament representing any province on any particular matter would see any other approach than that.

I can only repeat that I do not believe for a second that the failure of Alsands to proceed means that we should fall prey to the rabble-rousing and excited banter of those members opposite to say that this is a reason to destroy the entire concept of Canadian energy which is developed by Canadians and for Canadians. We should not say that just because the project has fallen through we should shoot ourselves in the foot, which is exactly what those members are suggesting.

Now more than ever, the potential lies off the shore of Newfoundland in Hibernia. Hibernia comes to the fore in this House of Commons and in this country. I plead that Premier Peckford and the Minister of Energy sit down to negotiate with good will.

An hon. Member: You cannot trust a Grit.

Mr. Tobin: That is the simplistic, narrow-minded sort of philosophy which has kept you on that side of the House for the last 15 years. I believe I have made my point.

Mr. Crosbie: On a point of order, Mr. Speaker, would the hon. member permit a question? He will recall that before April 6 he wagered a bottle of scotch with me that on the west coast of Newfoundland, two out of five returned candidates would be Liberal. They have not been returned and I have not seen my bottle of scotch. Did he drink it before he just spoke, or what is the explanation?

Mr. Tobin: Mr. Speaker, may I respond to that question? I would remind the hon. member opposite that in fact there are two elected Liberal members in my riding. His bottle of scotch will be a long time coming.

Mr. Crosbie: On a point of order, Mr. Speaker, this is more than proof that you cannot trust a Grit.

The Acting Speaker (Mr. Ethier): Order. I believe this is an emergency debate.

Mr. Tobin: On a point of order, Mr. Speaker, I simply want to say that that question from the hon. member for St. John's West points out once again—

The Acting Speaker (Mr. Ethier): Order, please.

• (1740)

Mr. Crosbie: I rise on a question of privilege. When the parliamentary secretary gets up on a point of order, his light goes on. But when I get up on a question of privilege, the light does not go on. I do not intend to put up with that, Mr. Speaker, and that is my point of privilege. Why is there discrimination against us concerning the microphones when we are on our feet here, trying to make a point? The lights go on on one side, but do not go on on the other. That is the question of privilege I would like the Speaker to consider. Mr. Speaker, the hon. gentleman, by squealing around here and avoiding his obligation to repay me that bottle of scotch, illustrates why the province of Newfoundland will never trust the Minister of

Energy, Mines and Resources (Mr. Lalonde) or any other federal Liberal to give anyone a fair deal.

The Acting Speaker (Mr. Ethier): Now that the lights have gone out on both sides, I will recognize the hon. member for Regina East.

Mr. Prud'homme: A debate over a bottle of scotch. Urgent debate, Mr. Speaker.

Mr. Simon de Jong (Regina East): Mr. Speaker, I welcome this opportunity of entering into the debate and being able to make a contribution to a very important topic. This debate, of course, was touched off with the postponement of the Alaska highway pipeline and the collapse of the Alsands project. As hon. members who have spoken formerly have indicated, the opportunity that this debate presents is being used to discuss a whole range of topics. Indeed, the question in the debate does not only concern energy, but also the sense of direction and purpose before the country.

In the debate thus far, a great many partisan feelings have been expressed and, in some ways, rightly so. I think this reflects the sense of frustration and anger Canadians from coast to coast have felt at the total lack of purpose and sense of direction of this government over the last number of years.

First, let me deal with the Alaska highway pipeline. This party is the only party which voted against the proposed resolution which would have allowed the pre-build to be built. At that time, we stated that unless we got ironclad guarantees from the United States, the more expensive portion of the pipeline would not be built. Events have proven us and continue to prove us right. Unfortunately, what we are now witnessing is the sale of cheaper Canadian gas, cheaper because it is more accessible. This resource is being sold off even though in the long run we will have to purchase the more expensive gas from the more northern regions.

Canada has played an historic role in the selling off of our resources. It is stated that we need to sell off this gas in order to improve our balance of payments position. Again, that has been our historic role. We have sold off the resources in order to create a balance in our balance of payments. So, it is as though we dig a hole and then we must dig a deeper hole in order to fill up the former hole. Each time we get further and further into trouble as we sell off the assets of Canada. We have sold off major portions of our oil during the sixties and the early seventies. We are paying now for that mistake. We are selling off our cheaper gas, something for which we will pay in the future. The cancellation by the United States, or the postponement as it is optimistically called by some, of the Alaska highway pipeline will have a negative economic impact in my riding. A fair number of the steelworkers who work at the Ipsco plant reside in my riding of Regina East. The bread and butter of Ipsco is not the manufacturing of the multi-diameter pipe, though it was expecting orders from the Alaska gas pipeline. As well, the National Energy Program has resulted in a lessening of drilling and exploration in western Canada and, as such, has reduced the demand for the casings and tubings needed for drilling wells which are the bread and butter of Ipsco. I am afraid to report that Ipsco might very well be laying off people later this year as a result of the misguided policies of the government opposite.

The other area of concern in this debate is the Alsands. The cancellation of this megaproject could very well indeed bring some blessings in disguise. There are some serious problems with the proposal concerning the megaproject proposal, as it stood. Megaprojects bring about or can bring about megaproblems. This megaproject is one of tremendous economic and political risk, an investment of some $14 billion in a new, untried technology. If it does not work, it could be a spectacular failure which the country can ill afford. Indeed, we could be building a white elephant of tremendous magnitude. There are some feasible alternatives. For example, we could build smaller tar sands projects which, instead of producing 140,000 barrels a day, could produce some 14,000 or 15,000 barrels per day. The attractiveness of going to the smaller units is that they can be brought on stream much faster. The risk is spread from a production point of view. There would be a longer production run in terms of the parts manufacturing plants for the smaller tar sands projects. Therefore, the economic benefits could be spread over a wider area. In the end result, we could produce the same amount of oil, by building ten smaller tar sands projects instead of one huge megaproject.

The cancellation of the Alsands project could also mean some good news for Saskatchewan. It could mean that some of the money which was to be spent—

Mr. Blenkarn: How could it be good news in Saskatchewan?

Mr. de Jong: —in the Alsands project could be used for some of the heavy-oil upgraders. Hopefully, the government will now find that it is imperative to move faster to complete the plans for a heavy-oil upgrader in Saskatchewan. In fact, it makes more sense to invest more in heavy-oil upgraders than it would be to invest in the tar sands as the Alsands would have done. The technology for tar sands is a totally unproven and untried technology. While much of the technology for heavy oil would still be new and experimental, it would be closer to the known technology of the light-oil refining. We would run less of a risk. It would not be of the same magnitude as the Alsands. The economic benefits would be more widespread. I hope that the cancellation of this project will allow the capital to be used for some of the other energy programs, including a heavy-oil upgrading plant, hopefully near Regina and Moose Jaw.

• (1750)

Had we gone ahead with Alsands, and this is something the government never quite admitted publicly, Canada could have been committed to energy prices of $5 to $10 more per barrel than the world price. Everything considered, we can perhaps be thankful that project did not go ahead. It is important to emphasize, however, the point that we must achieve self-sufficiency in energy. We must begin to use our imagination a bit. Instead of pinning all our hopes on a few megaprojects, we

should begin to realize that alternatives exist. I have talked of the possibility of smaller tar sands projects and heavy-oil upgraders. I also wish to talk about the area of conservation.

Government members have proudly stated that the conservation program they introduced, and in all fairness when in power the Conservatives increased the allotment for the CHIP program, has had good success. I understand that over the past year Canada reduced its consumption of oil by 7 per cent, approximately the same amount Alsands would have been producing.

That saving occurred at less public expense than what Alsands would have cost. As well, conservation is inflation-proof. Had we gone ahead with Alsands, we would have been stuck with high oil costs in the years ahead. That in turn would have helped to fuel inflation. It would have created inflation.

While the conservation route is cheaper and creates more jobs, it is also inflation-proof. It reduces the cost of energy to average Canadians. Surely intelligence would indicate that is the direction this country should go. It is cheaper, produces more jobs and saves money for consumers. It reduces their cost of living instead of increasing their energy costs as Alsands surely would have resulted in.

One wonders as well at the economic and energy projections that government economists have been toying around with. In 1973 the then energy minister, Joe Greene, made the statement that we had enough oil for the next 400 years. In the fall of that year, he admitted that we were running out of oil. We then saw the price increase. Government economists and oil experts applauded the increase and projected price increases in a straight line over the next several decades.

That never made sense to me. It seemed to me that a curve had to occur. As the price of oil increased, people tried to conserve, and find other, cheaper energy forms. Increased oil costs dramatically fuel the fires of inflation, making goods and services more expensive. This has resulted in lost productivity and lost production, and therefore less use of oil and now we have a situation where there is an oil glut.

It seems as though this curve could have been predicted. Had it been predicted, we would not have ever thought of putting all our eggs into one basket such as Alsands. We have to realize there is a limit to how high energy prices can go.

I sat here late into last night and a good part of today anxious to hear what my Conservative friends to the right have as an alternative to the lack of government direction. Ever since having been elected, I have not heard an honest solution to the problem we face, from them. I anticipated that the philosophy of the Conservatives would be conservation and that this would be reflected in their proposals.

The whole notion of conserving is not where the Conservative Party is today. They talk even more than members opposite about the big megaprojects. They want more of them and they want them bigger. They want more public funds to go in that direction. They are even more dumb than those opposite.

What are they offering in this debate? They are suggesting more public funds should be given to the oil companies. Where is the line? How much do we go for? When do we finally say enough is enough, it does not work, it does not make sense, it does not connect and does not add up. The philosophy of unbridled free enterprise, let the oil companies take care of it all and we will have energy self-sufficiency, is one of the major reasons why the Conservative Party was turfed out of office and not re-elected.

In the aftermath, they blamed us for chucking them out of office. We did not do that. The Canadian people did that and they did it for one major reason. They suspected the Conservative Party and their friends in the oil industry would sell them down the river. Their attempt to dismantle Petro-Canada made the Canadian people lose all faith which they may have had in the Conservative government. I find that unfortunate in many ways. A change of government was badly needed. We needed some fresh air. This is what the Canadian people felt, yet they said no when the government of that day was going to dismantle public participation in the oil sector.

The people of Canada do not trust the oil companies to look after the public interest. They recognize that the oil industry, like any private corporation, is there for its own good. Of course it is. The people of Canada began to realize that oil and energy is too important to leave it to private interests and that there was a need for a public involvement and presence in this area. I suggest that energy be considered like other utilities such as water, sewage, roads, telephones and be under public control. It should no longer be an area for private exploitation.

I am disappointed that I did not hear in any of the Conservative members' speeches the notion of conserving. I suggest if we are going to solve the economic and energy problems that this country and the whole world face, we have to begin to realize that we are at the end of an era, the end of a road. The era of unlimited consumption and production and huge megaprojects is over. We do not have the capital to feed the monster for ever and ever. We do not have the resources to go on for ever and ever, just splurging away. The days of unlimited consumption, surely, we must all begin to recognize, are over. We have to begin to conserve our human and capital and natural resources. We must learn how to make the best use of what we have. If we as a society and a civilization are to survive, if we are going to have enough energy for tomorrow, if we are going to have enough employment for all, if we are to have enough wealth in order to maintain a decent standard of income for all, we must begin to plan how to use our resources, our capital.

• (1800)

We must begin to plan not only for today, but for tomorrow. Had we been doing that in the 1960s and the 1970s as my predecessors—like Mr. Tommy Douglas, who was the energy critic for my party for many years had suggested back then, we would not have half the problem that we have today. Had we begun to conserve our resources and our energy and our oil back in the 1960s and 1970s, we would not be in the spot we are in today.

How long can we continue going forward and forward in this ever-consuming type of lifestyle? It is coming to an end, and all of us on all sides of the House surely must begin to recognize this and begin to look at some of the new realities that are facing us. Surely, projects like the Alsands are not the best way in which we can conserve and use our capital resources. Selling cheap gas in the United States now surely is not the best way in which we can conserve and husband our natural resources for the future.

We are creating problems again for tomorrow that inevitably we will have to face.

The style that the Liberal government has followed in the decades in which they have been in power, spending everything today and not worrying about tomorrow, saying we will face tomorrow when it comes, has come to an end; the chickens have come home to roost.

We are now beginning to face the results of those policies, of selling off our resources for today and forgetting about tomorrow. Well, tomorrow has finally arrived.

The Acting Speaker (Mr. Ethier): Order. I have to inform the hon. gentleman that his allotted time has expired.

Mr. de Jong: Mr. Speaker, may I—

The Acting Speaker (Mr. Ethier): If there is unanimous consent, the honourable member may continue.

Some hon. Members: Agreed.

Mr. de Jong: Mr. Speaker—

Mr. Lewis: It is time to lay an egg. That is the speech.

Mr. de Jong: I will not comment on the remarks of the members to the right. Their comments have indicated the difference in mentality and outlook between them and the government party is not all that much different. Their only suggestion is that they can sell off resources faster than the other ones can.

Mr. Lewis: Mr. Speaker, unanimous consent was granted on this side of the House on the basis that the member's speech would be positive in nature.

Some hon. Members: Oh, oh!

An hon. Member: It was positive.

The Acting Speaker (Mr. Ethier): Unanimous consent is not by negotiation. It is unanimous consent.

Mr. de Jong: Mr. Speaker, in conclusion, I would like to say—

An hon. Member: Say it, say it.

An hon. Member: Or sit down.

Mr. de Jong: The debate, is not only about energy, but as well our economy and employment. Again I would suggest that a wholly new attitude is needed, one that begins to realize that our resources are scarce, that capital is scarce, that human resources are precious, that we must begin to conserve and to husband what we have, to plan for tomorrow and to stop blowing it today.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, it is just about 22 hours ago that the Right Hon. Leader of the Official Opposition (Mr. Clark) rose to commence this debate. He raised the question for consideration of the House: where is 1990 with regard to self-sufficiency in petroleum energy, which the policies of the government led by the right hon. Leader of the Opposition would have given this country?

After 22 hours, Mr. Speaker, I think we can answer the question, where is 1990? It is down the drain, that is where 1990 is, down the drain with 71,000 direct jobs that would have been involved in the Alsands project. It is down the drain with 255,000 indirect jobs that would have been spread all across this country.

With these jobs would have gone money, Mr. Speaker, specifically $9 billion into the Alberta economy, constructing the Alsands plant, $10 billion into other parts of Canada, and in a total over the 30-year lifespan of the project the estimated benefits that would have been spinning around in the economy of Canada, a total of $415 billion. All that money is down the drain with 1990, and all of this at a time when industry all over Canada is facing unprecedented problems, most of them caused by the policies of the government opposite.

My colleague from Cariboo-Chilcotin alluded to the problems in the forest industry in British Columbia. The forest industry is not selling because people are not building houses, people are not expanding factories, the export sales are not there either, and in the first quarter of 1982 the giant MacMillan Bloedel Limited registered a loss of $10 million. I think that is the second time in history that that company has registered a quarterly loss.

In the mineral industry in British Columbia, 63 per cent is the reported rate of unemployment at this time.

In the face of all of these figures for job numbers and so on, last night we had the Minister of State for Mines (Mrs. Erola) telling the House that 1.2 million Canadians supported the National Energy Program. She gave some examples. Mr. Speaker, 1.2 million Canadians, that is 5 per cent of the population. I wonder why the Minister of State for Mines did not tell the House what the other 23 million Canadians thought of the National Energy Program. I imagine we could tell then what some of them think. The government is, I hope, hearing what some of them think on that.

The Minister of State for Mines could have told us about the ten million taxpayers whose total personal federal income tax, in the last year for which figures are available, 1978, went to cover the oil import conservation program. All Canadians? What about all the rest of the Canadians who are now paying 77 cents a gallon more at the gasoline pumps than they were

paying two years ago? That is what the Minister of State for Mines did not tell us, Mr. Speaker.

I want to refer to an article in this week's *Maclean's* magazine, where Suzanne Zwarum was writing about the demise of the megaprojects. She quoted the president of Alsands, Mr. Ed Czaja, explaining why the consortium was closing down. He said that the time for the project to move ahead had been lost. He cited increasing costs, rising interest rates, continuing inflation, reduced cash flows of oil companies and the downturn in world oil prices. Those are five very good and valid reasons for any project to be shut down, but I think we have to look at those five reasons and find out why each of them exists. I would not suggest Canada could do much about increased costs or even about the downturn in world oil prices, but those are only two reasons, and I suggest this project would not have failed if those two reasons had been the only ones. However, the other three reasons, rising interest rates, continuing inflation and reduced cash flows of oil companies, are directly the result of policies of the present government.

• (1810)

I will go through them one by one. When he was finance critic for the Liberal Party in 1979, the Minister of Industry, Trade and Commerce (Mr. Gray) campaigned and said he would resign if high interest rates continued under a Liberal government and he was in the cabinet.

Mr. McDermid: Don't trust a Grit.

Mr. Clarke: My colleague says, "Don't trust a Grit". That is true. The Minister of Industry, Trade and Commerce did not resign, and the policies of the present government are directly responsible for the interest rates we are experiencing in Canada today. That was a No. 1 reason why the project was shut down.

Another reason cited by the consortium was continuing inflation. We have seen time and time again that continuing inflation is directly related to government spending, lack of revenues and the resulting deficits and the government's having to go into the money markets to borrow funds to make up for its continuing deficits.

The third major reason cited by the consortium is the reduced cash flows of oil companies. This again is a full-fledged result of the interventionist policies of the government opposite, and the massive subsidies which have been paid to bring foreign oil in to Canadian refiners to be consumed by Canadians, as if consumers were not taxpayers. The National Energy Program resulted in long overseas contracts at high world prices and, as we have heard many times, the result is that 300,000 barrels a day are being shut in in Canadian oil wells. It is no wonder oil companies are experiencing reduced cash flows.

The article to which I referred earlier went on to explain that three remaining sponsors had been considering and deciding the fate of the project. Of those three, Shell Canada and Gulf Canada had decided to pull out, the other private sector partners already having decided to pull out of that project.

I think it is curious that all hon. members to my left seem to have disappeared. I suppose it is dinnertime in NDP-land right now.

Mr. McDermid: They are always at the trough.

Mr. Clarke: At the trough. The New Democratic Party made a big thing complaining that the Government of Canada and the government of Alberta had offered too much by way of incentives to coax the project's entrepreneurs. That demands an answer. If such a good deal was being offered to those companies, why did they not take up the offer? The deal obviously was not good enough, or the companies would have jumped at it and taken it up. I do not know what the NDP would like to do now. I suggest members of the NDP should go to their offices and hammer out little medals which would say to each of the oil companies which pulled out of the Alsands deal, "Thank you for not taking up the government's offer because you saved us a lot of money". However, that will not help us get oil, and we will be in serious trouble in relation to oil production.

I have spoken to many people about the failure of this project and many other economic problems we have right now. What bothers them, and me, is why a government would carry out policies which obviously have such disastrous results as those we have seen with respect to this project.

I can only think of one reason why any government would want to go ahead with policies which it knew would have disastrous results, and that reason is one I almost hesitate to state because it is so outlandish. However, I cannot think of another one. Perhaps the lone Liberal over there can rise when his turn comes and tell the House why the government carries on with these policies when they have such obvious disastrous results. The only reason I can think of is that the present government wants to create a situation in Canada from which the government will have to save the Canadian people. Ministers have created such a situation with their unnecessary and stupid policies. When these projects fail the government can say it gave the private sector a chance, the private sector truned it down and now we need that energy so the government will step in "in a Canadianization effort" and take over those projects.

The Liberal Party has always talked haughtily about Canadianization in the energy field and in whatever other field it can Canadianize. I do not know where the Liberal Party was in 1947 when only foreigners were willing to come in and explore for oil in Canada, but that is another debate and another story.

Mr. Smith: We were in office.

Mr. Clarke: I ask the lone Liberal sitting opposite what was wrong with the Canadianization that existed in Vancouver where the Merit Oil Company chain sold 50 million gallons of gasoline to Canadians every year. It was totally Canadian owned. What happened? Petro-Canada, the government agency, went in and bought it from private entrepreneurs who

were all Canadian. Petro-Canada bought many service stations with sales of $50 million.

Mr. McDermid: State control is all they want.

Mr. Clarke: My colleague says "state control". What other reason could there be for Canadianization of Canadian companies? That is ridiculous.

Mr. Smith: They weren't forced to sell.

Mr. Clarke: In the 1980 election campaign the Liberal party opposite told Canadians they would be able to pay less at the pumps under a Liberal government for their gasoline than they would under a Conservative government. I have driven all around Ottawa and Vancouver and in the areas surrounding those cities. I have seen many Petro-Canada stations, and they all sell gasoline for exactly the same price as Esso, Shell and all the other companies which are so bad for Canada.

Mr. Crosby: More.

Mr. Corbett: More.

Mr. Clarke: My colleagues have seen Petro-Canada stations selling for more. The hon. member for Humber-Port au Port-St. Barbe (Mr. Tobin) spoke about the naiveté of Canadians. The Canadians in his area must be awfully naive because they sent him here to peddle the garbage he was peddling here half an hour ago. Perhaps "naiveté" is not the correct expression to use for the residents of Newfoundland. They probably made a mistake in sending the hon. member here. However, in two years we will give them another chance. Perhaps it will be sooner, but they will have another chance to correct that mistake.

What about Canadianization and Canadian ownership? Canadians are now searching for oil in other countries, but the energy the Liberals are talking about is in Canada. It is under Canadian lands. What more secure form of ownership is there than to have the asset, whatever it be, lying under Canadian soil? The power to tax is with the government. The power to tax is supreme. Hon. members opposite talk about the riches lying under our own ground. The government totally controls the production and export of all petroleum products found in Canada. I do not know how much more Canadianization you can get. The power to tax is supreme. The government has created taxation policies which have driven the producers of these riches from Canada. It has forced them to go to the United States and elsewhere with their talent, their money and their equipment. My colleagues have referred to the number of drilling rigs leaving the country.

• (1820)

That is the way things appear to me at the moment. I wonder how they appear to people on the international scene.

Mr. Smith: They admire us.

Mr. Clarke: I think they are laughing. They would certainly be laughing if they could see the sole representative of the Liberal government who sits across the aisle.

In ten years there have been four Liberal finance ministers. The first was Mr. John Turner who was in the House when I first came. He quit because he could not stand being near the Prime Minister (Mr. Trudeau) who is still around. Then there was Donald Macdonald. He could not stick around so he went to Toronto. Then came the Minister of Justice (Mr. Chrétien) and he served for a time as minister of finance. Now we have the present Minister of Finance (Mr. MacEachen).

The taxing policies are in the hands of the Minister of Finance. Even when the Minister of Energy, Mines and Resources (Mr. Lalonde) has something to say, the Minister of Finance says it for him. Those four ministers have so fouled up the national energy policy over the last decade that nobody knows how we are going to survive and achieve the self-sufficiency we have been seeking. This has resulted in long-term contracts which means Canadians are now paying more than world prices for oil because of the subsidy. We are not able to go to the spot market and buy the cheap oil that is available there. Instead, we have to pay billions of dollars to foreign producers.

I have been trying to assess what people might think about our international reputation and whether they are laughing at the efforts of this feeble government. I should like to refer to an article which appeared in *The Wall Street Journal* of Monday, May 3, 1982. The article reads in part as follows:

> Canada was counting on Alsands and the Alaska Highway Natural Gas Pipeline now delayed for two years and looking increasingly doubtful, to stimulate economic growth in this decade. The cancellation of Alsands throws "into question the Government's medium-term economic strategy which focused on megaprojects such as Alsands."

Then the article goes on in the next paragraph:

> The Alsands failure will reduce business investment spending in Canada by $360 million this year and sets the stage for a steady loss of real output, employment and foreign investor confidence.

That is the opinion of William Empey, vice president and director of economics with Data Resources of Canada, and economic forecasting concern.

Mr. Empey says that the total investment spending loss will rise to $2.7 billion in 1985. Another aspect of the cancellation of these projects that has not been mentioned in this debate is the cost of close-up. The article deals with that question it says that after five years of planning, at a cost of $125 million, there will be additional winding-up cost of $30 million. That is a total of $155 million which is going down the drain. That project with its 137,000 barrels per day production represented 10 per cent of our current oil production.

As others have said, things would not be so bad if just the Alsands project were involved but we have also lost the Cold Lake project, the Judy Creek project and the Syncrude Expansion.

We are in a terrible mess, Mr. Speaker, and this government ought to dig out the policies that we presented in 1979. They

could find solutions there to help them out of their present predicament.

Some hon. Members: Hear, hear!

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, this is a very interesting debate. I suppose all debates bottom out sooner or later but it seems more than a coincidence that the debates that I have observed usually reach their lowest level when the hon. member for Humber-Port-au-Port-St. Barbe (Mr. Tobin) speaks. From that point, it must be upward all the way. That particular member complained bitterly about the lack of strength in the Conservative Party. I notice that at the present time there is one faithful member of the Liberal Party in the House. I also notice that the hon. member for Saint-Denis (Mr. Prud'homme), who attended so faithfully last night that he claimed he was a permanent fixture, is not here. He did step behind the curtain occasionally which meant that at times, there was no Liberal in the House. But the hon. member for Beauharnois-Salaberry (Mr. Laniel) was here and he attends faithfully.

Mr. Smith: I am from Don Valley East.

Mr. McKinnon: That is correct, and you are a graduate of Victoria High School. That is all that makes the member acceptable on this side of the House.

There was a very peculiar start to this debate yesterday. The fact that the Minister of Energy, Mines and Resources (Mr. Lalonde) was away seemed to throw the Liberal Party into a spin as nobody else seemed to know anything about the subject of the motion.

Then there was the rather peculiar speech given by the Minister of State for Mines (Mrs. Erola), that amiable chatterbox from Sudbury. She seemed to think that the high point of the National Energy Program was the CHIP program. This is like the president of Cunard boasting about the *Titanic* because it would stop faster in mid-Atlantic than any other ship. She seems to believe that the CHIP program is something that the Liberals should boast about.

For those who are not aware, that is the Canadian Home Insulation Program through which the government subsidizes a type of insulation called urea formaldehyde that has since had to be removed from houses at fantastic cost. The government refuses to pay for this.

The minister may think that this is the best part of the National Energy Program but I hope that there are other parts that are better than the CHIP program. I do not have time to correct her ignorance at this stage.

Last night the Minister of Supply and Services, (Mr. Blais) supplied his usual comic touch. As often happens when the Liberals have a poor case—and that is frequently—then a personal attack is made on the Leader of the Opposition (Mr. Clark). I have been here long enough to see that happen to the Right Hon. John Diefenbaker, the Hon. Bob Stanfield and to the Right Hon. Leader of the Opposition. It is too bad that this happens as it does not help the debate.

It is also interesting to watch the NDP scrambled desperately to get away from the Liberals in this debate, particularly those members from Saskatchewan and Newfoundland who have just been through provincial elections. I listened with what was almost glee to the hon. member for Prince Albert (Mr. Hovdebo) give a rather frantic speech today implying that, for heaven's sake, he did not want ever to be thought to support the Liberals!

Many of the motions that the New Democratic Party proposes are not acceptable to the Liberals and consequently they deliberately load them so that no one who believes in free enterprise could possibly support them. Then they are proud because they vote on the opposite side to the Liberals.

There is a longer history to voting than they would like to acknowledge. Those who participated in the Saskatchewan election ran into this at almost every door. They are so upset about the terrible incompetence of this Liberal government that they say to each other: "How did we ever get such a government in this civilized country? How did we pick this bunch of incompetents to run the country? What were our NDP members from Saskatchewan doing?" Well, they remember very well what the NDP did. In the 1972 election there were some 20 or so NDP here, enough to have the balance of power in a minority Liberal government. The House met on January 4, 1973, and during the succeeding 18 months there were 19 votes of confidence. On each and every one the NDP supported the Liberal Party.

• (1830)

What happened in 1974? The Liberals found they were high enough in the polls that they no longer wished to avoid an election, they brought in a budget which even the NDP could not support, went to the people and of course came back with a majority government. The NDP had been used for the dupes they are and consequently we inherited a Liberal majority government.

Mr. McDermid: Is that dupes or dopes?

Mr. McKinnon: I suppose the words are interchangeable. The "Simple Simons" of politics is the best way to describe them. They come around when they are needed by the Liberals, and the rest of the time the Liberals give them the back of the hand, which is what they get these days.

In 1979 we came back to Ottawa with a minority Conservative government. How the story had changed. We did not get 19 votes of confidence, having won the election; we did not get one vote of confidence out of them. We won the first vote of confidence by only two votes, and the NDP voted against us. It was on a supply motion, I believe. Interestingly enough, it was on an amendment by the right hon. gentleman who is now the Prime Minister. I like to look back at these things because I find them rather ironic, perhaps even amusing. Most of the NDP I have spoken to about this have no idea what it was they were voting for, but it was against the Conservatives and for the Liberals. The motion was:

That this House has no confidence in the government—

Why do you suppose they had no confidence in the government? First, because:

—it will cause severe economic hardship for the Canadian people this winter: first, through its neglect of the grave possibility of shortages in heating fuel; second, through its failure to support existing intergovernmental agreements on oil pricing and supply;

Imagine that coming from the leader of the then opposition. It goes on:

—third, through its inability to conclude agreements preventing immoderate price increases in the future;

Can you imagine that coming from that group? It goes on:

—and, fourth, through its acceptance of record high interest rates.

I find that one particularly ironic and sad. They wanted to vote the government out because they were worried about its failure through its acceptance of record high interest rates. That was the motion that the NDP supported the Liberals on, to get rid of the Conservative government. They did not know what record high interest rates were until they got the Liberals back in.

When you knock on doors in Saskatchewan, Mr. Speaker, the message you get is that they are very, very upset with the NDP for having allowed the Liberals to have and win an election. They are mad at the NDP Members of Parliament, and their provincial brethren went down like tenpins during the recent election, this despite the fact that the hon. member for Yorkton-Melville, (Mr. Nystrom), during the constitution debate split the NDP to avoid being lumped in with the Liberals. We are going to see a lot more of this phoney hyperbole from the NDP as they try to dissociate themselves from the Liberal Party even more, because anyone who is a friend of the Liberals these days is not going to get too many votes in the next federal election.

The NDP want Canadianization of everything. That was a word which was not heard until about two or three years ago, and I expect the flack who thought it up will be richly rewarded by the Liberal government; if not now, at some other time. The hon. member is leaving us without a Liberal in the House.

Mr. McDermid: Not one Liberal in the House.

Mr. McKinnon: Thank you for your return, sir. We are glad to have you back. I think the Liberals started this debate hoping it would go away because they really had nothing to contribute. When they saw it was not going to go away last night, then they decided they must participate. During some of today's speeches, frankly, I think they would have been better off to stick with the first decision.

I would like to speak for a moment about what the Liberals and NDP have in common. The common ground is Canadianization, which is a Liberal word for nationalization, which in turn is an NDP word for socialization of the means of production.

Mr. Smith: We are free enterprisers.

Mr. McKinnon: The only free enterprise they may have is in their caucus as they battle for the spoils to which they think they are entitled.

Mr. McDermid: Three minutes a week.

Mr. McKinnon: I would like to point out something which happens when government gets into business, including Crown corporations. There is a rather nice example in Question 3893 which was put on the Order Paper by my colleague, and it was answered on April 1. It has to do with a subject which is close to both my colleague and myself, having to do with the Argus aircraft which were scrapped. This is a small example of how you should never conduct business, yet I daresay no one is going to suffer for this because nobody will ever be considered to be the culprit.

Some five years ago the Department of National Defence hired IMP of Halifax to determine how long the fleet of 24 aircraft could remain in service. The study, done at government expense, showed that five years was about how long they could stay in the air and still be sold as flyable aircraft. They then decided they would sell the planes and put out a tender to have the fleet disposed of. They made some effort to sell the aircraft and were unsuccessful. At nearly the same time they put out a tender to mothball the fleet, so it would be ready for some other purpose, I suppose.

The amount spent on mothballing the fleet was $349,298.87 so it would be preserved for future sale as flyable aircraft, I have to presume. In any event, I have not heard of people mothballing junk. At that time, just to add to the ridiculous situation they were in, an aircraft museum in Calgary wanted to buy one of the aircraft and it offered $60,000. They turned the museum down because they were afraid it was going to sell it to some other country as a war plane. The next thing we hear is that they sold the whole lot for $70,000. Not only did they sell them at less than $3,000 each, but they turned down the guy who was going to pay them $60,000 for one aircraft.

Mr. Jelinek: Liberal business practice.

Mr. McKinnon: Then the junk company came in and cut the aircraft up—after $349,000 worth of mothballing. This should not happen. Somebody in an ordinary business place would no doubt move on and look for some other business place at a lower level. Nobody, I suspect, will ever find out who really took the decision, not only to sell them as junk, but also to mothball them at the same time and go through both options.

• (1840)

That is what happens when you get nationalization and Canadianization. We get decisions like that.

I notice that the Minister of Energy, Mines and Resources (Mr. Lalonde) is very fond of blaming the United States and President Reagan for the failure of the Alaska gas pipeline project. I can never quite understand how the minister can

stand up in the House and pretend that he had a firm commitment from the Government of the United States that the gas trunk line would be built to Alaska. This is of course when he wanted the pre-build portion.

Let us have a look at the great words which the minister used. I hope they will haunt him to his grave. He was in opposition at the time. We can find his words, as reported in *Hansard* at page 2101 on December 6, 1979. I will just read a paragraph because it contains the minister's most famous comment. I suppose when they write down popular Canadian quotations forty years or one thousand years from now they should include Marc Lalonde and this following quotation:

So far as the statement of the minister is concerned, we note the vagueness of the statement about the building and completion of the pipeline which is essential. It leaves open the door to delays in the pipeline construction by extending the authorization of exports over a period of seven years and the possibility of reviewing the authorization after exports have started, therefore authorizing exports before the commitment for the building of the line has been made.

There is no word in this statement regarding swaps, and nothing about the eastern Canadian situation, the building of the Quebec and maritime pipeline—

Where have you heard about that lately? We used to hear quite a bit about it but not too much any more.

Mr. Crosby: It is a paper pipeline.

Mr. McKinnon: It is too small at one end, I am told. The minister's statement continues:

—and the possibility of exports to the northeastern states. In our view, exports of natural gas to the United States should be authorized only on the basis of, first of all, an ironclad commitment regarding the building of the whole Alaska gas pipeline. Everything has to be signed, sealed and delivered, particularly the financing plan and the financing guarantees, before we start exporting one cubic foot of gas out of this country to the United States.

I am sure my metric friends will be pleased that we were dealing with gas in cubic feet at that time. That appeared to be a pretty firm position, I would say, from an ironclad minister. All that went by the boards last Friday. There is no commitment. He is now blaming President Reagan.

President Reagan was here in this Chamber on March 11, 1981. In his remarks he said:

I am happy to say that in the recent past we have made progress on matters of great mutual importance. Our governments have already discussed one of the largest joint private projects ever undertaken by two nations—the pipeline to bring Alaskan gas to the continental United States. We strongly favour prompt completion of this project based on private financing.

SOME HON. MEMBERS: Hear, hear!

MR. REAGAN: We have agreed to an historic liberalization of our trade in the Tokyo Round of the multilateral trade negotiations.

That was all the president had to say. They took it very clearly that it would depend on private investment. They took it to mean some kind of government commitment. What kind of dummies have we running this country that not only would they make a mess of the deal but they would also try to blame the other guy for doing it?

I would like to talk about the effect on the provinces of some of these failures to carry out business in the normal fashion and to get any project operating. I took this up with the minister at the time he brought in the excise tax on natural gas. I pointed out in a question to the minister that the National Energy Program, which was announced as part of the federal budget, is really a grab for money by the federal government and takes money away from provincial revenues. This rather upset the minister because he did not like to have that pointed out. What he said was kind of foolish. He said, as the hon. member knows, that there are many more consumers of natural gas in Ontario than there are in British Columbia. Those consumers pay the same federal tax the people in British Columbia are paying.

I was talking—and he knew I was—about the sale that British Columbia makes to Washington State of natural gas. They could no longer compete with energy in Washington State because of the amount of the excise tax which the federal government had imposed.

Let us have a look at the National Energy Program of 1980. I believe it was brought in as a budget at the time. Let us see what it promised for western Canada. On page 77 of the document we find:

The National Energy Program is beneficial to the West.

Can people from the west, including those from Alberta, believe this statement that the National Energy Program is beneficial to the west? The paragraph continues:

It provides an oil pricing schedule that yields substantial and growing revenues to provincial governments and the industry from existing production, and establishes certain and attractive prices for the risky and costly sources that will form the basis for a sustained prosperity. The oil sands and heavy oils will make a major and enduring contribution to the economy of the west, while enhancing national energy security.

It is hard to believe anybody could possibly have said this is a year and a half ago. On page 78 of the National Energy Program document we find the following:

With initiatives in the program such as financial support for the Vancouver Island gas pipeline, the province can move rapidly to reduce its oil dependence, using its own energy sources.

I do not want people from the maritimes to think they are the only people waiting for a pipeline. We were promised one too, and we are just about as far along as maritimers are in terms of having one, which is nowhere.

Let us see what the government had to say about the oil sands—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but I must advise him that his time has expired. Nevertheless, he may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. McKinnon: Mr. Speaker, I would like to thank my colleagues and the sole survivor on the Liberal Party benches.

Mr. Blenkarn: He is the fellow who put out the big charts concerning Parliament.

Mr. McKinnon: Mr. Speaker, I will conclude by making just a few more remarks. I want to quote from the papers on the budget of November 12, 1981. On page 55 of the booklet entitled "The Budget in More Detail", we find:

S.O. 26

The pricing and taxation structure will provide significant stimulus for new tar sands projects.

I hope someone around here lives long enough to see some sign of the significant stimuli that are promised for new tar sands projects. One hardly knows what to make of it or what to recommend to the Canadian people. I am forced to agree with many of the remarks that have been made today. The problem is that two or three of the people at the top have the affairs of this country in an iron grip. I realize we live in a democratic country, but it suffers under some severe strains with the voting system we have at the present time. I believe in representation by population. I also agree with the second Prime Minister of Canada, Alexander Mackenzie, who said, "The worst possible thing that could happen in Canada would be if we started voting along racial lines and racial lines only in Canada". I am sure he was thinking that people could be elected to this House for the wrong reasons.

I might close by bringing something to the attention of hon. members. It does not have to do with racial backgrounds but with the intellectual. In 1935 Mr. Harold A. Innis said:

Intellectuals in large numbers will sink the raft of any party, and if allowed to write a program will kill it.

I am afraid that is what has happened here. We have a lack of practical men on the other side. We have some pseudo-intellectuals. They all think they are intellectuals. But as pseudo-intellectuals they are unable to be practical enough to bring forward a program from which anyone can expect reasonable results.

Mr. Albert Cooper (Peace River): Mr. Speaker—

An hon. Member: Tell the truth, now.

Mr. Cooper: I am told by the member opposite to tell the truth. As he well knows we always do that. I will do my best to accommodate him. We are pleased he is here to hear the debate tonight.

Before I begin, I want to mention the fact that we have been debating the Alsands matter for 23 hours now, and many of the House of Commons staff have been here since yesterday morning at eight o'clock or nine o'clock. They have put in two very long days. I am thinking particularly of the *Hansard* staff, who have gone without sleep for over 24 hours. I know all members really appreciate their hard work.

Some hon. Members: Hear, hear!

Mr. Cooper: Whenever I think of people listening, I am reminded that my uncle, not very long ago, had some open heart surgery and ended up spending quite a bit of time at home. He spent much of his time listening to the debates in the House of Commons. When we think of that and we know there is someone out there listening, we tend to become very conscious of where we are speaking and of what we are saying. Unfortunately, very often we tend to sit in these hallowed halls and get caught up in little buzzwords and words that have significance to us here but not to the people across the country. To those people they do not have much significance.

I am thinking in particular of one of the expressions that possibly is key to this debate tonight, that is, this whole idea of economic development. That expression has become a favourite buzzword of the government. In fact, the budget of 1981 said that national economic renewal is the overriding priority of the Government of Canada and that the policies and programs of the national government represent major instruments for managing and exploiting development opportunities.

In that statement the federal ministry claimed to be devoted to economic development. The question that remains then, is: where is this economic development?

Was it really nothing more than just a buzzword in the Liberal caucus, another buzzword around Parliament Hill?

We begin to wonder when we see how busy the government has been robbing us through energy taxes rather than taking any form of real action. The government has been too busy writing about economic development to make economic development a reality. We have been suffering from a little bit of what I think could be called "analysis paralysis". We have been getting a lot of pretty paper, pretty wrapping and pretty packages. But what the government is really wrapping up is a disastrous energy policy and a disastrous budget. The real economic development we should be experiencing, which would have come through the development of major projects such as Alsands, the Alaska pipeline and Cold Lake, is further away today than ever before. Those projects are today further away from completion, or even beginning, than they ever have been before. Today, they are effectively dead.

But they have not just died. They have actually been killed. They have been killed by mismanagement by this government; they have been killed by the National Energy Program; they have been killed by the 1981 budget; they have been killed by the greed that has been demonstrated by the massive tax grabs this government has made on our energy revenues by closing what it calls loopholes, which are the very same policies that it put in place a few years ago. Those projects are dead today, and with them are a lot of dreams and a lot of hopes.

A news story—and I just refer to a short article in a paper in Fort McMurray which, as we all know, is the heart of this province—said this: "Those who will be hurt are property developers and small local construction contractors.

We tend to talk in terms of big numbers, but we forget, in fact, that what we are really talking about is jobs. One job, two jobs—we can multiply that several times, of course; but, in fact, it is individual people and individual businesses to whom we really should be addressing ourselves.

Where are we now without Alsands? Where does that leave us? First of all—and I think probably the most important thing—Canada is today further away from self-sufficiency than it has ever been in the past. Second, Canada will not enjoy the economic benefits that would have been the spin-offs from this project. Those benefits, those spin-offs, will no longer be enjoyed by Canadians. The National Energy Program has said that Canada has a diversified energy resource base to

support a relatively quick and clean shift away from world oil prices.

This government promised to make Canada energy self-sufficient by 1990. It promised to free us from the bonds of OPEC. But, Mr. Speaker, one of the cornerstones of those promises, of that freedom, was Alsands, because Alsands was going to provide for us somewhere around 157,000 barrels of oil per day. It would have slashed imported oil into this country by around 20 per cent. Now, because of the loss of this project, we will have to import into this country about 300,000 barrels a day in 1990. We cannot expect much slack to be picked up by our conventional sources of oil, our oil other than tar sands oil, simply because that source of energy has also been discouraged by the federal government's policies. And so we are left in the position of not being able to reduce those imports. In fact, we are left today with a much clearer indication that that is going to continue well into the 1990s.

• (1850)

Each barrel of imported oil brought into this country means higher taxes for individual Canadians—taxes that already are too high for so many Canadians. We know that, and we know that we have had 15 increases in petroleum prices since this government has been returned to power with the help of the NDP. We know that federal taxes are responsible for roughly 75 per cent of the energy cost increases in 1981. We have places in the United States today where gasoline is cheaper than it is in Canada, and yet in the United States they moved to world price. We are nowhere near world price today, and yet our prices are already higher than theirs. What is the difference?

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

Mr. Cooper: The difference of course—

Mr. Smith: Mr. Speaker, I do not believe we have a quorum.

Mr. Lewis: A point of order, Mr. Speaker—

The Acting Speaker (Mr. Ethier): A quorum has been called. I cannot entertain a point of order or a question of privilege.

Mr. Lewis: A point of order, Mr. Speaker. Please, a point of order! A point of order, please!

The Acting Speaker (Mr. Ethier): I cannot entertain a point of order. I cannot recognize anyone once a quorum call has been made. I think you know the rules on that. I cannot entertain a point of order. The only thing I can do is to ask the Clerk to count the members present.

An hon. Member: What about the point of order? You have to listen to the point of order, Mr. Speaker.

An hon. Member: Otherwise how do you know what the point of order is?

Mr. Smith: Take your seat. The Speaker is standing.

An hon. Member: You rose on a point of order. What the heck are you talking about?

Mr. Smith: The Speaker is standing.

The Acting Speaker (Mr. Ethier): I am informed that there is not a quorum. I will have to ask that the names of the members present be registered by the Clerk.

Mr. Smith: The House stands adjourned.

• (1900)

The Acting Speaker (Mr. Ethier): There are 18 members present.

Mr. Lewis: Mr. Speaker, I rise—

The Acting Speaker (Mr. Ethier): I cannot recognize anyone.

Mr. Lewis: Mr. Speaker, I insist you call for a recorded vote as to who is in the House at this time.

The Acting Speaker (Mr. Ethier): The names of every member present will be taken.

Mr. Lewis: I request that a recorded vote be taken of every member present at this time.

The Acting Speaker (Mr. Ethier): The names of the members will be taken.

Mr. Lewis: I rise on a point of order.

The Acting Speaker (Mr. Ethier): Therefore there is not a quorum.

Mr. Blenkarn: Sure, there is; there is a quorum.

The Acting Speaker (Mr. Ethier): I cannot entertain a discussion on this. I asked the Clerk to count the members and he reported to me that there are only 19 members present, including the Speaker.

Mr. Lewis: I demand that the record show which members are present.

The Acting Speaker (Mr. Ethier): Therefore I have no choice but to adjourn the House.

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

Mr. Lewis: I insist that the record show the names of members who are present.

The Acting Speaker (Mr. Ethier): I have no choice but to adjourn the House.

Mr. Lewis: The rules are clear. You have to establish which members are in the House.

The Acting Speaker (Mr. Ethier): I have no choice but to adjourn the House, and the names of those present will be taken.

Mr. Lewis: You have to establish which members are in the House.

The Acting Speaker (Mr. Ethier): This has been done and I am sorry that the names cannot be taken again.

Some hon. Members: Oh, oh!

Mr. Lewis: Are you suggesting that you are not going to take a roll call?

Mr. Smith: The House stands adjourned.

S.O. 26

The Acting Speaker (Mr. Ethier): The House stands adjourned until tomorrow at two o'clock.

Mr. Lewis: Are you adjourning the House? Are you not going to take a roll call?

The Acting Speaker (Mr. Ethier): The House is adjourned now.

And there being only 19 members present, including Mr. Speaker, the names were taken down and the House adjourned, without question put, at 7.02 p.m.

HOUSE OF COMMONS

Thursday, May 6, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE CHARTER OF RIGHTS

SUGGESTED REFERRAL OF BILL C-104 TO SUPREME COURT—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The Canadian Bar Association has testified to the Special Committee on Energy Legislation that the PIP measures and other provisions of the National Energy Program may contravene the Canadian Charter of Rights. In order to ensure that the government is respecting the Charter of Rights, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the Government of Canada send the provisions of Bill C-104 on a reference to the Supreme Court of Canada to determine whether the government's energy legislation violates or respects the Canadian Charter of Rights.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

DEVELOPMENT OF PEACE RIVER TAR SANDS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, the Alsands project has been shelved, the Canadian economy is desperately in need of economic stimulation, and Canadian workers are in need of jobs. I therefore move, seconded by the hon. member for Calgary Centre (Mr. Andre):

That the federal Minister of Energy, Mines and Resources in co-operation with Alberta's minister of energy, extend the same offer to Shell Canada now as was made to it as part of the Alsands consortium, so that the Peace River tar sands can be developed immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

RATE INCREASE GRANTED TO BRITISH COLUMBIA TELEPHONE COMPANY—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity. Earlier this week the CRTC granted BC Tel a 5 per cent rate increase for residential phone rates bringing to 18 per cent the total in residential rate increases given to BC Tel by the commission this year. This increase was granted even though the CRTC concluded in their decision that many areas of B.C. are receiving unsatisfactory service, and in spite of the fact that several exchanges in the Lower Mainland are already paying the highest residential rates in the country. I therefore move, seconded by the hon. member for Kootenay West (Mr. Kristiansen):

That cabinet send this decision back to the CRTC with instructions to roll back this unearned rate increase, and further that the Minister of Communications immediately issue a policy directive to the CRTC that no further rate increases be granted to telephone companies within the commission's jurisdiction until such time as the companies provide acceptable levels of service to all of their residential customers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR RESTRAINT IN GOVERNMENT SPENDING—MOTION UNDER S.O. 43

Mr. Vincent M. Dantzer (Okanagan North): Madam Speaker, whereas Data Resources estimates the federal deficit will exceed $15 billion during this year as compared to the budget estimate of $10.5 billion, and whereas the huge cash requirements to finance this deficit mean continued high and punitive interest rates and delayed economic recovery, I move, seconded by the hon. member for Peace River (Mr. Cooper):

S.O. 43

That the government wake up to our critical situation and act immediately to cut spending, show some real restraint, reduce the deficit, reduce interest rates and get off the backs of the Canadian people.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AUTOMOTIVE INDUSTRY

NECESSITY FOR CANADIAN CONTENT AGREEMENT—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, this week General Motors closed its plant No. 3 in St. Catharines and permanently laid off an additional 375 auto workers in the process. More lay-offs are expected by reason of the government's economic process. Whereas that plant and those jobs could have been saved if Canada had a Canadian value added agreement with Japan, and whereas we need alternative sources of employment after the Alsands collapse, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of State (International Trade) recognize the immediacy of the crisis in Canada's automobile industry and intensify the present negotiations with a view toward obtaining a Canadian value added agreement at least before the end of this year.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PARLIAMENT

STATEMENT MADE BY MINISTER OF ENERGY, MINES AND RESOURCES—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, given that the Minister of Energy, Mines and Resources yesterday attacked the honour of the institution of Parliament by stating:

Years from now, long after most of these people will have gone from this chamber, the senseless and vituperative criticism which has flowed from the benches opposite will be only so many lines in *Hansard*.

The minister's statement amply illustrates the arrogant attitude of the Liberals, who have no respect for the people's representatives, and therefore no respect for the people of Canada. In light of this, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House condemns the minister's statement and urges him to apologize forthwith to the members of the House and the people of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

VOTING RECORD OF PROGRESSIVE CONSERVATIVE PARTY—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, I rise under the provisions of Standing Order 43. As the decline recorded in the popularity of the Conservative party is clearly the result of the closeness of that party's position to that of the Liberal government, and in view of the Tory leader's statement on high interest rates made to *La Presse* this week that "We have looked for a solution other than the government's, but we couldn't come up with an alternative", and further, in view of the fact that Tories voted with the Liberals no less than 29 times this session, while the NDP voted with the Liberals only 14 times, I move, seconded by the member for Nunatsiaq (Mr. Ittinuar):

• (1410)

That this House urge the Leader of the Opposition to abandon this supine subservience to the Liberal Party so as to represent better the feelings of Canadians, and that the Liberal Party Honorary Doctorate of Public Bullshooting be awarded to Joe for his 2 to 1 record of voting with the Liberals, while telling the public he is a Conservative.

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member for Edmonton East.

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THE ECONOMY

GOVERNMENT ECONOMIC STRATEGY—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, the federal government's fiscal and economic policy cannot expect solely the private sector to cure the inflationary ills of the nation. The public sector must bear its share of the burden as it takes some 45 per cent of the GNP with little or no positive influence on productivity. Therefore I move:

That the government immediately adjust its economic strategy to:

(1) allow the dollar to drop by at least 5 per cent of its value and then maintain a new level through the appropriate fiscal and monetary policy;

(2) immediately call a federal, provincial and municipal conference to stabilize for at least two years the salaries and benefits of all public servants whose income is greater than $25,000 per year;

(3) cut government expenses in a Draconian fashion and introduce a new budget incorporating the necessary incentives for growth;

(4) restructure the National Energy Program immediately;

(5) undertake with the provinces a massive public works program on a national basis to create jobs.

I feel certain that the Minister of Finance may wish to second this motion.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE GOVERNMENT OF CANADA

REGULATIONS AFFECTING FREEDOM OF MARKETPLACE—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, subtly, quietly, like a thief in the night, the Liberal government is centralizing power in Ottawa: through legislation, regulation, law, and the creation of more and more Crown corporations, free enterprise is being handcuffed and prevented from performing to its greatest potential in the marketplace, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House urges the government to take immediate steps to rescind laws and regulations and expunge corporations that are interfering with freedom in the marketplace.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

FALKLAND ISLANDS—UNITED NATIONS PROPOSAL TO END HOSTILITIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas a proposal has been put forward by the United Nations which might resolve the Falkland Islands crisis, and whereas Canada formerly had considerable expertise in international peacekeeping, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That Canada offer its services to the United Nations to assist in any peaceful solution to the hostilities in the South Atlantic.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FALKLAND ISLANDS—SUGGESTION MINISTER OF FINANCE VISIT ARGENTINA—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, the people of Canada fully expect our government to demonstrate the strongest support possible for Great Britain in the present Falkland Islands crisis. Therefore I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Prime Minister immediately dispatch the Minister of Finance to Argentina to advise them on their economic affairs.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

POSITION OF LIBERAL AND PROGRESSIVE CONSERVATIVE PARTIES ON ALASKA NATURAL GAS PIPELINE—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speader, I rise under the provisions of Standing Order 43. On July 22, 1980, the Liberal and Conservative parties jumped into bed together—in an unholy trinity with the oil and gas companies—to defeat by a vote of 153 to 28 an NDP emergency motion demanding U.S. government guarantees before construction of the Canadian-paid pre-build section of the pipeline to export Canadian gas. Now that it is clear that this Liberal-Conservative bad-bargain coalition has once again left Canadians holding the bag and standing to lose $40 billion to $60 billion, and some 12,000 person-years in Alaska highway pipeline work and jobs, I move, seconded by the hon. member for Skeena (Mr. Fulton):

That this House request the Canadian Labour Congress to host a grade one course in elementary bargaining for MPs, and that attendance be compulsory for all Liberals and Conservatives in order that they will never again betray Canada and the Yukon by giving away the store for absolutely nothing.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

FALKLAND ISLANDS—BRITISH PRE-CONDITION FOR CEASEFIRE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Minister. It concerns the Falklands crisis. The Prime Minister will know the British

government has stated that the pre-condition for any ceasefire and negotiation talks is a total withdrawal of Argentinian forces from the Falkland Islands. Does the Prime Minister and his government agree with that pre-condition? In addition, does the Prime Minister's government agree with the NATO defence ministers' declaration today condemning the Argentinian invasion?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to see the reason for such a question. I have made it quite clear many times that no change in territory, no crossing of boundaries, could be justified by force at any time. That is the position of the Charter of the United Nations. That is the position I have taken in this House on many occasions, going back many years.

POSITION OF GOVERNMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, does the Government of Canada condemn the Argentinian invasion of the Falkland Islands? Does the Government of Canada accept and agree with the pre-condition stated by the Government of Great Britain?

Right Hon. P. E. Trudeau (Prime Minister): We do on this side of the House, Madam Speaker. But I wonder about the right hon. member's party. Since he asks this question, it must be that he has some doubt about the situation.

Mr. Clark: Madam Speaker, the doubt is about the position of the Government of Canada.

EXPORT OF URANIUM FUEL TO ARGENTINA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Prime Minister. Is Canada still sending nuclear fuel bundles to Argentina, or has the government stopped this trade with Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is hard to see that that is a supplementary question.

Mr. McGrath: It certainly is. It is more relevant than you think.

Mr. Trudeau: I do not know if we are still sending some now. I know that we have a contract with Argentina that we are respecting. But as to whether there are some shipments in the pipeline now, I would have to inquire.

GOVERNMENT POLICY

Right Hon. Joe Clark (Leader of the Opposition): Is it the policy of the Government of Canada to send nuclear fuel bundles to Argentina, Madam Speaker?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, it is our policy to respect that aspect of the contract which was signed, I believe, in 1976 with Argentina, and which has not been rescinded by us.

Some hon. Members: Shame!

REQUEST THAT CANADA SUPPLY SHIP TO BRITISH NAVY

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Secretary of State for External Affairs. The minister told the press that Great Britain could use the Canadian Armed Forces communications system on our east coast, if necessary. Would the minister also consider providing the British navy with the use of our Halifax-based fleet replenishment ship, HMCS *Preserver*, which I am assured is seaworthy?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the United Kingdom government has not made any requests of us which are unfulfilled. I say to the House that I think no one who has seen the British forces in action believes that they are in need of any further military assistance.

POSSIBLE USE OF AIRBORNE REGIMENT IN UNITED NATIONS ROLE

Hon. Allan B. McKinnon (Victoria): Madam Speaker, one of the many tasks laid on our airborne regiment is that of being the United Nations ready force. Has there been any request or discussion between Canada and the Secretary General of the United Nations concerning the use of our airborne regiment in its allotted United Nation's role?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, there have been no discussions of that kind between us and the Secretary General. We have communicated to the Secretary General again this morning our readiness to participate in any peace initiatives which have a chance of success. We have not had indicated to us from the Secretary General that any particular kind of support from Canada is required at this time. But, of course, we are in the hands of events in that respect.

QUERY RESPECTING POSSIBLE REQUEST FROM GREAT BRITAIN FOR ASSISTANCE

Hon. Allan B. McKinnon (Victoria): Madam Speaker, could the Secretary of State for External Affairs tell the House whether or not Canada has received any request for additional military help for Great Britain's operations in the south Atlantic? If such a request were to be made of Canada, would the minister see any necessity to clear such a request with NATO?

• (1420)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I am not aware of any additional request which has been made by the United Kingdom of

Canada, either military or political, which has not been satisfied. The hon. member's question is purely hypothetical. We have no reason to expect any such request. I might point out to the hon. member that this is not primarily a NATO question. Events in the south Atlantic are not within the normal purview of NATO, but of course if what is involved were in some way under the jurisdiction of NATO, we might indeed find it necessary to consult with our NATO allies on any such aspect.

* * *

THE ECONOMY

GOVERNMENT PLANS FOR JOB CREATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. With the collapse or the long-term postponement of the Alsands project and the Alaska gas pipeline, and the demise or long-range postponement of a half a dozen other related megaprojects in the resource sector, some $60 billion of planned investment, needed to create jobs, either will not be taking place now or will be taking place in the indefinite future. Since megaproject strategy was the central job-creating strategy of the Government of Canada, with more than a million unemployed does the Prime Minister have a specific counter-proposal today in order to produce the jobs which Canadians badly need?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is true that some of the megaprojects, as discussed by the government in certain varied circumstances, and indeed as put forward by the Carr-Blair task force which indicated some $200 billion, I believe, of expenditures in megaprojects over the next decade and a half, have been brought to a halt, suspended or delayed. But in terms of many other projects, of course they are proceeding. The Q & M PipeLine is proceeding; that is a megaproject. Many of the others mentioned in the Carr-Blair task force are proceeding, such as the hydro plant in British Columbia.

Mr. Pepin: West Coast ports, western rail construction.

Mr. Lalonde: And Hibernia.

Mr. Trudeau: Hibernia is proceeding. The thermal plant in Alberta is proceeding. There are many very important projects which are proceeding and, of course, there are the various other programs announced by the government which are proceeding and are creating jobs.

Mr. Broadbent: Madam Speaker, if the Prime Minister does some checking I think he will find out that the ones proceeding in terms of investment value amount to about 10 per cent of the total. Therefore, the policy of the government respecting job creation is surely in a shambles in terms of its reliance upon megaprojects.

STIMULATION OF DEMAND

Hon. Edward Broadbent (Oshawa): Madam Speaker, since yesterday the Conference Board of Canada produced its assessment of the Canadian economy and noted that consumer spending was down, and there was serious trouble in manufacturing, forestry, mining and construction, does the government now plan to shift its direction in terms of economic policy? Specifically, does it plan to do something about the manufacturing sector in Canada which is so crucial and, in relation to that, does it plan to do something to stimulate demand in the Canadian economy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the megaprojects about which the hon. member is showing concern today are encountering some difficulties in the examples he mentioned. But this should not be of great distress to the hon. member and his party because he will recall that he was very uncertain as to the kind of support he would give to any of these megaprojects. We have mainly heard criticism in that area as regards these megaprojects. Now it is surprising, when they are not proceeding, that in some sense those hon. members think this is disastrous. Their whole policy has been to suggest in the House new programs for spending practically every day of the week. I cannot remember any support in any of their proposals for any of these magaprojects. Therefore, they should not be distressed that a couple of them have stopped.

• (1425)

As far as other projects are concerned, as I said, we announce them sometimes every day and sometimes at a rhythm of one a week. I can begin reading a list of them until you stop me, Madam Speaker. There is an agreement struck under the Regional Development Incentives Program between November, 1981, and January, 1982, which would create 4,800 jobs. There is an addition of $132 million over four years for the space program, for a total expenditure of $476 million. That creates 1,000 high-tech jobs. We have a five-year, $350 million ILAP program which will create some 1,300 jobs and protect 190.

Madam Speaker: Perhaps the right hon. Prime Minister would concede that those are sufficient examples. He might complete his answer otherwise than enumerating a long list of projects.

Mr. Trudeau: Madam Speaker, I agree that it would be tedious to read this. I will not proceed. However, I do want to remind members of the House, particularly the member of the NDP who asked the question, that megaprojects were one aspect in which we hoped there was a great source of jobs. Many are proceeding, some are not. There are many other projects that we have announced from time to time which are ongoing.

Mr. Broadbent: Madam Speaker, since the Prime Minister has expressed a new interest in facts, I point out to him that we supported the Alaska pipeline proposal but voted against the

measure because this government got no guarantee at all from the Americans that the whole pipeline would be built.

Some hon. Members: Oh, oh!

Mr. Broadbent: We turned out to be right and he was wrong.

ROLE OF MULTINATIONAL CORPORATIONS

Hon. Edward Broadbent (Oshawa): Madam Speaker, considering that Senator Olsen said as recently as last night on television that the central thrust of the government's policy in terms of job creation was indeed these megaprojects in the resource sector that had been cancelled, what does the Prime Minister plan to do about the manufacturing sector which is so crucial to job creation? More specifically, in light of that, considering that we have a $21 billion deficit in manufacturing trade accounting for some 200,000 losts jobs in Canada, would the Prime Minister duplicate what has been done by Australia, Mexico, and a number of other countries, and call in the heads of multinational corporations in Canada and obtain from them planning agreement commitments so that they will produce in dollar value in Canada equivalent to their sales in this country, to give Canadians the jobs they deserve?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, with regard to the assertion by the Leader of the New Democratic Party and his support for the gas pipeline, I think he should be ashamed of himself.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Once in a while you are right, Mr. Prime Minister.

Mr. Trudeau: He was combating this program at a time when we were receiving telegrams—

Mr. Broadbent: Read the briefing notes.

Mr. Trudeau: —asking us to support this. His party did not want us to proceed. He is really not on very good ground in that respect.

Mr. Broadbent: Not the program.

Mr. Trudeau: One way or another, the hon. member did not want it to proceed because he did not trust the Americans. It is not proceeding, so he should be happy.

Miss Jewett: We were proven right.

Mr. Broadbent: Talk your way out of that one.

Madam Speaker: Order, please. I believe the hon. member for Oshawa has asked his question. Perhaps the right hon. Prime Minister can finish his answer.

Mr. Trudeau: Madam Speaker, I am running into the same kind of difficulty you are. We were asked a question. We attempt to answer it. Then the catcalls and interruptions start—

Some hon. Members: Oh, oh!

Mr. Trudeau: —which indicate, Madam Speaker, that the question was mainly rhetorical and the members did not really want to have an answer. They were only trying to make a point.

• (1430)

ACTION TO STOP LAY-OFFS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I can see that the testiness of the Prime Minister is getting to him today. The age of the man is showing.

Some hon. Members: Oh, oh!

Mr. Lawrence: He looks pretty stooped.

Mr. Wilson: Maybe I could direct my question to his younger seat mate.

Some hon. Members: Oh, oh!

Mr. Wilson: As everyone in this House knows, the economic development strategy of the 1980 election platform of the Liberals is in total disarray today, whether concerning the low interest rate policy, the low energy price policy, the energy policy itself, or the foreign investment policy. Nothing stands from what we heard two years ago. This has caused countless lay-offs in the country. Just recently we heard that 200,000 jobs have been lost since August.

Has the minister anything to put before this House today which will reverse that job lay-off picture in order to get some hope and some confidence into the economy today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if I had the time I would like to explain to the hon. member the number of steps which have been taken by the government in the last—

Some hon. Members: Backwards or forwards?

Mr. MacEachen: —several months in order to provide additional jobs in the Canadian economy. The minister responsible for housing has made several announcements of initiatives involving the expenditure of several hundreds of millions of dollars which are intended, in their implementation, to provide many thousands of additional jobs for Canadian workers. That is one specific example that I would like to give the hon. member by way of illustrating that the government is indeed taking action in order to meet as well as it can, within a period of restraint, the requirements of the Canadian worker.

GOVERNMENT POLICY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is directed to the Minister of Finance. The whole point is that these policies are not working.

In the last ten days, two studies have shown that the Canadian economy is still going straight down, while other economies are turning around. On Tuesday the minister told my colleague that the government's economic policy was to rely on the private sector, yet during this same period we have experienced increased taxes and increased government regulation. Is the minister preparing to put any new economic plans in place, or is the reason for his twitchy disposition today the fact that he hears the footsteps of Jim Coutts and the Minister of Industry, Trade and Commerce on their way to propose more interventionist policies for the government to put in place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I am not twitchy at all. I do not hear things like the hon. member sees visions, apparently.

Some hon. Members: Oh, oh!

* * *

ENERGY

OFFSHORE DEVELOPMENT ON ATLANTIC COAST

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question concerning energy development that I would like the Prime Minister to answer. I remind him that in Prince Edward Island he said that the death of Alsands would help other energy projects like Atlantic offshore exploration and the Arctic pilot project. Perhaps the Prime Minister does not know that the $200 million exploration program sponsored by Shell has been delayed because of the interference of the Department of Energy, Mines and Resources, and that British Petroleum has cancelled its program. I do not need to remind him how many jobs have been lost as a result.

Specifically, what will the Prime Minister do to accelerate activity in offshore development on the Atlantic coast? What did he have in mind when he said that this development would be aided by the cancellation of Alsands?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the fact is that, since the agreement with Nova Scotia, we have seen evidence of greater interest in the development of the Nova Scotia offshore. We received a number of applications, some of them before the agreement with Nova Scotia. These have been approved. There have been deals struck between the various companies, involving participation by Canadian companies. As the hon. member probably knows, in Nova Scotia two drill rigs will soon go offshore for further exploration. However, there is clear evidence that there has been action and more action will be taking place. There is greater interest than ever concerning the development off the east coast.

Mr. Crosby: Madam Speaker, I was hoping that the Prime Minister would show some interest concerning the plight of Atlantic development, but I see we must deal with the arrogance and lack of concern of the Minister of Energy, Mines and Resources.

ARCTIC PILOT PROJECT

Mr. Howard Crosby (Halifax West): Madam Speaker, let me ask the Minister of Energy, Mines and Resources a question concerning the Arctic Pilot Project which is now entangled with the National Energy Board procedures. That is a $2 billion project which could benefit Atlantic Canada, with a LNG terminal in the province of Nova Scotia. What are the Minister of Energy, Mines and Resources and the government doing to expedite the process of the Atlantic Arctic Pilot Project? When will it commence? What are they doing to build the LNG tankers and to develop the technology necessary to bring this project to fruition?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I think there is something even more profound than my well known arrogance. It is the abysmal ignorance of the hon. member concerning offshore issues. Indeed, there has been growing offshore activity. This is due, in part, to the law which has been passed by Parliament, the Canada Oil and Gas Act, which ensures that Canadians will benefit more than ever from those developments, and it is also due to the agreement we have recently signed with Nova Scotia.

As far as the Arctic Pilot Project is concerned, my friend knows that hearings are being held before the National Energy Board. The National Energy Board is a quasi-judicial body and I cannot imagine that my friend would suggest that we should interfere with the process being carried out before the National Energy Board. I am sure that if I were to try to do anything of the sort, my friend would be the first one to condemn the government for doing so. I invite him to show a little more respect for the process which has been established by Parliament itself in arriving at those decisions—

Mr. Clark: Go tear up a contract, Marc.

Mr. Lalonde: —and I invite my friend to show a little more respect for the truth.

Mr. Epp: Why do you not show more respect for freedom?

Madam Speaker: I will allow the hon. member for St. John's East to ask one supplementary question.

NEGOTIATIONS WITH GOVERNMENT OF NOVA SCOTIA

Hon. James A. McGrath (St. John's East): I direct my question to the Minister of Energy, Mines and Resources who knows that there can be no development of the Hibernia field until there is agreement reached with the province of Newfoundland. Last Monday he indicated that he had been in touch with the minister of energy in Newfoundland with respect to getting the negotiations back on the table. Can he tell the House if negotiations with Newfoundland will resume

and if the very reasonable proposal of the government of Newfoundland will form the basis of the negotiations?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member is indeed aware that I have invited my Newfoundland colleague to meet with me. Consultations are taking place at the present time. I remind the hon. member that we never left the negotiating table. We have always been there. It was the government of Newfoundland which walked away from the table around February 15 and decided to go to court and then to call an election. We have been at the table. We are still waiting for the government of Newfoundland to come back to the table. We are available at any time that is convenient to the government of Newfoundland. I am sure the government of Newfoundland will want to come back with the proposal that it has put forward. We have also put forward, as is evident in the agreement with Nova Scotia, very reasonable arrangements. I hope there will be the same willingness to compromise, as we have shown in our negotiations with Nova Scotia.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—IMPLEMENTATION OF REMOVAL PROGRAM

Mr. Gilbert Parent (Welland): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Some time ago in this House we had discussions about the urea formaldehyde foam insulation program. Seemingly it is taking a long time to get any action. Has the minister taken any steps to streamline this procedure, which we could report to our constituents?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the program set up by my department's division is operating satisfactorily, and thousands of Canadian UFFI victims have applied for the financial assistance offered by the Canadian government, which may be as much as $5,000. However, to help Canadians gain a better understanding of this program and especially to achieve more effective involvement of UFFI victims in implementing the solutions to their problems, I have invited twelve presidents of associations of UFFI victims in Canada to sit on a national committee where they will be expected to advise and assist me in this area.

• (1440)

[*English*]

PIPELINES

ALASKA NATURAL GAS PIPELINE—ASSURANCE GIVEN BY UNITED STATES IN 1980

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is to the Minister of Energy, Mines and Resources, and I put the question with great respect.

Some hon. Members: Oh, oh!

Mr. Waddell: In 1980 we in the New Democratic Party warned the minister that he did not have the assurances and guarantees from the United States that were necessary for the whole Alaska pipeline to be built. I quote the minister's reply in the House of Commons on July 17, 1980:

> Today the American administration provided us with the final necessary assurances to convince us of the United States commitment to complete the proposed Alaska gas pipeline by 1985.

Where are those assurances now, and what new assurances does the minister have, if any?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I can assure my hon. colleague that the respect he has shown is equal only to the respect I have for the hon. member.

As for the question, we received guarantees of support from the U.S. Congress and the United States Administration at the time to which the hon. member is referring. The guarantees and support still stand, and the minister responsible for the project, Senator Olson, mentioned this yesterday in the Senate. I would refer my hon. colleague to the senator's statement. Furthermore, while I was in Texas during the last two days, I was able to meet some of the project's promoters, who told me that as far as they were concerned, they remained committed to carrying out the project, even if, for the time being, they would have to expect a certain amount of delay, that is, postponement of the project for up to two years. Incidentally, and I think this shows their interest in, and commitment to, the project, the promoters indicated that they would be spending $70 million this year on moving the project ahead.

[*English*]

MINISTER'S STATEMENT IN LETTER TO UNITED STATES SECRETARY OF STATE

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a supplementary question. I could say that I checked in Washington and they say there is not the chance of a plugged nickel that the pipeline is going to be financed. My supplementary question is for the Secretary of State for External Affairs. He tabled a letter that he wrote, a "Dear Al" letter, to Mr. Haig, the United States Secretary of State. This was a letter of

April 23, 1982. In the letter he used these words, "I am concerned that the various parties involved in the financing negotiations may fail to appreciate fully the implications of any significant delay on the willingness or ability of the Canadian government and the Canadian companies involved to proceed with it at some later date."

Can the minister explain to this House what he meant by that not very veiled threat? Since we do not have anything to bargain with, what did he mean by that threat? Can the minister confirm to the House that Mitchell Sharp, the pipeline commissioner, or another official of the Canadian government, asked the White House to have President Reagan give a reaffirmation on this project and the President turned down the Canadian government?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the letter which I sent to Secretary Haig was perfectly straightforward. There were no threats, veiled or otherwise, in the letter. We were speaking merely about the difficulty of holding the status quo in the situation that was rapidly changing. There was nothing in the letter beyond that. We made only that request to the Government of the United States, and we were indeed pleased with the response of the American government. The Secretary of State issued a letter of reply and a public statement which were most supportive.

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PUBLIC WORKS

SELECTION OF ARCHITECT FOR EMBASSY IN WASHINGTON, D.C.

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. On February 25 he issued a statement, which I have in my hand, announcing the appointment of Arthur Erickson to design the new embassy in Washington. This statement said Erickson was one of 11 finalists evaluated by a selection panel, expressed the Prime Minister's gratitude to the panel, and implied that Erickson was selected by the panel. The chairman of the panel has stated that, and I quote him, "it was their judgment that Erickson was unlikely to do as good a job as the four finalists". What was the Prime Minister grateful to the panel for, and why did he attempt to deceive the Canadian people with this shabby and mendacious release which twisted the truth out of all shape entirely?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, maybe we could deal with the release, one part at a time. Will the hon. member read the part where it says that I twisted the truth? If he will read the part—he has the release in his hands—maybe I can answer the question. If he does not read it and convince the House, I will suggest that he is very shabbily trying to twist the truth himself.

COMPETING FIRMS

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister is really in a weak spot when he has to resort to that kind of weak reply. In this release he called them 11 finalists. They were 11 semi-finalists. There were four finalists who were recommended to the government, not Mr. Erickson. That is one example of twisting the truth.

The president of the Royal Institute of Architects said, and I quote him, "it can't be party to this sort of thing again". It is the worst con job since "The Sting", the movie with Robert Redford. Fifty-eight architectural firms spent $10,000 each, the other finalists spent $35,000 each on time, travel and graphics. Therefore, this cost the architectural profession about $1 million to respond to this con job. Why did the Prime Minister adopt this kind of subterfuge with such financial penalties to Canadian architects? Does he dislike them all except Erickson? Will the government now reimburse the 70 Canadian architects who spent over $1 million replying to a false and mendacious invitation to participate in the competition? Will he reimburse those architects?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I challenge the hon. member to read the part of the communiqué, which he has in his hand, which says that I twisted the truth—

Mr. Crosbie: I say you twisted the truth.

Mr. Trudeau: —and which, in the words of the hon. member, say in some way that implicitly I indicated that Erickson had been the first choice. Will he read the part of the communiqué where implicitly I said that Erickson was the first choice of the panel? Will he do that?

CONTENTS OF PRESS RELEASE

Hon. John C. Crosbie (St. John's West): Madam Speaker, the release says this:

> The project has been the subject of a selection process which was open to all Canadian architectural firms. Mr. Erickson's firm was one of 11 finalists chosen from some 300 firms from across the country . . .The finalists presented submissions which were evaluated by a selection panel. The government wishes to express its gratitude to these firms as well as to the members of the selection panel and others who participated in the process.

The whole thing was designed to give the impression that this panel selected Mr. Erickson, who was not a finalist—

Madam Speaker: Order.

Mr. Crosbie: —who was not recommended by the panel—

Madam Speaker: Order.

Mr. Crosbie: This is a mendacious piece of trickery and a con job by the Prime Minister.

Madam Speaker: Order.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I heard the hon. member read very clearly that Mr. Erickson was one of the 11 finalists.

Mr. Crosbie: He was not.

Mr. Trudeau: The point is that he was one of the 11 finalists.

Some hon. Members: Oh, oh!

Mr. Nielsen: A semi-finalist.

Mr. Trudeau: The members are now talking about semi-finalists.

Mr. Crosbie: I am talking about deception and lies. That is what I am talking about.

Mr. Trudeau: If there were four who were on the final list, what does the hon. member argue, that we would have had to choose any one of those four, or necessarily the first one?

* * *

• (1450)

NATIONAL ENERGY BOARD

DECISION ON EXPORT OF ONTARIO-GENERATED POWER

Hon. George Hees (Northumberland): Madam Speaker, my question is directed to the Prime Minister. As the recent National Energy Board decision to allow the Ontario Hydro generating plant at Nanticoke to export power to the United States without first upgrading its anti-pollution equipment will result in additional acid rain-producing emissions of 50,000 metric tons of sulphur dioxide in the start-up phase alone, is it the intention of the government to reverse the decision of the National Energy Board in this regard until satisfactory anti-pollution measures are taken by the Ontario Hydro plant at Nanticoke?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understand the hon. member is making a representation to the government.

Mr. Hees: No, I am asking a question.

Mr. Trudeau: The hon. member knows that the National Energy Board decision will come before the cabinet and that the cabinet will have to make a decision in one direction or another. That is why I am saying the hon. member's suggestion is a representation to the cabinet, and it will be considered along with other proposals.

Mr. Hees: Madam Speaker, the Prime Minister calls my question a representation; he can take it in whatever way he likes, but what I am saying is that the Canadian people feel very strongly that satisfactory anti-pollution measures must be adopted.

ANTI-POLLUTION MEASURES

Hon. George Hees (Northumberland): In preparing himself for the very important meeting of the cabinet dealing with this matter, does the Prime Minister not agree that the pleas to the United States government which the Canadian government has made through its minister and its ambassador to the United States, that the Americans go about reducing acid rain-producing emissions in a very important way, will continue to be ignored until we, Canada, demonstrate clearly that we are willing to adopt the same anti-pollution measures we are urging them to adopt?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is now speaking a language we understand; it is one the Minister of the Environment and the Government of Canada have been using.

In so far as what is being done by a Crown corporation of the Government of Ontario is concerned, the hon. member will understand that we must, with all due respect, examine the decision and hear both sides. The hon. member is surely expressing one view, and he is quite in line with our Minister of the Environment. However, when the hon. member says that the people of Canada think this is wrong, he is assuming that the Government of Ontario is not a good spokesman for people in Canada.

Mr. Hees: I think it is wrong in this regard.

Mr. Trudeau: The hon. member is now suggesting that the Government of Ontario is wrong. I will keep that in mind when we examine the decision of the National Energy Board.

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THE JUDICIARY

STATEMENTS ON CONSTITUTION MADE BY BRITISH COLUMBIA SUPREME COURT JUSTICE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is also directed to the Prime Minister. Last December the Prime Minister harshly criticized British Columbia Supreme Court Justice Thomas Berger for speaking out in opposition to the November constitutional accord, which betrayed aboriginal rights and removed Quebec's historic veto power. He said publicly, "I hope the judges will do something about it". Yesterday the Canadian Judicial Council received the report of its inquiry committee on this matter.

In view of the fact that the Prime Minister was silent in 1970 when Mr. Justice Freedman spoke out publicly in support of the invocation of the War Measures Act, and the Prime Minister was again silent when Mr. Justice Berger himself strongly supported the constitutional accord before the Canadian Bar Association in September of 1981, why did the Prime Minister publicly urge Canada's senior judges to get involved in this judicial witch-hunt against a very respected British Columbia judge?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know if the judge is as much of a cry baby as the hon. member, but when the judge in question attacked the government in the middle of a very important debate in this House, and indicated that the agreement which had been reached between nine provincial governments and the federal government should not be proceeded with, it seems to me that the judge should at least expect some politician to disagree with him and to say so, which I did.

Mr. Robinson (Burnaby): Madam Speaker, this kind of double standard is unacceptable because the Prime Minister urged the judiciary to get involved.

JUDICIAL COUNCIL INQUIRY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the Minister of Justice. The formal complaint by Mr. Justice George Addy to the Judicial Council in this matter alleged, among other things, that the conduct of Mr. Justice Berger in speaking out on these important matters was worse than consorting with prostitutes and drunk driving. Since this is only the second formal inquiry in the history of the Judicial Council, and in view of the very serious nature of this inquiry, will the minister agree to use his powers under Section 40 of the Judges Act to order that the inquiry be held in public and that all documents connected with the inquiry, including Judge Addy's astonishing letter, will be made public?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, this is not a public inquiry but an inquiry conducted by the Canadian Judicial Council. They have their own regulations and they will act according to what those regulations allow. I have no intention of intervening in this matter.

* * *

[*English*]

CANADA MORTGAGE AND HOUSING CORPORATION

PAYMENTS TO RETIRED OFFICIALS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the minister responsible for housing, who is in charge of the Canada Mortgage and Housing Corporation. A practice is developing at the corporation whereby senior officials are changing their status with the corporation by retiring from permanent employment, changing their status to that of consultation, and utilizing their maximum retirement benefits. In so doing they are receiving very generous indexed pensions and, of course, even more generous consultants' fees. Is the minister aware of this situation, and what is he going to do about it?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as the Minister of Public Works reporting to Parliament for the Canada Mortgage and Housing Corporation I would have appreciated notice of the question. I do not have any information regarding the representations made by the hon. member, but I can assure him that I will consider them, I will inquire, and I will report back to him.

REQUEST FOR INQUIRY

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my supplementary question is directed to the President of the Treasury Board. Is he, too, ignorant of these facts, and is this kind of practice developing in other areas of the public service as well? Certainly no one on this side of the House is a stranger to this practice, and since there is a demand from the private sector on the government to practise restraint, why is this kind of procedure whereby civil servants are getting two full salaries allowed to continue?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am not aware of the specific circumstances of this case, but I will discuss the matter with my colleague, the Minister of Public Works, who is responsible for the Canada Mortgage and Housing Corporation.

* * *

ENERGY

USE OF PROPANE AND NATURAL GAS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Energy, Mines and Resources. According to my studies, Canada imports some one third of the oil it uses at an annual cost in excess of $3 billion, which drives down our dollar's value, contributes to inflation and pushes up interest rates. Since it takes agreement between Ottawa and the provinces to work out policing and conversion equipment standards for the use of propane and natural gas in Canadian vehicles, including cars, buses and trucks, what steps, if any, have been taken to discuss this matter in co-operation with the provinces so that we can convert our cars and utilize our own resources?

Incidentally, for the hundreds of thousands of Canadians who are unemployed, we could provide some employment through those Canadians who would be carrying out conversions.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, it is indeed very important that we have full co-operation between the provinces and the federal government in order to speed up the use of alternative forms of energy. The Minister of Transport and I have been communicating on different occasions with our colleagues. I have written to my colleagues on this subject. I know several provinces have taken steps. Others are urged to take additional steps to make sure those standards are in operation. The hon. member is quite right that it is important that all the provinces accept the appropriate standards.

• (1500)

USE OF PROPANE TO FUEL AUTOMOBILES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I thank the minister for that response. In my supplementary question I should like to point out that at the present time some 12,000 or more Canadian cars, buses and trucks are running on propane gas, out of a total in the nation of something like 15 million.

Since it is obvious that all Canadian vehicles could run on propane gas provided there was an adequate refuelling system established throughout the various provinces, what steps is the minister planning to take to bring this matter to the attention of automobile manufacturers in Canada so that Canadian industry can embark immediately on this worth-while project?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my department has done a study on the use of gasoline and alternative fuels, natural gas and propane. I have in front of me a communique which is being issued now to indicate that these alternative fuels can be used with great safety in automobiles. Of course that will create the kind of atmosphere that is needed to encourage people to convert, or in future to buy automobiles using these fuels.

* * *

PETITIONS

MR. HEAP—TESTING OF CRUISE MISSILES ON CANADIAN SOIL

Madam Speaker: I have the honour to inform the House that the Clerk of Petitions has laid upon the Table the two hundred and thirty-fourth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Spadina (Mr. Heap) on Tuesday, May 4, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

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BUSINESS OF THE HOUSE

MOTION RESPECTING RESUMPTION OF ADJOURNMENT DEBATE UNDER S.O. 26

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I have had consultations with my colleague on the other side. It seems that if you were to ask for unanimous consent for the following motion, such consent would be granted:

That the business under consideration when the House adjourned on May 5, 1982, be resumed this day when the House reaches orders of the day and that for all procedural purposes it be deemed that the said debate had not been interrupted or terminated; provided that the business to be considered on May 7, 1982, shall be the motion pursuant to Standing Order 58(11) standing on this day's notice paper in the name of the hon. member for St. John's East.

Hon. Erik Nielsen (Yukon): Madam Speaker, the government House leader can count on our wholehearted support of this House order.

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I can confirm on behalf of the New Democratic Party that that is the understanding of the agreement and this party concurs.

Madam Speaker: Therefore my only duty is to ask if the House gives consent to the President of the Privy Council (Mr. Pinard) for the said motion.

Some hon. Members: Agreed.

Motion agreed to.

[*Translation*]

Mr. Pinard: Regarding the business of the House during the next few days—

[*English*]

—I would like to confirm to hon. members, now that the order has been accepted by the House, that tomorrow will be an opposition day. In so far as next week is concerned—

[*Translation*]

—I would like to confirm that Monday, we shall try to deal very quickly with third reading of Bill C-58 to amend the Canada Elections Act, and immediately afterwards, still on Monday, we shall proceed with second reading of Bill C-109 to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

In any case, next Tuesday will be an opposition day. Wednesday and Thursday, we shall continue debate on Bill C-93 and any bills resulting from this legislation, since we are now negotiating ways of completing the debate on Bill C-93 in an orderly fashion. Therefore, Wednesday and Thursday will be set aside for consideration of this bill or related bills, and that is substantially what the business of the House will be during the next few days, Madam Speaker.

ROUTINE PROCEEDINGS

[*Translation*]

ENERGY LEGISLATION

PRESENTATION OF FIRST AND SECOND REPORTS OF STANDING COMMITTEE

Mr. D. M. Collenette (York-East): Madam Speaker, I have the honour of tabling, in both official languages, the first and second reports of the Standing Committee on Energy Legislation.

[*English*]

PETITION

MR. JELINEK—LEATHER SHOE IMPORT QUOTAS

Mr. Otto Jelinek (Halton): Madam Speaker, I have the pleasure to introduce a petition signed by the merchants and businessmen from the town of Acton in my constituency of Halton. This petition relates to the elimination of the leather shoe import quotas and is of the utmost importance to the town as the majority of its residents depend on the local tannery which is in danger of collapsing. I should like to quote briefly from the petition as follows:

We, the undersigned, urge the government to reverse its decision and reinstate leather shoe quotas and further, ask that the government cease to treat the economic situation as an academic exercise and to understand that we are now in a depression and take the necessary steps to bring down interest rates and stop adding to the destruction of already shaky industries and other businesses.

* * *

OFFICIAL LANGUAGES COMMISSIONER

REFERENCE OF 1981 REPORT TO SPECIAL JOINT COMMITTEE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, as a result of discussions between the parties I believe we will receive unanimous consent for the following motion:

That the report of the Commissioner of Official Languages for the year ending December 31, 1981 (Sessional Paper 321-1/301B) be referred to the Special Joint Committee on Official Languages; and

That a message be sent to the Senate to acquaint Their Honours thereof.

Madam Speaker: Does the House agree to this motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

JUSTICE AND LEGAL AFFAIRS

INSTRUCTION TO STANDING COMMITTEE RESPECTING BILL C-53

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, I ask the unanimous consent of the House to propose a motion, to be adopted without debate, in the following terms. I move, seconded by the hon. member for Saint-Michel (Mrs. Killens):

That there be an instruction to the Standing Committee on Justice and Legal Affairs that, during its consideration of Bill C-53, it take into consideration all legal methods for dealing with street soliciting for the purpose of prostitution and including Section 195.1 and 171 of the Criminal Code of Canada as well as the various provincial and municipal laws presently in force in this regard, and include the hearing and consideration of the views of the interested persons and organizations.

Hon. Erik Nielsen (Yukon): Madam Speaker, could I have the undertaking of the parliamentary secretary that the motion which he just read and for which he seeks unanimous consent for adoption is in the precise wording as it was put twice before by the government and once before by the hon. member for Vancouver Centre (Miss Carney)? On all three occasions this party gave its consent but the hon. member for Burnaby (Mr. Robinson) in his nitpicking way refused to give consent.

If I could have that undertaking we would be pleased to consent immediately to the adoption of the motion without debate.

Mr. Peterson: It is in the same precise words, Madam Speaker.

Mr. Svend J. Robinson (Burnaby): Madam Speaker, in view of the fact that I have been assured by the Parliamentary Secretary to the Minister of Justice (Mr. Peterson) that the motion in these terms will permit the hearing of witnesses on the question of soliciting in the last three weeks of May when Bill C-53 is not before the justice committee which is, of course, our major concern—that we not impede the passage of this important bill—we are prepared to consent to the motion in these terms.

Mr. Peterson: Madam Speaker, just so that there is no misunderstanding about this, we have always taken the position that the matter of how the committee conducts its affairs is up to that committee.

I have simply said, and I want the record to be very clear, that my interpretation of that motion is that it would not preclude the hearing of witnesses at that time. It would be up to the committee to decide its order of business. That is the proper parliamentary procedure, we believe.

• (1510)

Mr. Nielsen: Madam Speaker, any less of a viewpoint would not be in keeping with the proper parliamentary process. It is up to the committee itself to determine how it deals with this matter once the reference is there.

Madam Speaker: Is there then unanimous consent for the motion presented by the Parliamentary Secretary to the Minister of Justice?

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,992, 3,262, 3,503, 4,056 and 4,109.

Order Paper Questions

[*Text*]

DINNER HELD DURING SUMMIT CONFERENCE

Question No. 2,992—**Mr. Cossitt:**

Was a dinner held by the Secretary of State during the Summit Conference and, if so (a) what was the name and address of the restaurant where it was held (b) what was the cost to the taxpayer (c) how many persons attended and, in each case, what was his/her name and whom did he/she represent (d) how many bottles of wine were consumed and what was the breakdown of the wine by type, name of vintner and cost (e) were all wines served Canadian and, if not, what are all the reasons justifying the use of foreign products at a government function (f) was the entire restaurant rented by the minister (g) did concrete benefits accrue to the Canadian people from the holding of the banquet and, if so, what were they?

Hon. Gerald Regan (Secretary of State): No.

OUTSTANDING DISPUTED CLAIMS

Question No. 3,262—**Mr. Herbert:**

1. Are there disputed claims presently outstanding against the Department of Public Works and, if so, how many?

2. Was a committee set up to work out mediation procedures and, if so, who are the members of the committee?

3. (a) Is mediation suggested as a means to arbitrate claims and, if so, are departmental officials or independent mediators appointed (b) can the department refuse to accept the recommendation of a mediator?

4. Does the department pay interest on the amount, where settlement is made of all or part of a disputed claim, and, if so, in what way is the rate of interest determined?

5. In each of the past five years, what was the total amount of legal costs incurred by the department?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. There are presently 19 claims on construction contracts in respect of which the contractor is not prepared to accept the department's offer of settlement and has proceeded with litigation.

2. A task force comprised of members from Defence Construction (1951) Limited, Public Works Canada, Treasury Board Secretariat and Transport Canada was set up by the Treasury Board Advisory Committee on Contracts to work with the Canadian Construction Association in order to develop recommendations for claims mediation procedures.

3. (a) Mediation is identified in the contracting policy issued by Treasury Board as a means of resolving claims. The powers of the mediator are limited to persuasion. In so far as Public Works Canada is concerned, mediators acceptable to both the contractor and the department are appointed from knowledgeable experts in the private sector.

(b) The mediator's recommendations can be accepted or rejected by either the contractor or the department.

4. In cases where the department reaches a negotiated settlement with the contractor in respect of the claim, interest is not paid on the settlement. If the claim is referred to the courts, the decision on payment of interest is a matter for the courts.

5. In cases where the department is unable to reach a negotiated settlement of a claim and the contractor chooses to refer the case to the courts, the defence of this type of action is provided by government lawyers at no cost to Public Works Canada. Occasionally legal agents are engaged by the department for legal services required in a variety of situations, including land acquisitions, damage claims, etc.

The following amounts are total annual amounts expended on services provided by legal agents in the above noted situations, as reported in public accounts:

Year	Total Amount
1980-81	$261,355
1979-80	$179,444
1978-79	$405,981
1977-78	$379,640
1976-77	$245,100

PRIME MINISTER'S VISIT TO NEW YORK

Question No. 3,503—**Mr. Cossitt:**

1. Did the Prime Minister visit New York City on government business on November 28, 1981 or thereabouts?

2. Was any portion of the trip paid for by the taxpayer and, if so, in what amount and for what item in each case?

3. (a) Was a government aircraft used as the means of transportation and, if so, what was the total cost (b) was a regular commercial flight used and, if so, was the fare paid or was the flight made on an airline pass permitting free transportation?

4. What were the names and job designations of all those who accompanied the Prime Minister at public expense and what was the cost, including any RCMP protection?

5. Did the Prime Minister or the government request or receive protection in the form of a guard provided by the United States Secret Service?

6. Is it government policy to require until any late hour in the day or early morning protection for the Prime Minister whether government business is involved or not?

Hon. Yvon Pinard (President of the Privy Council): I am informed by the Prime Minister's and Privy Council offices and the Ministry of the Solicitor General as follows:

1, 2 and 3. No. The trip was private and all expenses were paid for by the Prime Minister.

4. Inspector J. W. M. Thivierge, acting as security liaison officer accompanied the Prime Minister. The cost was $957.37.

5. The RCMP requested security and it was provided by the United States Secret Service.

6. The Prime Minister, as the head of government, receives 24-hour protection, whether in Canada or abroad.

OFFICIAL LANGUAGES

Question No. 4,056—**Mr. Herbert:**

With reference to the answer to question No. 3,728, what are the figures for the (a) National Capital Region (b) balance of the province of Quebec?

Hon. J.-J. Blais (Minister of Supply and Services): With reference to the answer to question No. 3,728, data retrieved from Supply and Services Canada's personnel administrative and reporting system indicates that:

(a) National capital Region: Out of 4,292 public servants employed in the National Capital Region in the province of Quebec by Supply and Services Canada for which linguistic data is known, 2,511 or 58.50 per cent indicate their first official language as being English.

(b) Balance of the province of Quebec: Out of 776 public servants employed in the balance of the province of Quebec by Supply and Services Canada for which linguistic data is known, 31 or 3.99 per cent indicate their first official language as being English.

Note: The above mentioned figures reflect that only current information is available. Data concerning previous figures are no longer retrievable.

WESTERN CANADA DEVELOPMENT FUND

Question No. 4,109—**Mr. Mazankowski:**

With reference to the $4 billion Western Canada Development Fund (a) what projects were funded and what amount did each project receive (b) for what and in what amount was money allocated but not yet spent (c) what is the disposition of the balance of the original $4 billion (d) what expenditures or deletions were made from the fund and for what reason (e) on what dates and by what amount was the fund increased by interest payments, grants or other means?

Hon. Pierre Bussières (Minister of State (Finance)): (a) Projects paid for out of the Western Development Fund amounted to $148 million in 1981-82. They included: $60 million for development of the Vancouver rapid transit system; $82 million for the Agri-Food Development Program; and, $6 million in the form of a special tax concession for railway investment.

(b) The rest of the $4 billion, after deducting the $148 million spent in 1981-82, has not yet been allocated through the estimates process.

(c) Cabinet has yet to announce specific projects for the remaining $3.852 billion. However, the government intends to dedicate a large proportion of the fund to solving problems of western railway capacity.

(d) No deletions were made from the fund.

(e) The fund is not increased by interest payments, grants or other means.

[*English*]

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

Mr. Clarke: Madam Speaker, I want to bring to the attention of the parliamentary secretary that during the last two months I have received three answers to questions. Therefore, there remain 164 answers outstanding from the 212 questions I put on the Order Paper in July, 1981. I hope the parliamentary secretary can assure the House that those questions will very soon receive the attention they deserve.

Mr. Smith: Madam Speaker, I can assure the hon. member those answers are well under way and near to being completed.

[*Translation*]

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

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

NATIONAL ENERGY PROGRAM

CANCELLATION OF PROPOSED ALSANDS MEGAPROJECT

The House resumed, from Wednesday, May 5, consideration of the motion of Mr. Clark:

That this House do now adjourn.

Mr. Albert Cooper (Peace River): Madam Speaker, as I was saying before I was interrupted by the hon. member for Don Valley East (Mr. Smith) who decided to practise counting, what we are really concerned with here today is the impact of the loss of Alsands on Canada. Canada desperately needed the economic stimulus this project would have given. It would have provided about 4,800 permanent jobs, about 7,000 temporary construction jobs, and by "temporary" we mean anywhere from four to seven years. It would have provided 14,000 jobs indirectly. In total, including the spin-off effect, we could be looking at in the neighbourhood of 200,000 jobs. That becomes very significant when you consider we have roughly 1,200,000 unemployed. In other words, this project meant that one unemployed person in six may have had an opportunity for a job.

The irony of this situation is that a few short months ago we were worried about how to train all the skilled people we were going to need for these projects. We were worried about the 12,500 engineers that would have been needed. Today we do not have to worry about them or the welders, the carpenters or the pipefitters. That is really ironic in light of what has been happening in my own region where we have in Grande Prairie UIC offices a 64 per cent increase in unemployment insurance applications. Unemployment has tripled in less than a year. This project, had it gone ahead, would have created a great deal of spending in Canada, roughly 38 per cent of it in Alberta. Twenty-eight per cent of that money would have ended up in Ontario: $1.5 billion in iron and steel; $600 million in metalworking firms; $550 million in transportation. In total, this project would have injected roughly $450 billion into the Canadian economy, which it so desperately needs.

We all know investment in Canada has taken a beating recently because of things like the National Energy Program and the budget. In 1980, investment in Canada by non-Canadians was around $585 million. In 1981 we find it is a negative $5.3 billion. In 1980, investment by Canadians in foreign companies was $2.78 billion; it almost doubled to $4.9

billion in 1981. Money is leaving Canada at an unprecedented rate and that works against the Canadianization policies this government has talked so much about. Since the 1981 budget it has become no longer profitable to invest in Canada. Our last budget was anti-entrepreneur and anti-business. That, coupled with the NEP, has resulted in a double-whammy which has hurt our manufacturing and economic sectors. And now Alsands, which formed the cornerstone of the budget and the NEP, has been cancelled. What is going to happen now? Will the government consider rewriting the NEP and the budget? The NEP was designed to achieve these goals:

—provide Canadians with energy security, the opportunity to participate in energy development, and fairness in the manner in which the benefits of the nation's rich resources are shared.

We now have an NEP without an Alsands. We have no energy development and no energy security. The NEP has already succeeded in decreasing drilling activity by 25 per cent in 1981 over 1980; 226 drilling rigs have left Canada. Of the rigs still here, they were 33 per cent less active in 1981 over 1980. Seismic crews—without which there can be no exploration—are down 25 per cent in 1981 over 1980. The NEP went on to say that it:

—includes made-in-Canada prices which are designed to provide attractive returns to new sources when they come on-stream, and to provide new certainty to the industry.

The only thing we are left with now is uncertainty. This government, through its ignorance of the industry and the jobs that can be created, has destroyed Alsands. What now? What about the tar sands project in Peace River? Will the minister now try to get that project on-stream which, while it is roughly a third of the size of Alsands, is still worth $5 billion. It is a manageable size, and it can still create jobs and economic spin-offs throughout Canada. Will the minister approve that project? Will he give us some hope, something to look forward to? I challenge the minister to give that project the go-ahead and do all in his power to bring it into the mainstream of the Canadian economy.

I want to talk about the potential we have in this country. We have a lot of resources: oil, gas; we have tremendous potential in forestry, agriculture and manufacturing. A few short years ago a Dutch economist came to the Peace River region and said he had never before seen so many resources in such abundance in one place. He was overwhelmed by our potential. He was overwhelmed by our opportunity. He predicted that we would experience massive success. He predicted that we had a golden opportunity to create jobs. He predicted that we had a great opportunity to create Canadian and national wealth.

• (1520)

Let us stop a few years later and look at the same potential and see what we have now. If we look at the oil industry, we find the oil sands projects cancelled. We find that our rigs are moving to the United States. We find jobs which the oil industry should have created in Canada are now being created south of the border. We are importing oil into this country. All the indications are that in the next decade and maybe the next one again we will still be importing oil into Canada. If we look at the natural gas situation, we find our gas is shut in the ground. Exploration has virtually ceased.

Let us take a look at the forest industry. All over Canada we have lumber mills shutting down. Our retail lumber outlets are closing. People are losing their jobs. Take a look at the housing construction industry. Construction of homes has virtually stopped.

What about the agricultural industry? Agriculture today is being slaughtered by high interest rates, and our high energy taxes have affected fertilizer costs as well as fuel costs.

What about the manufacturing sector? People are being laid off in that sector right across the country. Plants are being closed and there are production cutbacks.

If that Dutch economist were to come back to this country today, he would be met with a very grim picture, a picture that would show all that potential wasted. He would see all that opportunity gone and all that hope turned into despair. Why has that happened? Is it because of a lack of demand for our products? Is it because of a lack of initiative on the part of the Canadian people? I do not think so. I still say there is a demand for our products. There is still a demand for our oil. There has to be. Today we are importing about 400,000 barrels of oil per day. It would take at least three Alsands projects to provide us with that oil. There is still a demand for gas. Look at our unemployment situation. We are not creating any jobs. We are not creating any spin-offs in the manufacturing sector. We are not creating any spin-offs in housing construction. We are not creating any spin-offs in the forestry industry.

Our energy sector could be the trigger to prosperity. It could be the beginning. It could be the comeback to a strong economy. But instead of that, this government of 15 tax increases on fuel, this government of high interest rates, this government of the National Energy Program and this government of the 1981 budget just continues on blindly. It is blind at a time when there is no need to be, a time when there is still opportunity and, a time when everything is still possible.

I want to close by saying that all it takes is a change in the government's attitude. Failing that, all it takes is a dozen of those silent Liberal backbenchers to stand up for what is right, to stand up for the unemployed in their constituencies and to stand up for our country; because that is what we need.

Mr. Deputy Speaker: The hon. member for Kamloops-Shuswap (Mr. Riis).

Mr. Fennell: Mr. Speaker, I rise on a point of order. It was clearly identified, and I realize that you were not here, but a member from the New Democratic Party spoke out of sequence, and another member of the NDP was not to speak until after I had spoken.

Mr. Deputy Speaker: With all due respect to the hon. member, the Chair has carefully observed the recent sequence

of speakers and has recognized the hon. member for Kamloops-Shuswap. There will be conversations through appropriate channels.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, out of respect for my colleague on my right, I will be very brief so that he can have the floor as quickly as possible.

I am very pleased to have this opportunity to rise to speak in what I think is a special emergency debate introduced by the New Democratic Party. When it was introduced by the New Democratic Party it was turned down, but when the Progressive Conservatives introduced essentially the same emergency topic it was accepted. Therefore, I am pleased to speak to this special emergency debate that was introduced by our party.

I think it is a fair question to ask why we are having this emergency debate. Why is it that we have agreed now by unanimous consent in this House today that we should continue with this special debate? The reason is that we on this side of the House feel that it is appropriate to focus the country's attention on a particular topic. The topic is not the failure of a particular megaproject per se, but the failure of the government's economic strategy, the failure of this government's ability to introduce any program that will result in economic recovery in this country. It is the failure of an economic strategy, and one that is dependent upon megaprojects. I know the Prime Minister (Mr. Trudeau) said earlier that he did not necessarily agree with that, but the individual in the cabinet responsible for economic development, the senator from Alberta—

Mr. Rose: Nip him in the bud.

Mr. Riis: I hear my colleague say "Nip him in the bud"! The senator had a vision that the future of this country economically in the 1980s and 1990s would be the large megaprojects, primarily the energy megaprojects in western Canada. I suspect another motive might be that since these were high profile projects they were sexy projects, that they would capture the imagination of western voters so that western voters would fall over themselves to vote Liberal in the next federal election. Believe me, Mr. Speaker, that is not going to happen at all. The reason is that this particular strategy has fallen flat on its face.

I want to comment briefly on the other disappointment, not Alsands but the pipeline, the pipeline that we in the New Democratic Party felt right from the beginning was somewhat of a fraud, that it was an effort by the oil companies in cooperation with American colleagues to encourage the Canadian government to approve the pre-build so that we could export natural gas from Canada at a relatively cheap rate, and some day in the future the northern pipeline would be built to provide Canadians with natural gas.

We wanted to have some ironclad guarantees that that would be taking place. We in the New Democratic Party said that we were not prepared to support that project unless those ironclad guarantees were in place. We were concerned about the jobs that this program would have created in Canada. Something like 11,783 jobs would have been created, and something in the neighbourhood of $40 billion to $60 billion would have been generated by this project. We wanted to see that project go ahead. We asked for a guarantee. As a matter of fact, I would like to read the motion that we proposed on July 22, 1980. It reads:

> That before the House adjourns for a summer recess, the House calls on the government to declare that it will not proceed with the construction of the pre-build portion of the northern gas pipeline until complete financial guarantees for the whole pipeline have been obtained and an agreement has been reached between the government of Canada and the government of the United States that the Canadian gas exported through the southern portion of the proposed pipeline will be replaced by Alaska gas at an equivalent price.

That was the motion we put forward in this House on July 22, 1980. It is interesting to note who did not support it. I know there is a member in this House who says he represents the Yukon. In common parlance he is often referred to as "Yukon Eric". He says he is interested in Yukon jobs and investment in the Yukon. I wonder why that particular individual, who is in the House for almost every motion and votes on every motion in this House, was obvious by his absence that day? He was obvious and conspicuous by his absence that day. I have the record before me. I just want to say that the hon. member for Yukon (Mr. Nielsen) did not vote in favour of or against that particular motion.

• (1530)

Mr. McGrath: Mr. Speaker, I rise on a point of order. It is contrary to the rules and practices of the House for a member to reflect upon the vote of another hon. member. I would ask the hon. member to cease and desist.

Mr. Riis: Mr. Speaker, I appreciate the point raised. I was simply raising a question about an hon. member's whereabouts. I will refrain from referring to it any further.

I should like to refer to an article which was published in *The Globe and Mail* two days after the vote had taken place. On the issue of guaranteeing jobs for Canadians and investment in Canada, it indicated that the New Democratic Party stood alone, that only the New Democratic Party made a determined effort to defend Parliament, the law and the people. I wanted to read that comment into the record. I think it is important because of the accusations of a number of members regarding our positions on the natural gas pipeline and on the Alsands project.

It is well known that in cabinet the minister responsible for manufacturing development in Canada was overruled by his cabinet colleagues and was replaced by the visionary senator from Alberta. The megaprojects were to be the saviour of the Canadian economy. He wanted to continue with a policy which would make western Canada susceptible to the boom and bust syndrome, to the vagaries of the international marketplace—in this case the price of oil on the world market—and to the continuation of the western theme of being hewers of wood and drawers of water. Essentially that is what the Alsands project and the megaprojects do. This is why we in the NDP feel that as well as the development of these projects, we must make significant effort to develop a long-term job-creation strategy

which would result in a sound economic base for western Canada. Of course, that is the manufacturing sector which must be developed alongside megaprojects in energy or resource development.

Why did the Alsands project collapse? We heard speakers earlier in the debate mention that it was because of the downturn in world markets. Others referred to the fact that interest rates were too high and too volatile. I think the real reason was the uncertainty and the lack of confidence which exists in Canada in terms of the political leadership of the country. Investors in the country are afraid of what is to come, of the uncertainty, and are hesitant to go ahead particularly with any long-term commitments. The two foreign oil companies involved in the Alsands project decided that enough was enough and that they would not continue within the atmosphere of uncertainty about interest rates and downturning oil prices. The Liberals saw this happening and panicked. They felt that more concessions should be made to the oil companies to keep them in the act, which would allow Alsands to proceed, because of its symbolism to the people of Canada.

I ask members of the Progressive Conservative Party what is their position. The impression one receives is that they want this project to proceed at almost any cost to Canadian taxpayers. We in the NDP looked at the offer where Canadians would put up 85 per cent of the financing and would receive a 50 per cent equity in the project. I do not know what businessman would consider that to be a reasonable deal. On top of it, we would provide royalty holidays and tax concessions to the two multinational oil companies. What kind of a deal was it? Even under those conditions the oil companies turned it down. This should be a clear signal to everyone in the House that the project is uneconomical and that at this point in time it must not proceed. If the time comes when the economics of the project become realistic and viable, then I say that if Canadians are to put up 85 per cent of the financing, let us go the other 15 per cent and obtain a 100 per cent equity, rather than only a 50 per cent equity. This would turn the project into a public utility in the best interests of Canadians.

It is too risky to proceed, so let us learn a lesson. Whether we agree on what we should do in the future in terms of Alsands, let us at least agree today that if the two multinational oil companies are not prepared to continue, it is an unwise decision at this point to proceed with the Alsands project.

Is all lost? Must we in the House perpetuate doom and gloom because of this failure? What is the silver lining in this particular cloud? We must look at whether or not a total re-evaluation is required in terms of meeting Canada's goal of oil self-sufficiency by 1990. Perhaps we should turn our attention from the Gulfs and the Shells and direct it to small, independent Canadian oil companies which are not necessarily operating in frontier lands or particularly involved in the Alsands project. They are involved in western Canadian sedimentary basins in traditional recovery programs. They are the hundreds and hundreds of small Canadian companies which have been overlooked by the government. The government's attention has been directed to the multinational companies, but what about small Canadian producers in western sedimentary basins?

If we were prepared as Canadians to place that amount of money in the Alsands project, it seems to me that we should now shift that investment into upstream projects and say to small independent Canadian oil companies that now is the time for a review of the potential for enhanced recovery. We know that 30 per cent of the oil is still sitting in western basins and that now is the time for new research and development of technology to draw up that 30 per cent. There would be no risk involved at all. All we require is the technology to move it to the surface.

Mr. Kristiansen: It would give the small guy a chance.

Mr. Riis: Yes, let us give the small guy a chance; let us give the small oil companies in western Canada a chance and stop being preoccupied with the multinationals.

These are examples of upstream projects which we could now begin to support. What about downstream projects such as heavy oil upgrading plants in Saskatchewan? This would be an opportunity to take the heavy oil, move it through the plants, and refine it in central and eastern Canadian refineries rather than American ones. Funds could be reallocated to this downstream project. Even within the oil industry itself the failure of the Alsands project will perhaps provide a challenge and opportunity for Canadian oil companies and Canadian refiners, two groups which have been incensed and overlooked by the National Energy Program and by the efforts to move ahead in frontier areas and on projects such as Alsands.

Another opportunity which perhaps has been provided by the cancellation of the Alsands project is to develop alternate forms of energy. We should take more initiative in developing alternate energy forms such as geothermal energy, particularly in western Canada, hydrogen, biomass, wind, solar, tidal, and non-conventional propulsion such as propane and alcohol. As well, we should develop heat pumps and coal technologies and so on.

• (1540)

These are alternate forms of energy which have had to take a back seat while so much attention and money from the private and public sector was being focused on the megaprojects. We should see this as an opportunity to move funds from the private and public sector into developing alternate forms of energy which could complement the recovery programs of our traditional energy fields.

Another opportunity which we should take advantage of is the development of conservation practices. It has been said that the cheapest barrel of oil is the one that you do not have to buy. Here is our opportunity to experiment with new forms of conservation. We now have an opportunity to conduct research and develop into such things as new building forms and new building designs. We should develop new conservation programs because I believe this is where the long-term job security opportunities will be. Canadian manufacturers will

have the opportunity to develop and build new types of windows and doors and other conservation related materials.

This brings me to my main concern, and that is, how can we as Canadians—especially in western Canada—move away from the "boom and bust"scenario and from our dependency on the vagaries on the international market? One step would be to develop the manufacturing sector which would provide long-term security for jobs and investment. The manufacturing sector is essential to any mature and sound economy. Our nation is presently experiencing a deficit in our manufacturing trade balance of $21 billion a year and this is increasing. It has cost Canadians 200,000 jobs. It seems that now is the time to introduce a manufacturing strategy for Canada and for western Canada particularly.

As a first step in developing this strategy we would ask foreign companies operating in Canada to build in Canada what they sell here. I ask hon. members, is that an unrealistic request? We would tell foreign manufacturers that if they have a particular market in Canada we would like them to source and assemble their products in Canada for that market. For example, if Japanese automakers were selling 185,000 Japanese vehicles in this country, we would ask them to source and assemble those vehicles in this country. In other words, we would say: "If you want to make profits in this country, you must at least create jobs in this country." In my opinion, that is not an unrealistic request. But it will take some courage and leadership from the government, and quite frankly, I do not think that those of us on this side of the House will hold our breath to wait for that action.

We have seen the collapse of the Alsands project and the northern gas pipeline shelved, at least temporarily. We have seen the economic strategy which has been espoused by the government collapse. Where is this country headed? May I suggest that we should not view this time as one for bitterness and depression. We must face the economic reality of these megaprojects. Let us seize this time as an opportunity and a new challenge for Canadians. It is a challenge to support for the first time in many years our independent Canadian-owned and controlled western oil companies. It is an opportunity to move into the research and development field in order to support the area of conservation. It is an opportunity to move into new areas where we can develop a manufacturing structure which will relieve us from the branch plant mentality that we find ourselves in today.

Why is there not more research and development? Why are Canadian entrepreneurs not aggressively seeking new markets? The answer is obvious. Why should they? Why should a small Canadian branch plant company actively compete with its parent companies or other branch plants? Why should a small branch plant operating in Canada have a sophisticated research and development program when there already is one in the head office in Germany, Britain or the United States? The continuation of our branch plant economy is one of the fundamental problems we face in this country. I am afraid that we continue to have a branch plant mentality as well. It is time that we move ourselves from being renters in our own house to being masters of our own house.

[*Translation*]

Mr. David Berger (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, it is with great pleasure that I shall now take part in this debate, if only to counter the cries of alarm we are hearing from the members of the Official Opposition and, of course, their colleagues on the left. I am very much reminded of the story of Chicken Little, who told everyone the sky was falling, and the hon. members seem to be just as worried as Chicken Little. They do not know how to work this out, and they think that because the megaprojects have failed or cannot be carried out for the time being, there is no way out of our economic recession. Mr. Speaker, even the Leader of the Opposition (Mr. Clark) said, in Montreal at the beginning of this week, that he had no solution to Canada's economic problems and that actually, he was merely following the government's lead.

I would like to quote an article which appeared in the Tuesday, May 4 edition of *La Presse*, in the business section, where reporter Alain Dubuc said that in an interview given to *La Presse* the day before, Monday of this week, to a group of reporters, the Leader of the Opposition (Mr. Clark), and I am quoting the reporter:

> —made the most astounding and disarming statement ever made by an opposition leader, when he acknowledged that his party had not found an alternative to the Bank of Canada's economic policies. "We have looked for a solution different from the government's, but we have no alternative", he admitted. "Today, I cannot come up with a better solution."

So what are they doing about the temporary setback of the megaprojects? They are sounding the alarm and launching an emergency debate, but what kinds of solutions are they proposing? Do they have anything constructive to say?

Mr. Speaker, a few weeks ago, actually a month ago, the Prime Minister (Mr. Trudeau) had a proposal for the Canadian people, and I have yet to hear any comments on the subject by the Official Opposition.

In a speech to the founding meeting of the Canadian Federation of Labour on March 31, the Prime Minister stated that the unions would have to learn to negotiate and collaborate with the government, otherwise Canada would no longer be able to compete on world markets.

Mr. Trudeau stressed the need for all economic agents to take part in joint discussions, something that was already being done in the Federal Republic of Germany, in Japan and in Sweden, for instance, although he acknowledged that labour relations in those countries were—

Mr. Deputy Speaker: Order, please! The hon. member for Edmonton-Strathcona (Mr. Kilgour), on a point of order.

Mr. Kilgour: Mr. Speaker, the hon. member mentioned the Prime Minister by name. In the proceedings of the House, he

must be referred to by his title as Prime Minister. This is very important. Please make a point of this.

Mr. Deputy Speaker: I trust the Parliamentary Secretary has taken note of what the hon. member just said.

Mr. Berger: The hon. member's suggestion has been noted. It is an example of the quality and relevance of most of their suggestions. I was saying that Mr. Trudeau recalled the need—

Mr. Deputy Speaker: Once more, I must draw the attention of the Parliamentary Secretary to the rules of the House.

Mr. Berger: As I was saying, Mr. Speaker, the Prime Minister stressed the need for all economic agents to have joint discussions, something which is already being done in the Federal Republic of Germany, in Japan and in Sweden, for instance, although he recognized the fact that labour relations in those countries were somewhat different. The Prime Minister pointed out that the difference between Canada and the countries mentioned was that in Canada, labour cannot really make a deal with the government and agree to do such and such if interest rates or inflation go down. So what does the opposition have to say about the Prime Minister's suggestion?

I would like to point out to the Canadian people, and those Canadians who are watching these proceedings on television, the importance of co-operation between governments, labour and management, in fact, between all economic agents, as Mr. Trudeau said, for the development of our economy. Ours is a very decentralized economy. In 1950, the Canadian government was responsible for 65 per cent of government expenditures, and today, in the 1980's, the Canadian government is spending 35 per cent of total expenditures by governments. This means that 65 per cent is being spent by provincial and municipal governments. For the people of Quebec, it is very important to understand why greater co-operation is needed, especially when we see—

Mr. Kilgour: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: Again, the hon. member for Edmonton-Strathcona, on a point of order.

Mr. Kilgour: Mr. Speaker, I think the hon. member is going beyond the subject of our debate today, and is also talking about federal expenditures. I think he should—

Mr. Deputy Speaker: Once again, I must draw the attention of the Parliamentary Secretary to the subject of this afternoon's emergency debate.

Mr. Berger: Mr. Speaker, I believe I was dealing with that subject. If only the hon. member would understand! I am discussing the future of this country's economy and what should be done following the collapse of the megaprojects. I wish the hon. member would understand that the end of the world is not at hand, and that if all Canadians work together, we will be able to overcome our economic problems. I wish the hon. member would understand that in a country where the economy is decentralized to the extent that it is in Canada, it will take the co-operation of all levels of government and all economic agents, and that the Canadian government alone cannot solve all these problems. I suppose all this is going over the hon. member's head.

• (1550)

As I said before, this element of co-operation is extremely important, and I would like to point out to the House that in our efforts to bring down inflation, the economic agents have a very important role to play. In September, I visited the Canada Employment Centres located in my riding. There, I found that in the past four or five years, the centres had lost their best counsellors. Why, Mr. Speaker? Because they were able to earn at least $5,000 more for the same kind of work with the Quebec government.

So for some reason, probably based on political considerations, the Quebec government approved salary increases for its civil servants that were out of all proportion to those offered by the Canadian government or the private sector. This has had a disastrous effect on productivity in the federal public service and also in the private sector, where many companies were hard put to compete with the extremely high salaries being offered by the Parti Québécois government. Another factor that is vital to economic recovery is the quality of the Canadian labour force. I would like to draw the attention of the House to the findings of the parliamentary task force on labour market development in the 1980s, which, in its report tabled last year, stressed that there was a shortage of skilled workers in Canada, both in blue and white collar jobs. These shortages were felt particularly in the metal industry; for instance, there were shortages of tool and dyemakers, welders and machinists, and also of electronic technicians who are responsible for maintenance and repairs of computers and automated equipment, and also shortages of programmers, engineers in various disciplines, nurses, and the rest.

The task force said that, generally, these shortages were due to a lack of training, negative attitudes and social barriers. In the longer run, shortages were also due to inadequate employment, training and industrial policies and the lack of co-ordination once again; the lack of co-ordination is pointed out by another committee of the House among all levels of government and between the private and public sectors. Mr. Speaker. My riding association discussed these issues last weekend, when it was preparing resolutions for a regional symposium of East-Central Montreal, to be held on May 16.

Mr. Speaker, I shall, if I may, read a few extracts from the resolution prepared by the Laurier Liberal Association:

Whereas many young people coming out of educational institutions do not have the basic training required to enter the labour market;

Whereas in Canada, there is a shortage of skilled workers and at the same time an unacceptable unemployment rate;

Whereas there is a lack of co-ordination among all levels of government and between the public and private sectors with respect to manpower training;

Whereas many young people in the riding of Laurier do not know how to look for employment and are not aware of the services offered by the various employment centres.

In concluding, the Association requested that the Canadian government, in conjunction with the provincial governments, unions and employer associations, promote compulsory training periods for students. The Association also requested that the government, in conjunction with the provincial governments, employer associations and unions, find new ways of meeting the urgent need for guidance and evaluation services. Finally, the Association censured the Parti Québécois government for the poor quality of education.

It just goes to prove, Mr. Speaker, what I said at the beginning of my speech—the importance of concentrated efforts and co-operation by all economic agents—and it is clear that we cannot expect megaprojects alone to solve our economic problems. Solutions can be found only through intelligent and hard work. Anyone who does not believe that collaboration is essential, should read a study published by Labour Canada, by the Canadian Department of Labour, a few days ago, under the title: *The Japanese Experience, Industrial Relations in Modern Japan*, prepared for the department by Mr. Charles Connaghan, president of a Vancouver firm of industrial relations consultants. Mr. Connaghan—and of course I cannot give a detailed account of his conclusions—Mr. Connaghan gives a history of trade unionism in Japan, and he says that the main factor that brought about a change of attitude, which in turn accelerated or considerably improved labour-management relations, was a productivity agreement. This agreement was concluded towards the middle of the 1950's following a conference of representatives of the unions, management and universities. Mr. Speaker, the government was not even involved. This agreement or this conference showed—

• (1600)

[*English*]

Mr. Orlikow: Mr. Speaker, I wonder if the hon. member will permit a question.

Mr. Deputy Speaker: Will the parliamentary secretary accept a question from the hon. member for Winnipeg North?

Mr. Berger: Certainly.

Mr. Orlikow: Does the hon. member agree that one of the main reasons there is relative peace in the Japanese economy is that the Japanese workers, certainly in the larger industries, are virtually guaranteed lifetime employment? They do not have to worry about computerization or mechanization doing them out of a job, as has happened to hundreds of thousands of Canadian workers. Therefore, they are quite prepared to co-operate in improved productivity.

Mr. Deputy Speaker: With all due respect to the hon. member, the debate appears to be straying a bit from the motion of urgency before the House at the moment.

Mr. Berger: With all respect, Mr. Speaker, I believe this important question is at the heart of the economic prosperity of our country. I agree wholeheartedly with the hon. member that such matters as job security are extremely important to the health of the economy. I was going to point out that matters such as this were discussed at that conference in Japan. I was going through the history of industrial relations in Japan—

Mr. Deputy Speaker: With due respect to the hon. member, there is a subject matter for debate. This is a debate under Standing Order 26. Urgent. Specific. I invite the hon. member to speak to the subject.

Mr. Paproski: It has nothing to do with the Alouettes.

Mr. Berger: A very perceptive member opposite, Mr. Speaker.

As I understand it, the subject of this debate is what happens to the Canadian economy now that these megaprojects are not going to be proceeded with. Do we, like Chicken Little and the members of the official opposition, cry "The Sky is falling, the sky is falling," sit back and do nothing?

It is evident from recent events that Canada is dependent on international trade. As I mentioned several weeks ago, there are 12,000 automobiles sitting on the dock at Halifax. The purchaser will not accept them because of their poor quality. Something will have to be done in Canada to enhance the quality of our work and make our products more competitive in world markets. These are very serious long-term problems that must be addressed by all intervenors in the economy, governments, labour representatives and, needless to say, the private sector.

In conclusion, I want to point out that this conference in Japan was held in 1955. A national productivity council was formed with a tripartite organization consisting of workers, university people and the private sector. The principal role of the productivity centre in Japan is public relations. It helps people in Japan to understand that the only way the economy can continue to grow and prosper is through increased productivity. The council tripartite group sent teams on to shop floors to talk to—

Mr. Kilgour: On a point of order, Mr. Speaker. Your Honour has tried to make the hon. member stick to the subject but he continues to talk about Japan.

Mr. Deputy Speaker: Order. I must call to the attention of the parliamentary secretary that the time allotted to him has expired.

S.O. 26

Mr. Scott Fennell (Ontario): Mr. Speaker, you could almost have said "At last the hon. member for Ontario". When I saw Madam Speaker walk in, I was afraid I might be delayed a little further. Fortunately I will have my chance. Incidentally, if I stray from the subject as far as the previous speaker strayed, I hope you will pull me up on it.

The hon. member for Kamloops-Shuswap (Mr. Riis) had some very good points. I point out to the hon. member that if the private sector had been permitted to proceed without government interference, at this point the plant would have been under construction for two years. I think the hon. member is right, but I am sick and tired of government intervention, government assistance and government help. Let the private sector make a fair buck, and let the private sector do it on its own, because it can do it. This whole thing is a national entrepreneurial disaster. The government is trying to destroy the private sector. It has touched and destroyed every segment of Canadian society.

• (1610)

We can pretend energy is not everything, but in this day and age the economy of the world is based on energy. We should face up to that. If we destroy the main segment of our economy, we destroy our society. Look at what has happened to jobs in Ontario. Ontario is in a disastrous state. It is in its worst state since the depression. The steel industry is working at 40 per cent of its capacity. Thousands of engineering jobs are being cancelled. I have talked about General Motors before. Another General Motors plant was closed down this week. How far do we have to go before the whole thing is destroyed? Firestone used to be in my riding. Firestone shut its doors because of the economy. But firestone was smart; it jumped the gun.

Let us look at what has happened to the drilling rig industry. Most drilling rigs were fabricated in Ontario. The steel came from Ontario. The pumps came from Ontario. The drill bits came from Ontario. What has happened? We have exported those drilling rigs, along with $14 billion Canadian converted to U.S. The National Energy Program has created a serious situation in this country.

We have very high interest rates. Everyone is now forecasting that to protect the dollar our interest rates will have to go up another 0.5 per cent. People in this country who are unemployed cannot afford the rates now, let alone another 0.5 per cent.

We are talking about Alsands, Cold Lake, Hibernia and the frontier. We are talking about the whole spectrum and about the National Energy Program. Let us talk about some people who are really being hurt. I refer to Canadians who own shares of Imperial Oil, Texaco and other large multinationals. Canadians have held shares of these large companies for generations. They have done well, but they are being discriminated against. Furthermore, the Canadian Bar Association states that what is happening is illegal under the Constitution. The whole thing might be thrown out.

After two weeks in committee I have concluded that geologists, drillers and blue collar workers will be hurt badly but that there will not be enough lawyers to deal with the National Energy Program. All we have to do is take some time to read the two documents I have in my hands. There have been different estimates from different corporations. Up to 50 man-years have been required to gather information. The National Energy Program has caused the cancellation of Alsands. That is another devastation for investors in Canada. People have lost faith in the Canadian oil industry. Prior to 1980 the oil industry was a fine and respectable industry. Many investors and entrepreneurs came from Ontario. Many took their savings and their hopes and invested in oil companies. Those people have been hurt. Their investments have been lost or their value substantially eroded, and that is to say nothing about increases consumers have had to pay.

Who is getting the oil money today? The hon. member for Kamloops-Shuswap mentioned that we could go ahead with Alsands, but let us remember how much money is taken out by governments not only through the PGRT, the IORT and other taxes but also through the Petro-Canada tax, the excise tax, the Ontario ad valorem tax, and so forth.

Mr. McDermid: Ad nauseam tax.

Mr. Fennell: There is no dough left. Consumers are really hurting. What about farmers? Why should farmers have to pay the three cents a litre or three cents a gallon or whatever it is for Petro-Canada to produce food to feed this country? Agricultural products are a major part of our exports.

In one of his recent speeches the President of the Treasury Board (Mr. Johnston) pointed out that the government wants to build wealth and that its responsibility is to regulate and redistribute. Well, the government has redistributed so much that when it anticipates a deficit of $10.5 billion it turns out to be $15 billion. That is how this government redistributes our wealth. As a country we cannot afford the money the government offered to build Alsands. We do not have the money, and we cannot afford to go to Switzerland to borrow more Swiss francs at an interest rate of 20 per cent which, incidentally, would net out to more than 24 per cent.

We hear various figures respecting unemployment in the country. We hear about a million here and a million there. The latest Statistics Canada figures I have seen, not adjusted, indicate that 1,252 million Canadians are registered as being without jobs. I would estimate that at least 50 per cent more are so discouraged that they have given up hope. They counted on these megaprojects, or at least one or two of them, to proceed, but what has happened? They are all gone.

With respect to Alsands and shareholdings and corporate responsibility, the federal government offered to take 25 per cent, Alberta offered to take 25 per cent and Petro-Canada already had 17 per cent. That is 67 per cent ultimate control. The minority shareholder would not even be able to have a dividend declared, even if money could be made from the project. I do not blame Shell, Gulf and the other people who

backed down. It was shown that they could make money, but they could never have been sure of getting their money. The whole thing was a hoax. The whole thing was a publicity scam.

I would like to talk about the Alaska Highway pipeline. Last June I had a meeting with a gentleman from Walter Levy and Associates. Some people in this House condemn that company for never being accurate or to the point. Last June that gentleman said there would be an oil glut lasting from 12 to 18 months. That projection came true. We were also told there had been such a delay in the Canadian decision to allow the pipeline to proceed that it doubtful the Americans would ever build that pipeline. It is doubtful because the Americans have a large surplus of gas in Alaska. Their production of oil is dropping off. It is cheaper for them to convert that gas to methane, put it in a small-diameter pipeline which does not require pressure and take it from Prudhoe Bay to Anchorage. The cost of such a pipeline would be only a fraction of a gas pipeline. Then they could transport it by ship down to California where there will be a large demand for that product.

The reason the Americans must do this is that there is an immense surplus of gas and a shortage of oil. The decline of oil from Alaska has become dramatic. They need to get the money out because the private sector in the United States has brought the oil business to life. They must generate enough cash flow to drill further wells. When they drill in that area they are never sure of getting gas or oil so they must drill more wells for more oil and they must consume the gas so that they can move toward oil self-sufficiency.

• (1620)

The Americans believe in free enterprise, Mr. Speaker, but this government does not, even though the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) kept on yelling "We are private entrepreneurs". The government has put private entrepreneurs out of business.

The Alaska pipeline will never be built, Mr. Speaker. I do not believe it was just delayed for two years; it will never be built. The Americans will put it over their own soil. With the attitude that we show toward the Americans, how do we know that they will not say: "We don't want anything more to do with Canada; they have hurt enough of our corporate citizens and investors, and we want to get away from that?"

Representatives of the Consumers' Association of Canada appeared before the committee and I was shocked by what they said. I think they wrote the National Energy Program. I think they got Ed Clark in a corner and wrote the National Energy Program with him. Their only comment was to the effect that private enterprise cannot do it and the state must do it. Mr. Speaker, the state does not do very much in the private sector very well. A couple of recent examples are Canadair which got $1,350,000 to bail them out and Eldorado which got $400 million to bail them out.

How much more do we have to give for state ownership to pacify the red rump and then keep bailing them out? All they can do is talk and yell and get upset. Why do they not believe in what built this country, namely private enterprise?

Mr. Deputy Speaker: Order, please. The hon. member for Ontario has the floor. I invite hon. members to extend him the courtesy of listening.

Mr. Kristiansen: He's all buts and no guts.

Mr. Fennell: Members of the Canadian Bar Association also appeared before the committee and stated that Bill C-104 had 50 regulations that could be manipulated by the minister. Among the statements they made were the following:

> The bill allowing Ottawa to assign billions of dollars in exploration incentive grants to Canadian-owned companies, gives cabinet so much discretion and regulatory power it will "significantly impair" the rule of law, the Canadian Bar Association said.
>
> The legislation also contradicts the new Charter of Rights and likely will be challenged in court if it goes ahead unchanged.

Mr. Binavince, a lawyer with the association, stated that he would be delighted to take on the case against the state. He said it is going to be taken on and will be dragged through the courts and he knows that he could win it. The example he gave us was that of a Canadian citizen who owns shares in a Canadian corporation who happens to be domiciled in the United States because of his employment. He is discriminated against because as far as this bill is concerned he is not a Canadian citizen.

I asked Mr. Binavince if he was sure that a Canadian corporate citizen could not be considered in the same context and he said that he believed that would be challenged in the courts.

We are discriminating against oil companies. We are not being fair to the people who found oil in this country. We had no oil production until the 1920s and 1930s when the multinational companies came in. I acknowledge that they should not be allowed to send money out of the country holus-bolus, but let us not export their expertise. We do not have the experience that Shell and Imperial have.

Let us turn now to the matter of the frontier. A drilling fund cannot be set up unless the companies have their own expertise. Home Oil is an example; it does not have the required expertise. Members on the other side will say that Dome has the expertise. I wonder if Dome will be here for long—it is broke and has admitted that. That is the point it made to us in the committee. It is frantic to get the $130 million that it has already spent. It has had to borrow that $130 million and now is approaching the government to see if it can get interest on the money. They may not be here in the future so who is going to go to the frontier?

Let us deal with the east coast now. If Mobil is put in the same position it will not be able to farm out any Canadian ownership except for the expropriation part of Bill C-48 that allows Petro-Canada to come in for 25 per cent after the original company has spent all the money on exploration.

Bills C-101 to C-108 of the National Energy Program have so many loopholes and so much regulation that they will be troublesome. They call for a company with $10 million in assets and $10 million in revenue, and then the minister has a

complete omnibus clause. The five previous paragraphs could have been forgotten.

One of the delegations that appeared before the committee stated very succinctly that Parliament is delegating its legislative authority to those persons whose responsibility should be administrative only. That is what we did with Alsands and that is what we are doing with the entire oil industry. It is time it was stopped. We must get this country back on track and give Canadians a chance at jobs. We must get people working again because they cannot take any more.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I had not intended to participate in this debate but since I am in the House this afternoon and have listened to the arguments of the opposition I thought that I would throw in my reflections on the subject.

The opposition is talking about two particular aspects of the economy; one is energy security and the other is economic stimulus which will lead to more jobs. I would like to take a look at those two topics this afternoon.

• (1630)

Mr. Riis: Is this a test?

Mr. Kelly: There will be a test on this Monday morning at nine o'clock.

Mr. Manly: You have already failed.

Mr. Kelly: Mr. Speaker, there are two ways to enhance the energy security of the state. One is to produce more energy; the other is to conserve energy or convert to other energy sources. I point out to members opposite that the conservation aspect of the National Energy Program has been highly successful. We have in the last year and a half conserved the equivalent of the output of one tarsands plant. That should encourage us to realize that with a more strenuous effort we could save the equivalent of two or more tar sands plants. If members of this House accept that argument and understand the contribution which conservation can make to the energy security of the state, then the inability of governments and the private sector to build a tar sands plant is not that catastrophic in its impact on the energy security of Canada.

What does it matter, from the perspective of energy security, whether you build a tar sands plant to produce 150,000 barrels a day or you create conservation policies which save the same amount? The end result is absolutely the same. Therefore, the inability of the three partners to sign an agreement on Alsands does not spell the imminent collapse of our dream of energy security because there are other ways we can achieve that security.

I am sure there has not been a member with an interest in energy who has not been lobbied by the companies which are now moving into the conversion field. I am thinking of those companies who are eager to convert our transportation fleets from gasoline to natural gas. One of the members of the previous Liberal administration is now working in that area and he has often visited the Hill and talked to members on all sides. It is his belief, shared by others in the field, that if we converted our transportation fleets from gasoline to natural gas we could over a two or three-year period save the equivalent of five Alsands plants. If conversion is the equivalent of five Alsands plants, then why do we not do it? We can convert far faster and more cheaply than we can build the plants. If that is the option, why is there so much weeping and wailing and gnashing of teeth in this House because we were unable to get the second tar sands plant off the ground?

Mr. Blaikie: You are the guys who made such a big deal out of it before.

Mr. Kelly: If there were no option to the tar sands plants, then I would agree with you. But there are options, and they are cheaper. That makes eminent sense to me and I would hope it does to members opposite.

Mr. Kilgour: Stop making cars and there would be no problem.

Mr. Kelly: That is not true. There would be no sacrifice of our lifestyle or standart of living if we conserve and convert, none whatever. I think the hon. member understands that.

Mr. Kristiansen: Why were you willing to throw away 80 per cent of the cost, then?

Mr. Kelly: It was not me, Mr. Speaker. I hope I have proven to the satisfaction of members of this House that through a vigorous program of conservation and conversion we can more than make up for the loss of the Alsands plant. I hope this government has the insight and courage to move in that direction.

Mr. Riis: Don't hold your breath.

Mr. Kelly: The other way to promote and protect energy security is to produce more oil. If you look at the industry assessments of the NEP you will see, sitting alongside the very obvious and bitter denouncements of that policy, a grudging admission that the NEP, with its world price for new oil, gives producers a more than adequate return on their investment. In fact, with the money we are prepared to pay producers for new oil, they will receive a higher return on their investment in Canada than they will in the United States.

Mr. Kilgour: That is poppycock.

Mr. Kelly: It is not. I ask the hon. member to read some of the latest articles in the Alberta report and he will find that Greenshields—and you cannot find any company more critical of the NEP than Greenshields—have concluded that companies which discover and produce new oil will obtain a higher return than they would in the United States.

Given the nature of the source, that conclusion satisfies me that there is sufficient motivation in the NEP to discover the roughly six billion barrels of oil which are believed to lie buried in the sedimentary basin in western Canada. I defy any

member opposite to quarrel with those figures or that conclusion. There is no doubt in my mind that the world oil price in the NEP will stimulate production of new oil. No question whatsoever. The real bite is on those producers with old oil because they want to convert known reserves into big money.

Mr. Mazankowski: Mr. Speaker, I wonder if the hon. member would permit a question. I do not want to interrupt his train of thought but it might help clarify the point he is trying to make.

Mr. Kelly: Mr. Speaker, I will gladly accept and answer the hon. member's question at the end of my remarks, if that is convenient to him.

Mr. Mazankowski: Yes, Mr. Speaker.

Mr. Kelly: Mr. Speaker, my time is rapidly coming to a close. I will leave the argument I have been pursuing and simply conclude by saying that the national energy policy with its world oil prices will lead to the discovery of more oil in the western provinces. I have no doubt of that whatsoever and neither do any of the industry's analysts.

If I may, I would like to take a look at the second aspect of this debate, which is the stimulation of the economy with the anticipation of higher employment.

The two governments were prepared to spend $7 billion over the next few years to create jobs through the Alsands plant. I suggest that if members in this House were interested in job creation, the Alsands plant is perhaps the least efficient way governments have of producing jobs. If we were to spend $7 billion over the next three or four years with the intent of creating jobs, I suggest that money would be more wisely spent if we pumped it into the housing industry or into the high technology area. The number of jobs that you would create in those two areas in terms of money spent per job is considerably higher in housing and high technology than it is in Alsands.

Mr. Orlikow: You had better come over here because you sound like one of our people.

Mr. Kelly: It dismays me to hear members opposite arguing that because the Alsands plant has failed we are going to pay a considerable price in lost employment. I would point out to them that if employment is the key to their thoughts and the goal to which we should all be marching, then that money would be better spent in housing and in high technology.

I would also argue that not only would there be more jobs in high technology, but those jobs would be more evenly spread throughout the country. They would not be concentrating money in one industry and in two parts of the country, Alberta and Ontario; we would be creating jobs all across the country. Therefore, the benefits from that money would be shared proportionately among Canadians everywhere.

In conclusion, I would like to leave the House with my observation that in a very general way the national energy policy has not endangered the energy security of the state but, in fact, has enhanced it or at least possesses the potential for enhancement.

Second, if we are going to be spending considerable amounts of money for job creation, then we have the potential and the duty to spend that money in more profitable areas. I suggest those areas are housing and high technology.

Mr. Mazankowski: Mr. Speaker, I want to thank the hon. member for entertaining my question. If the National Energy Program and the taxation regime is so attractive to the oil companies, would the hon. member explain to the House why we have seen a decline in exploration and drilling activity in the conventional sector by more than 40 per cent since the National Energy Program was brought into being?

Mr. Kelly: Mr. Speaker, I do not deny the scale of the industry's initial reaction to the national energy policy. I regret very much it had that impact on the industry, but I think I could argue that the industry is responding more favourably this year than it did last year—

Mr. Dinsdale: Where?

Mr. Kelly: —that starts are up and that over time, as the industry makes its accommodation to the national energy policy, we will see the industry move out of its recessional posture. It will, I would argue, in the future regain the lustre that characterized it in the late 1970s. It may be that this government will have to make modifications to the taxing system.

Mr. Dinsdale: Hear, hear!

Some hon. Members: About time.

Mr. Kelly: And I would not argue that those modifications might not have to be made. But the point of my argument is that the national energy policy is not the complete and total evil which members opposite project in their debates. In fact, there is considerable merit in that policy. I think that merit will produce results in the near future.

Mr. Mazankowski: Mr. Speaker, may I clarify a point which the hon. member made. The impression he left was that the Greenshields group to which he referred had given the impression that things worked fairly well under the present taxation regime. We now know that that was simply his own opinion.

Mr. Kelly: Mr. Speaker, may I respond to the hon. member's last point?

Mr. Deputy Speaker: There is a limit to the number of exchanges back and forth, but the Chair will recognize the Parliamentary Secretary to the President of the Treasury Board.

Mr. Kelly: Mr. Speaker, in rebuttal to the hon. member's observation, I did not tie in Greenshields with the comment that he made. I tied in Greenshields with the world price and

the potential for exploration and development of new oil in the years ahead.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, may I say at the beginning of my remarks that I am genuinely pleased this debate is being resumed. I think it is appropriate to say that common sense, tradition and good judgment have prevailed, and I am very pleased about that.

This is a very necessary and timely energy debate. It is of the utmost importance to all of my constituents and to myself as their member of Parliament that I participate. Indeed, it is my duty and my responsibility to participate today and I am eager and privileged to do so on behalf of my Medicine Hat constituents.

This emergency debate was triggered by last weekend's double whammy of the collapse or demise of the two giant megaprojects, one being Alsands in the Alberta northern oil sands, and the other project, the northern natural gas pipeline, particularly the financing of it by the United States. This is an appropriate occasion to discuss some of the serious consequences of the National Energy Program on the oil and natural gas industry in southeastern Alberta and southwestern Saskatchewan. I am reasonably well acquainted and familiar with both of those areas.

I propose to direct my remarks to this aspect of the energy debate. I deliberately used the slang expression "double whammy" to emphasize last week's disastrous announcement. However, a third major megaproject should properly be added to the list. I am speaking of the Cold Lake heavy crude megaproposal of Imperial Oil. It is of the same magnitude in its implications. It is perhaps understandable but most regrettable that Imperial's technical resource team for Cold Lake has been quietly disabanded and dispersed. That entire project is at least unofficially dead.

The tragedy of this triple whammy and these final failures is the enormous negative impact on our total Canadian struggle to live with and overcome the present serious economic recession. That negative impact translates quickly and directly to lost jobs by the thousands and lost opportunities by the billions of dollars for two regions in Canada. First, the three western provinces are affected, especially Alberta, with respect to energy exploration, production and the value added industries. Second, the huge industrial potential opportunities of Ontario, and to a lesser degree of Quebec, are now gone. This triple energy collapse will delay for years the possible reality of Canadian energy self-sufficiency. The tragedy is that Canadian self-sufficiency is possible; I do not think anyone would argue that.

• (1650)

With respect to the eleventh hour attempts of federal energy officials and Alberta to save the project, there was a joint 50 per cent offer by the government of Alberta and the Government of Canada. It seemed like a reasonable and responsible offer, but surely the entire episode begs the question: Why could this proposal not have been advanced and proceeded with at least two years ago?

Turning to the northern natural gas pipeline setback or even demise, because two years which have been suggested at the setback on that particular project are as good as the kiss of death, I remind the House of the specific admonition of President Reagan when he spoke to our Canadian Parliament on March 11, 1981. He specifically warned us that while the United States government supported the giant pipeline project, financial responsibility for the American portions must be with the private sector, and that private sector responsibility has now failed. Of course, this is another example of lost jobs by the thousands and lost opportunities by the billions for all Canadians. The negative implications suggest that Canada has a moral responsibility to urge the United States to live up to the terms of the formal pipeline treaty between Canada and the United States, dated September 20, 1977.

All southeastern Alberta and southwestern Saskatchewan are vitally affected by the megapipeline hold-up amounting to a demise. In southeastern Alberta there are thousands of capped gas wells awaiting—some of them for many years—an opportunity to produce and contribute to the eastern leg of the pre-built section of the northern gas pipeline. The eastern leg crosses the Alberta-Saskatchewan border in my riding, continues southeasterly across the southwestern corner of Saskatchewan, and enters the United States at a point called Monchy on the Saskatchewan-Montana border. This portion of the eastern leg is now completed and capable of transporting natural gas to Montana in the United States. The western leg of the main line is now completed and is transporting gas across the southeastern corner of British Columbia and into the United States.

Turning to my own constituency, I suggest that if there is a single identifiable commodity which could be associated with the city of Medicine Hat, it would be natural gas; it has been so for 99 years. We will celebrate our centenary throughout next year. Natural gas has been our lifeline from the very begining; the first gas well in western Canada was drilled at or near Medicine Hat 100 years ago. For many years visiting dignitaries were treated to a special gas-well flare at the CPR station in Medicine Hat as a special indication of our underground resource. Rudyard Kipling, on a visit to my home city, was moved to suggest that Medicine Hat must surely have "all hell for a basement". The city of Medicine Hat has always owned, produced and distributed its own utilities, including electrical power generated by natural gas.

The new taxation on natural gas in the National Energy Program has now resulted in substantial increases to all home owner utility bills. Most of them have been increased by over 100 per cent in the last one and a half years. Commercial users have seen their costs increase by as much as 400 per cent due to natural gas taxes. This 400 per cent figure applies to the greenhouse industry, one of our earliest and most important industries which depends almost entirely upon natural gas. This industry has shipped cut flowers across western Canada

for many years, and it may very well not survive this punitive federal tax.

Some people will remind me that we have always enjoyed cheap natural gas in our corner of Alberta. This was true until now. However, the percentage increase in utility taxes is much higher than it is in any other location across Canada. These gas tax costs translate immediately into much higher total costs for retired people and all industrial users of natural gas. A great number of retired farmers, especially from Saskatchewan, have for years enjoyed coming to Medicine Hat to retire and enjoy the benefits of natural gas.

On April 19, 1982, it was my pleasure and duty to present a formal petition to Parliament on behalf of 12,689 concerned citizens of Medicine Hat and adjoining Redcliff who were justifiably outraged over the hardships and illegality of the gas taxes. It was a carefully prepared petition which emerged rather quickly, mostly as a result of spontaneous effort on the part of housewives to demonstrate their desperation and sense of urgency over this tax provision of the National Energy Program. It should be noted that all signators to the petition were at least 18 years of age or over.

The petition also fully supported the legal action of the Medicine Hat city council against the federal government which is now underway. It questions the legal and constitutional right of the federal government to tax another government, as provided for in the BNA Act, on the assumption that city-owned and distributed utilities are in reality an extension of provincial government authority. This legal action is presently before the Alberta courts in the city of Calgary.

On another somewhat related legal issue involving natural gas in southeastern Alberta, it is appropriate to mention the status of the Smith-Coulee natural gas case. Briefly this case involves three gas wells drilled by the government of Alberta on Crown land in the extreme southern part of my constituency near the United States border. These wells are presently connected by pipeline to export natural gas to the United States, and the Alberta government is prepared to do just that. Last year the Alberta government asked the Alberta appeal court to rule on the question of the constitutional right and legality of the export of gas by Alberta from Alberta land to the United States. Five judges of the Alberta appeal court ruled unanimously in favour of Alberta. Now the decision has been referred to the Supreme Court of Canada by the Government of Canada. The Supreme Court referral has been argued by Alberta, and a decision is still to be announced. I mentioned the Smith-Coulee case because there may well be a direct relationship in the final court decisions of both the city of Medicine Hat and the government of Alberta.

Before concluding my remarks, I should like to make a brief comment on the heavy crude production situation in southwestern Saskatchewan. This is a small but worthwhile energy development of extremely heavy oil. It has been completely shut in for some time now, at least up until about a week ago. It has been shut in due to the negative and discriminatory aspects of the National Energy Program. It was simply uneconomic to continue producing these wells. They were losing money on every well because of the low price and the fact that the heavy crude had to be moved to the United States to be refined. Of course, this made it very expensive.

• (1700)

Very recently, perhaps only a week ago, some of these wells had been allowed a 57 per cent production quota, which may help somewhat. An added negative factor is that the heavy oil upgrading plant which was scheduled for Saskatchewan—I do not know if the location was actually made public—had either been cancelled or set back indefinitely, again as a direct result of the National Energy Program.

Finally, I want to make a concluding comment about the entire energy program and its negative implications for the gas and oil well servicing industry. Brooks is a town in the northwest corner of my constituency. It had a population of 9,000 until the tragedy of the National Energy Program hit them. I am sure that many people have moved away. This town had become a hub of activity for the gas well, and some oil well, servicing industries. Almost without exception they were privately owned by small entrepreneurs who were Canadian. It was a joy to visit Brooks to see this activity which flourished for three or four years until the tragedy of the NEP and the current budget hit that town. These businesses were extremely hurt. I am sure there are other areas in Alberta and the Edmonton area in particular where this situation has happened. However, I single out Brooks because it has been dealt a crippling blow. A good many of these small Canadian entrepreneurs have either moved or gone into receivership.

I conclude with that comment because I think it exemplifies how critical the situation is in my province and my constituency. I am sure it is even worse in other areas. I appreciate the privilege to be able to talk about the implications of the National Energy Program for my constituency.

Mr. Doug Lewis (Simcoe North): Madam Speaker, before addressing the issue of this debate under Standing Order 26, I would like to say how pleased I am to have an opportunity to participate in this debate and to commend the House leader for the government on the motion he put on floor this afternoon. I think that all of us on this side feel that this place is the better for his gesture. I believe he has restored a great deal more faith in the parliamentary democracy process which should take place here.

On Friday, April 30, 1982 it was announced in two separate statements that the Alsands megaproject had collapsed and that the Alaska pipeline had been postponed for two years. The House will know that this represents an unprecedented disaster for the Canadian economy. This disaster can be directly traced to the National Energy Program.

Canada has been relying on the megaprojects to accomplish two goals; to guarantee energy self-sufficiency, and to provide employment and stimulation to the Canadian economy. In short, it would provide jobs.

As a result of the collapse of these projects, our party requested this emergency debate in an attempt to focus the

attention of this House on the necessity for jobs in the Canadian economy and the need for energy self-sufficiency. I suggest that in all of our speeches we wish to trace what we feel this meant to the Canadian economy and to suggest some solutions.

There is no question that these megaprojects were important to the Canadian economy since they created 4,800 permanent jobs, 7,000 jobs for construction workers during the construction peak and 14,000 indirect jobs. Many of those jobs were in Ontario steel mills and manufacturing plants. The plan was considered important to our overall goal of self-sufficiency, one which members on all sides of the House believe in.

It was estimated that in 1990 the Alsands plant would produce 11 per cent of this country's estimated oil production. As well, there were spin-off effects in all sectors of the Canadian economy. These effects would have ranged as far as the east coast. Oshawa was particularly affected because that is where pick-up trucks were manufactured to supply the workers in the oil fields. I have visited Alberta and I can appreciate that jobs were created out there but as a member from Ontario I think in terms of the jobs it would have meant for the iron and steel companies of Ontario. It would have meant a $600 million injection for the iron and steel companies, $550 million into the transportation sector and $1.1 billion into other sectors of the manufacturing economy of Ontario.

What promise did we have? Why are these megaprojects so important? They were the magic, the engine of the Canadian economy, as was suggested by the Liberal party. They were going to reduce unemployment, provide more satisfying job opportunities for Canadians and increase our participation in the work force. It would mean growth in Canada at a time when we are either in a recession or depression—depending upon which economist you talk to.

Lest my remarks be totally partisan, I refer to job estimates put out by various government bodies. The suggestion is that there would be created in the pipeline projects 19,000 direct employment jobs and some 71,000 indirect employment jobs.

There are other projects which have been cancelled or deferred as a result of the National Energy Program. For example, there is the Polar gas project, the Kitimat project, the tar sands III project, the Syncrude expansion and many more which have been cancelled or postponed because of the National Energy Program.

Why has the industry lost confidence in the Canadian government? I think there are several reasons and I would like to point them out to the House today. First, there is the grab for federal revenue. It is an effort, through the massive legislation which we have seen, to view energy and our natural resources as simply a tax producer rather than a job producer. I believe that is the essence of how it is regarded on the other side of the House. In our party, we view the megaprojects and the pipelines not as an investment opportunity for some multinational, not as an investment for someone who does not live in Canada, but as an opportunity to put Canadians to work. I suggest that the other side of the House looks at it as an opportunity for revenue. We cannot have the revenue unless we create the jobs. The jobs must come first.

• (1710)

I will not get into a great debate as to whether the oil companies are foreign-owned, Canadian-owned, half-owned or quarter-owned. That does not interest me. What interests me are jobs in Canada, jobs that cannot be taken away once they are created. I do not care who creates them.

I do not like the discrimination in this energy legislation against the foreign companies. We find the national energy policy confiscates petroleum rights. You will know, Mr. Speaker, that during the debate on the Constitution, our party put forward our feelings about property rights because we were worried about property rights. We felt that they should not be confiscated. We felt they should not be taken away from the people of Canada, nor from companies which are owned by Canadians.

Basically, it breaks down to this: Canadians feel that the government broke its word to the oil companies concerning tarsands oil prices. It is basically a matter of trust. Frankly, the people of Canada no longer trust the Liberal party.

We voted for the Alaska Highway natural gas pipeline. If we ever bring it back, I think we should shorten the name of it so that I can remember the order. We voted for it because of the representations of the Minister of Energy, Mines and Resources (Mr. Lalonde), who said this:

> In our view, exports of natural gas to the United States should be authorized only on the basis of, first of all, an ironclad commitment regarding the building of the whole Alaska gas pipeline. Everything has to be signed, sealed and delivered, particularly the financing plan and the financing guarantees, before we start exporting one cubic foot of gas out of this country to the United States.

Then we have the expert from the other place. It is rather unfortunate that we find ourselves dealing with people from the other place once we get west of the Manitoba border, but that seems to be the only way in which the government can show any sort of understanding as to what happens to the other half of the country. The Hon. Senator Olson said:

> We are satisfied that the United States is committed to build their portion of the line by 1985—
>
> Given the nature of U.S. assurances, the government has decided there is minimal risk of non-completion or long delay in the construction of the entire Alaska Highway gas pipeline system.

Well, on Friday it collapsed. I want to emphasize the fact that we voted for it because we could foresee jobs on the pipeline. We could foresee jobs created to make the steel and everything which would go into the construction of that pipeline. We make no apologies for that vote. I know that reference has been made today by the hon. member for Kamloops-Shuswap (Mr. Riis) to the fact that the hon. member for Yukon (Mr. Nielsen) was not present during the vote on the pipeline. Since that hon. member wished to bring up voting records, I would like to state for the record that during votes 122 to 169, the hon. member for Kamloops-Shuswap was absent 23 times. He was present for exactly one half of those votes.

Some hon. Members: Shame!

Mr. Lewis: I am sure that everyone would want that on the record so that it could be considered.

What has the Liberal party told the people of Canada? In 1979 and 1980, it campaigned on the theory that it would not raise the price of gasoline by 18 cents a gallon. However, it has raised it 17 times, to 28 cents a gallon in tax and some 78 cents a gallon in total. By September 1, barring something we do not know about, which is always a possibility with this government, the seventeenth increase will bring the price of gasoline to well over $2 a gallon in most Canadian cities.

The people of Canada know they were told a lie. The people of Ontario know they were told a lie. The people of Simcoe-North, in my riding, know they were told a lie. What has this National Energy Program done for Canada? Drilling activity was down 25 per cent in 1981 over 1980 in contrast to the fact that it went up by 25 per cent in the United States during the same period. Well completions are down 25 per cent in Canada. Exploratory drilling, which employs people from right across the country, is down 19 per cent. Development drilling is down 28 per cent. Since the introduction of the National Energy Program, 226 drilling rigs have left Canada.

I had the opportunity to go out west to Alberta to find out, as an Ontarian, just exactly what is involved in moving a rig. I saw some of those trucks, as I understand it, it takes between 20 and 40 trucks loaded with steel to take a drilling rig across the border.

An hon. Member: That's just one rig.

Mr. Lewis: That is just one rig. And it is quite obvious that once you set one of those rigs down, you do not move it back too quickly. So that is what we have lost as a result of the National Energy Program.

Lest one thinks it was just steel that we lost when we lost that rig, let me read into the record a letter from one of my constituents:

Dear Mr. Lewis:

I never thought I would be writing to my federal representative but unfortunately I feel that I must express my extreme displeasure with the current energy policy. I feel that being a voter I should let you know how it is effecting us.

I am a third year undergraduate enrolled in geology at McMaster University and I am extremely interested in petroleum exploration and as such I am looking for summer employment in the industry. My search for employment has involved sending out hundreds of resumes along with interviews with the major oil companies. To this day I have received nothing encouraging.

You might say that I am not qualified to get an offer but I disagree with that. I am enrolled in the honours program and my marks are good, and on top of that I have a summers experience in mapping Cenozoic and Tertiary clastics in the Yukon and Alberta with Gulf Minerals. I do not think it is entirely my qualifications because everyone in my program has been experiencing the same problem.

I feel that the problems I am having with employment are due to one thing and it is summarized quite nicely by Union Oil and I quote:

No doubt you are aware of the restraints of the new federal budget. The effects of these restraints have substantially reduced our staffing requirements.

Not only does this predicament effect my summer employment but it effects my Bachelors thesis. I want to become a petroleum geologist but if can not do my thesis in Alberta this summer my chances for a full-time job next year will be even more severely limited.

It is pathetic that a country like ours which is gifted with copious amounts of fossil fuels can not develop these resources which could make us energy self sufficient. You would think that the government would want to help the economy.

Hopefully people will see how detrimental the present government is to the economy and will give sensible people like yourself a chance to run the country before it is too late.

That is not political rhetoric, that was not a letter invited from a constituent so that he could say exactly what I wanted him to say. That letter came into my office on January 29, 1982. There are firms in my riding which supply the petroleum industry. The people of Simcoe-North want jobs in that industry, whether by going out to Alberta or by making what we make very well in Ontario and sending it to Alberta. I am referring to Fahramet Limited which produces the reformer tube assemblies which are sent to Alberta for the petroleum industry.

I would like to finish my remarks by suggesting what can be done. I suggest that what is needed is a change in attitude. What is needed from the Liberal party is a decision to co-operate with industry rather than to coerce it. What we need to do is expand the Canadian energy industry, not contract it. We should end the confrontation that exists in Canada with the energy industry and get this country back to work.

• (1720)

The government and the Liberal party should realize that a business deal must be good for both sides. A business deal that sticks it to one side is no good. Both sides must be happy with the deal and have an opportunity under that deal to go forward. If it sticks it to one side, it will break down. I do not care how many signatures are on it—and I have seen this time and again in business—it has to be good for both sides. I suggest we look at the petroleum industry as an opportunity for jobs, not revenue. That is what should be important.

The government should focus in that way on the industry. It should listen to my colleagues, who are more knowledgeable in the industry than I, in the committee. I suggest, as I have often done in this House, that the budget be withdrawn so that we have some incentives for Canadians to invest in their economy.

I say all of this in a spirit of entering into a debate under Standing Order 26 which is not granted very often. Madam Speaker felt this subject was important enough that we take this time to address it. I ask the government, and I plead with the Liberal party, to put the country ahead of their interests and do everything possible to get this country back to work.

The Acting Speaker (Mr. Blaker): The hon. member for Ottawa Centre.

Some hon. Members: Oh, oh!

Mr. John Evans (Ottawa Centre): There they go, Mr. Speaker, before I even start! My friends on the other side are obviously getting ready to go.

I listened with interest from time to time to members opposite in this debate, including the hon. member for Simcoe

North (Mr. Lewis) who just spoke, on the collapse of the Alsands project and the delay of the Alaska Highway pipeline.

There is a question we have to assess honestly. Members opposite have said that the entire difficulty with these projects was caused solely by the National Energy Program. They say that is the only reason, that if it had not been for that program, the projects would have gone ahead without any doubt. That is not factually true. Major projects in the energy field are being cancelled in countries all around the world, no matter what government is in place or what kind of energy program they have.

We heard from the hon. member for Simcoe North and other members opposite about how exploration and development is booming in the United States. However, the oil shales project in the U.S. was cancelled; it was set aside by Exxon.

The Alsands project was certainly a major megaproject. Last night members were talking about the cost, saying that the project had gone from an estimated cost of $5 billion in 1980 to $14 billion. I have talked with people in the industry who have indicated that was probably a low estimate and that it would go much higher. I am sure that was one of the motivating factors which caused the private oil companies to decide not to go ahead with the Alsands project.

There is the historic experience with the Syncrude project. That project was supposed to do certain things, such as produce a certain volume of oil. It is not producing it and in fact never has produced it since its inception. It has been plagued with problems, not necessarily technological, with the way things were being done or the type of thinking and engineering that went into it, but because the equipment produced to work the oil sands depreciates very quickly. An individual at the head of Syncrude indicated in conversation last week that the oil sands eats the equipment alive. The replacement cost of the equipment is enormous. Therefore, it is much more expensive to extract oil from the sands than had been thought.

Shell, Gulf and the other companies involved in the Alsands consortium went to school on Syncrude. They looked at the Syncrude experience and the accuracy of the cost estimates. Indications from those in the industry they talked with were always: "No, the estimates were not right; yes, the estimates were too low and were escalating very rapidly".

Syncrude indicated that its costs were increasing by at least 20 per cent per year. When inflation was increasing between 10 and 12 per cent in the worst situation, which was last year, their costs were increasing at nearly double the rate of inflation. Certainly the companies involved in that consortium were looking at what was happening to Syncrude. They wanted to know the experience, how long it took to come on stream, how much oil was being produced and how much the costs were escalating. That was factored into the decision.

The other major factor which caused the demise of many megaprojects in countries around the world was the fact that world prices of oil have fallen dramatically. Educated opinion in the field indicates that the world price of oil will fall substantially from the point it is at now. Estimates I have heard indicate that under the Alsands cost structure, a barrel of oil coming out of that project would be in the range of $40 to $45. If world prices were going up as they were, on average about 2 per cent per year, by the time Alsands came on stream, even with escalating costs, the price that could be obtained for a barrel of oil from the Alsands project would be greater than the cost of producing it.

All of a sudden the market turned itself on its ear. Instead of going up, the world price of oil dropped. In the past six months it has dropped by 25 per cent or 30 per cent. That changes the economics of all major energy projects. I am sure that is the second major factor that entered into the calculations of the oil companies in deciding not to proceed. They were not going to put their shareholders' money at extreme risk.

There is no indication that this would be a profitable venture given the economic conditions that face us today, the cost of the project and the price of paying for the product at the other end. The people involved in the Alsands project had to look not only at those factors but at the alternatives coming on stream. What are the alternatives? The oil industry estimates that Hibernia can probably produce at between $25 and $30 a barrel and the Beaufort in the range of $25 and $30 a barrel as well. It was felt that Alsands could produce oil at $40 to $45 per barrel. That is a substantial cost difference. Faced with that, I am sure people in the oil industry were saying that not only could they not be guaranteed a price sufficient to cover their costs, but that they would also be facing competition from a substitute which costs much less to produce. The Alsands people felt they would not be able to compete. Those factors had to be going through their minds.

• (1730)

I would not suggest for a minute that the National Energy Program did not create a situation of uncertainty for the industry. The government has been working very diligently to reduce that uncertainty and to put in place the incentives necessary to get exploration and development back on track. The government has been working to reduce that uncertainty, but we cannot fight economic facts. Economic facts indicate that there were some very real economic uncertainties having nothing to do with the National Energy Program which led to the demise of the Alsands project.

An hon. member opposite spoke about the Alaska gas pipeline. It is beyond my ability to understand, but somehow the two-year delay in that pipeline project is also the fault of this government. I do not understand that. Hon. members on both sides of the House voted in favour of the pre-build. We did everything we possibly could to see that it would go ahead.

Mr. Manly: Not over here, John.

Mr. Evans: Hon. members in the corner are against almost anything.

Mr. Manly: That is not true.

Mr. Evans: With respect to the pre-build we received assurances as good as could possibly be received in an uncertain economic environment. We received an assurance from the Americans that their portion would go ahead expeditiously. Now the Americans have delayed for two years. Why have they delayed for two years? They have delayed for two years because of changing realities in the energy business. I have heard it estimated that the cost of completing the project has gone up from $50 billion to $60 billion. What would be the cost of gas coming out of that line? That is an economic fact of life.

On top of the costs of the Alsands project and the gas pipeline there are present world economic conditions to consider. Apart from the cost of the Alsands project, apart from the price for the product which could logically be received and apart from the cost of producing the product—and the quite substantial negative differential—we are faced with another crunch, and that is general world economic conditions. There is declining demand. Very high interest rates would drive the financing costs of the project to astronomical levels. All these factors were involved in the decision by the private oil companies not to go ahead.

Hon. members opposite would say this government did nothing to try to preserve the jobs and the wealth creation which would result from proceeding with the Alsands project. That is just not true. The last offer put on the table by the government of Alberta and the Government of Canada was to tell the private sector participants in the project that the taxpayers would absorb virtually all the risk and guarantee an extremely high rate of return. The rate of return would have been about 20 per cent. To all intents and purposes, Shell Canada would not have paid any taxes for years and years. The offer put forward was extremely generous, but Shell looked at the situation and said that even with that generous offer the project would hinge on whether it would be economic to extract oil and whether Shell could get a price for oil which would come close to covering its costs. If you lose money, you lose money. It is not a matter of taxation or no taxation. If it is a losing proposition economically, one does not go ahead no matter how attractive the tax package or the guarantee. The package offered by the government of Alberta and the Government of Canada was extremely attractive, but a decision was made not to go ahead with Alsands on the basis of very sound and rational economic facts of life. The reason was not government policy and not the National Energy Program. The decision was based on the economic facts of life.

If it is true that the National Energy Program is the sole culprit, then why in the world are other countries finding that their major projects of a similar kind are being cancelled? I ask hon. members to consider the fact that this is also happening in France, in the United States and in Germany as well as here. Certain economic realities must be faced, and the realities I have outlined are very high interest rates—

Mr. Kilgour: Whose fault is that?

Mr. Evans: The hon. member for Edmonton-Strathcona (Mr. Kilgour) is saying that high interest rates in the western world are the fault of the Canadian National Energy Program.

Mr. Kilgour: They are a lot higher here than they are in Germany, Japan and Switzerland.

Mr. Evans: The hon. member is saying interest rates are high here because of the National Energy Program. If that is true, the energy program in the United States must have caused the high interest rates there. The rates there are at the same level as they are here.

Mr. Kilgour: Your bank sets the interest rates.

Mr. McDermid: Why don't you move back to the states?

Mr. Evans: I suppose the hon. member for Brampton-Georgetown (Mr. McDermid) has his thing going again.

We have to look at all the facts involved. I know it is popular for the opposition—and in provinces where there are Conservative governments, for the Liberal oppositions or NDP oppositions—to try to blame everything that is unfortunate on government. It is always the fault of the government. Hon. members opposite are not doing anything unusual, but I think it is intellectually dishonest not to consider all the factors.

I have indicated that uncertainty was created by the National Energy Program. I do not deny that, and I do not think anyone on my side of the House does. However, there was much more involved in the Alsands cancellation than the National Energy Program. There were many other factors much more important than the National Energy Program.

Mr. Kilgour: Like the budget?

Mr. Evans: I have stated what those factors were.

Mr. Kilgour: Tell us about the budget and how that helped.

Mr. Evans: The hon. member is ranting on about the budget, but the fact is that the incentives provided in the package offered to Alsands were independent of the budget. The budget did not affect that project. How can tax changes in a budget affect a company which is not taxed? It cannot. A company must first be taxable. This project would have been vitually non-taxable in perpetuity.

I will close by dealing with another subject I think all hon. members should look at and think about. I think it was the hon. member for Simcoe North who said the people no longer trust the Liberals. He contends that the people are losing faith.

Some hon. Members: Hear, hear!

Mr. Evans: I am glad I received applause from hon. members opposite for something, although I do not know what it was. I would like hon. members at least to try to listen, even though what I am saying does not penetrate.

Mr. Kilgour: Say something then.

Mr. Evans: There is a serious problem in this country, not only at the federal level but also at the provincial and municipal levels. There is also a problem in the United States and other countries. This very serious problem is in relation to the credibility of all governments, not just in relation to Liberal or Conservative governments. In Saskatchewan the people threw out an NDP government and put in a Conservative government. The people of Manitoba did precisely the opposite: they threw out a Conservative government and put in an NDP government. As politicians we face volatile times.

Mr. Fennell: What about Nova Scotia?

Mr. Evans: If hon. members opposite would keep their partisan cackling down for just a minute, I would really like to say something. It is important that we deal generally with the question of government credibility and what we as politicians are going to do because Conservatives are being tarred as well as Liberals and New Democrats. People are concerned about politicians. We should think about the kinds of name calling and debate that in some cases we hear in this House and the kinds of things that are put in householders and wonder whether it does not have a negative impact on the public perception of politicians, regardless of their political stripe.

• (1740)

I think it is important that we try to lay all the facts of the situation before the people, not only the facts that make a partisan point of view. We are not getting the facts in this debate. How many times have we heard hon. members opposite talk about the economics of the Alsands project? I do not think we have heard that once. They blame everything on the NEP and say it is the government's fault. If it should happen—and I do not think it will—that one day hon. members opposite form a government, they will find themselves tarred with the same brush. If they think they do not have to be concerned about the credibility of public representatives, then they are sadly mistaken.

We should try to bring out the facts in a non-partisan way, debate the issues, come to a resolution that everyone can support and then put the issues to the people in a rational and effective way.

Mr. Anguish: Mr. Speaker, I wonder if the hon. member would permit one question.

The Acting Speaker (Mr. Blaker): I have to point out to the hon. member that the time of the hon. member for Ottawa Centre expired at 5:43. If he is prepared to answer a question and if there is unanimous consent for him to do so, then he may proceed.

Some hon. Members: Agreed.

An hon. Member: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent. The hon. member for Edmonton-Strathcona (Mr. Kilgour).

An hon. Member: Evans said no.

Some hon. Members: Chicken.

The Acting Speaker (Mr. Blaker): My apologies. The Chair had earlier expected to recognize the hon. member for Brant (Mr. Blackburn). I turned my head inadvertently. I should recognize him now.

Mr. Cousineau: On a point of order, Mr. Speaker, I just want to point out that unanimous consent was not given by me, not by the hon. member for Ottawa Centre (Mr. Evans).

Mr. Derek Blackburn (Brant): Mr. Speaker, I am happy to enter this emergency debate. I would preface my remarks by quoting Charles Dickens' opening line of "A Tale of Two Cities": "It was the best of times and it was the worst of times".

As usual, under the present administration it is the best of times if you are rich and have no worries; but most Canadians, not just the very poor who have always been badly off but middle-income Canadians, are finding it has become the worst of times.

I do not know how much longer Canadians will be able to tolerate the setback the country is suffering. We have very high inflation, very high interest rates, very high unemployment and lowering personal expectations. Our young people find it increasingly difficult to get work. High school and post-secondary students are advised that for the most part they will not be able to find full-time jobs this summer to help pay for their education. We have widespread uncertainty in the business community; we have widespread frustration in the labour force; we have widespread insecurity in the workplace and we have growing anger in the community.

The Liberals may say that this is a negative approach, but it is reality. In a country rich with resources, with a skilled work force and an abundance of capital, the Liberal government has brought us to the point of despair and stagnation. It has gone from one crisis to an other since coming into office two years ago.

This emergency debate is about the collapse of the Alsands Project, but what we are really talking about is the collapse of the main thrust of the government's economic policy. Alsands was just a part of it. For a long time my party has argued against making resource-based industries the major thrust of an economic policy. That is traditional Liberal policy—a quick-fix, easy policy. It does not require many brains to import talent and money that will rape our resources.

We have been doing that since at least the 1920s and it was done again in the 1950s and 1960s. In order to pay for our imports we allow foreigners to come in and develop our resources, ship them out of the country unfinished or partly finished and then we pay for manufactured imports. That worked in the 1920s, in the 1950s and until the late 1960s and it contributed to a rapid rise in our standard of living.

Because of the economic times in which we find ourselves now, the harsh reality of the weakness of this megaproject

based policy—in this case energy, but it could have been mines or any other area of our natural resource bases—and because of the financial realities, we suddenly realise that the main pillar of the Liberals' economic thrust in the eighties has been pulled out from under the government and indeed, the entire country.

We have seen the death of the $14 billion Alsands project and the end, we assume, of the $30 billion Alaska gas pipeline. Hibernia and Venture off the east coast, while viable in the technological sense, will cost $6 billion and $3 billion respectively. We are talking $43 billion, the big eggs the Liberals have put in one basket.

• (1750)

At the same time what has the Liberal government allowed? Inflation soaring at 11.6 per cent with no indication whatever that it is going to come down substantially. High interest rates of 16 per cent or 17 per cent for the bank's safest customers, 19 per cent or 20 per cent for consumers. In addition, the government has been putting all its economic thrust into capital-intensive resource megaprojects, we have soaring interest rates and a constriction on economic development. In other words, a tight money policy—Reaganomics—which incidentally is supported by the Conservatives. The Conservative financial spokesman has said this outside the House. Their leader, just the other day, indicated very strongly that there was no approach to our problems other than continued high interest rates. The irony of this debate is that it was the Conservatives who demanded it, and there is no difference between Conservative monetary policy and Liberal monetary policy. The people of Canada know it.

It is not nice to say "I told you so" because it sort of puts that halo around your own head, but two years ago my party was very concerned that the Alaska gas project was going to be yet another giveaway, because we had no guarantee that the Americans would or could live up to their end of the bargain. So we voted against the pre-build section. We did so not because we were against the whole project; indeed, had it gone ahead Canada would have been a net beneficiary because there would have been the swap later on of American natural gas from Alaska at comparative prices.

But what are we left with? Alsands is dead and we are left with the pre-build, which takes inexpensive Canadian gas to the United States. Only fools in the U.S. would now try to raise the horrendous amount of money required to go ahead and build the American portion of the line to bring out their own gas. The Americans have always worked on the principle that if you can get a non-renewable resource offshore, that is where you go first. You bleed another country until there is nothing left and then use your own resources. From their point of view it is a good and wise policy. They do not have to reduce their own natural resources on which their entire industrial complex is based.

Why can't we be just as intelligent? When you have a hot item to sell and a tremendous world demand for it, why do you have to act with such indecent haste in trying to get rid of it? Why not be smart and make the best deal? Is it because the Liberals are so inexperienced; they have not been in office very long, they do not have many contacts in Washington, they do not know the name of the game? Hardly the case, Mr. Speaker, for a political party which has been in office almost continuously since 1935.

Therefore, there is something wrong across the aisle and I do not think it is just a lack of intelligence or savvy. I think what has happened is that they have lost the will, on the one hand, to protect our national heritage of resources, and on the other hand they have lost the will to find innovative and dynamic new approaches to a sagging economy. There are muchmore eager to say it is world stagnation or recession and we are just a small part of it. It is much easier to blame somebody else. But if the American economy should come back in three to five years, as U.S. congressmen are now predicting, and if there should be some spin-off north of the border, then of course the Liberals will be the first to jump on the U.S. bandwagon and say: "We told you so; we pulled our nation through."

There is really not one creative idea anywhere on the opposite side that I can see. There does not seem to be any kind of dynamism left in that haggard and worn-out cabinet. What do they do when there is unemployment? The answer of the Minister of Employment and Immigration (Mr. Axworthy) is: "Share the misery by sharing the unemployment, by going to a three or four-day week". I think it is disgraceful that workers have to behave in 1982 the same as they did in the 1930s by outbidding each other for the lowest paying job in the community. The Liberals have taken us back 50 years because their creativity is impotent. They just lack the will, Mr. Speaker.

The latest reports coming out of Rutgers University and the OECD just last week indicate very strongly that there is the beginning of a turnaround in France and Japan, and to a lesser degree in the U.K. The rest of the major industrialized nations have bottomed out and will commence a recovery within the next six to eight months. Canada is the only industrial nation today which is still sinking deeper and deeper into depression. This is because of the lack of will and the loss of direction in the Liberal government.

We have heard the Conservatives lambaste the government, Mr. Speaker, in a rather narrow way by stressing the collapse of Alsands, by saying it was not profitable and that the private sector could foresee financial disaster if they continued. All of which is no doubt true. But I would like to remind my Conservative friends, as has been alluded to already, that we have a situation in Colorado where the $6 billion or $7 billion shale operation of Exxon was shut down the other day, again the victim of falling world oil prices resulting from an oil glut and high interest rates. I remind them that there is no NEP in the U.S. In fact, the Americans are bragging, in their right-wing bravado, that they are rapidly deregulating the oil industry. Yet here is a major energy enterprise which has, I will not say collapsed, but been terminated at least for the foreseeable

future. So it is not really the NEP, in my opinion, Mr. Speaker, that is the cause; it is high interest rates and an oil glut which has caused the decline in oil prices.

• (1800)

There is a very interesting point here. The hon. member for Ottawa Centre (Mr. Evans) who has just finished speaking—I believe it was he, but I stand to be corrected—implied that two years ago we could not foresee this oil glut. We could not anticipate a decline in oil prices. I am quite sure that if he and his Minister of Energy, Mines and Resources (Mr. Lalonde) had followed the discussions of the OPEC ministers in Vienna and in Caracas, Venezuela and if they had been listening to Sheik Yamani's speeches that he made throughout Europe and the Middle East beginning as far back as 1979, they would have realized that the thrust as early as 1979 on the part of OPEC was to stem research and development in the western industrial world in areas of alternate sources of energy. They would have realised the fact that conservation would have an impact on oil prices and they would have heard Sheik Yamani say to his colleagues in OPEC: "Look, fellows, we cannot keep flooding the market with oil because there will be a decline in demand, traditional customs in Europe and the western world." Anybody who read the headlines of a newspaper two and a half years ago could foretell with a considerable degree of accuracy that there would be a deliberately planned world oil glut and a consequent decline in prices. There is no excuse whatever, Mr. Speaker, for the Liberal government not to have been aware that the price of world oil would decline as a result of a glut on the market.

The problem here, and I alluded to it at the beginning of my remarks, is that the government has got everything the wrong way. We are not opposed to the rational development of our natural resources, even for export. We are not opposed to the Alaska natural gas pipeline. We are not opposed to Hibernia or Venture on the east coast. But we in the NDP have maintained for many years, long before this crisis and certainly long before this emergency debate, that the only way to get this country back on the track in the long term—and for any long-term solution you have to start yesterday—is to make sure the major thrust of economic development is in the industrial areas of our economy. That does not mean Ontario and Quebec only; it means right across the country from the east coast to the west coast.

We should be putting a greater emphasis on manufacturing. We should be creating jobs in the machinery industry, in all facets of transportation and in housing. Without creating a strong industrial and manufacturing base in this country, we will be constantly at the mercy of offshore prices of natural resources. That is a major problem and it is the major weakness of the Liberal position. We would not be in this mess today if the Liberal government had forced the multinationals in the industrial sector, most of which are foreign-owned, to manufacture up to sales in our country. We would not have that tremendous net deficit in trade and manufactured goods which has gone from $2.4 billion in 1970 to $21 billion in 1981. That means a loss of 200,000 jobs in those industries.

I know my time is up, but I wish to sum up by simply saying that I hope this government opposite, before it drives the entire country into a quagmire of economic depression, not only finds some new ideas, which have been positively put forward by the NDP, but regains its sense of direction and its will to govern, something which it has lost.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the hon. member for Brant (Mr. Blackburn) in closing his speech said, "before this government drives the country into the quagmire of economic depression". Let me tell you, Mr. Speaker, it already has.

Last Friday was a black Friday. On that day the Alsands project was declared finally dead. On that day we at the same time lost any benefit, certainly for some considerable period of time, that we might receive from a new pipeline project running to Alaska. It was a black Friday, not because one industrial project was declared by the owners of that project as no longer viable but because Alsands was symbolic of the disasters that have befallen our country, starting with the election of the government in February, 1980, strengthened by a budget of disaster on October 28, 1980, strengthened further toward disaster by the activities fomented by the Prime Minister (Mr. Trudeau), by the Minister of Finance (Mr. MacEachen), and our minister of lack of energy, throughout 1980 and almost right through to September, 1981. Through that period the government made sure that the golden ring that Canada had available to it in energy was lost.

When the Liberals took power, by misrepresentation and fraud in February, 1980, there was opportunity and hope in Canada that we could be energy self-sufficient—indeed, that if we could capitalize on our energy wealth, that energy, the oil and gas business, the hydro business and the coal that we have in Canada would propel us through the 1980s and give opportunity for our young people, develop our manufacturing, our expertise and the chemical industry. It would make Canada grow, it would give Canadians employment, hope and opportunity. It was there.

The world was looking everywhere for new and better opportunities to develop energy in opposition to what OPEC had created. We had the chance at the golden ring, and this government threw it away. It threw it away in policies of confrontation with the provinces. It threw it away with an attempt to grab, steal and expropriate the private property of people who would develop. This government would not let people do their own thing and use their entrepreneurship to make and create the country.

This government threw away our hopes and aspirations regarding how to pay off financial debt, almost in one year, by new and destructive forms of taxation. We have a government that promised this country oil prices would be forever lower in Canada than anywhere else, that 18 cents was extortionist. But we now find that 78 cents is not even enough. It is not even enough for its greed. We threw away the golden ring that was there. We threw away the opportunities for the 1980s. We ensured that a recession in this country and in the world would

not remain a recession but in this country might well work into a deeper depression.

• (1810)

The government says that Alsands is gone but there are possibilities on the east coast. Only a few months ago a supposedly unsinkable oil rig sank like the *Titanic* off the east coast. Also the government says that there is oil in the Beaufort Sea, but there is every conceivable regulation and every conceivable ecological problem associated with getting that oil to market. The government says that we should not feel too badly because we have the Norman Wells pipeline, but it has been held up for two years with regulations and red tape. Then it says we have the Q&M pipeline, but as someone said during this debate, the pipe gets smaller as it goes to a market; in any event, it is tied up with labour problems in the province of Quebec and is not proceeding.

Every alleged megaproject or mini-megaproject, every potential development which could have taken place, from the development of the Cold Lake project by Esso to the tertiary recovery in the Judy Creek field, has gone by the boards. Some people wonder why, but I do not. When the government was first sworn into office I was asked to comment upon the persons who were appointed to various cabinet positions. When I found out that the present minister was to be Minister of Energy, Mines and Resources, I said, "Goodbye energy in Canada; too bad Canada, you've had it!"

The Minister of Energy, Mines and Resources (Mr. Lalonde) cannot obtain co-operation from anywhere. He has only one purpose in mind; it is his whole being and his whole approach. I spent an entire afternoon in a committee meeting with him, so I know well his approach. It is to control, to regulate, to tax, and to try to centralize all decision-making in any department of government with which he has had anything to do. This is probably because of his philosophy which is the philosophy of the four key people in cabinet—the Minister of Justice (Mr. Chrétien), the Minister of Finance, the Prime Minister, and the Minister of Energy, Mines and Resources. They want to change the nature of Canada from an enterprise society to a state-controlled society.

Their philosophy suggests that we should get rid of incentive and entrepreneurship in Canada, except to the extent that it can be controlled by people in an ivory tower in Ottawa. Of course they can be controlled by making businessmen crawl to Ottawa for grants of assistance, by regulations so horrendous that even a fleet of Philadelphia lawyers cannot get through them, and by bills such as the ones introduced in the House which allow the minister to tax one company in one way and another in another way, to change and treat things retroactively or retrospectively as he may desire.

Is it any wonder businessmen and entrepreneurs no longer trust the government, why billions and billions of Canadian capital has left Canada, with more following every day as the lifeblood of the country leaks away, why Canadians must pay high rates of interest on their home mortgages, why farmers go bankrupt and people are out of work?

The philosophy of government ownership, of government control and of government direction of our lives—the way we build and create—as is propounded in the Soviet Union, Poland, Hungary, Czechoslovakia and in communist countries. It has ensured that those countries cannot feed themselves and that their people live in poverty and desperation. It is a philosophy which causes Canadians to realize that some day in the not too distant future they will be part of the Soviet of Canada.

I should like to refer to some of the things the minister has done over the period of time he has been in office. I should like to shed some fresh light on the minister. I looked up some correspondence I had with him in connection with Suncor.

The first oil sands plant in the country was built by a subsidiary of Suncor, GCOS. This company had some Canadian shareholdings but it was largely held by the Sun Oil Company of the United States. Suncor went into the tar sands area of northern Alberta near Fort McMurray. It experimented and spent a lot of its hard-earned money to develop oil sands technology; it very nearly bit the bullet. It worked hard, but it lost money in every year from 1963 to 1978. In 1979 it started making money for the first time. These pioneers gambled with their own money. If they had known what was to happen with world prices, with technological problems, with fires burning up compressors, with frost, and with equipment breaking down, I suppose they would not have become involved. They gambled and developed tar sands technology which Alsands would have and Syncrude is using.

Suncor started making money. It was doing very well because it entered into an agreement with the Government of Canada whereby it would always obtain world prices for its oil. Then the vicious, greedy minister came along in October, 1980, and said, "Ha, we've got them now! They are making money, so we will only give Suncor the same payment for oil we give anyone who happens to drill in a good field; we will give them $16.75 per barrel for their oil and treat them as if they were someone using ordinary Texas technology to drill a hole and pump oil." Suncor was financially ruined.

With respect to the agreement with Suncor concerning world prices, the minister said that he could avoid it and did not have to live up to it because it was too rich, in his opinion. The minister wonders why the Shell Oil Company and Mr. Daniels and the people involved in Gulf Canada do not want to trust the financial offer which he made at the last moment. Why do they not trust him? Would you trust someone who made a promise in writing to give you certain concessions and then, when he felt in his opinion that the price was better than it should be, he would unilaterally break the deal? That is what the Minister of Energy, Mines and Resources has done. How any company could trust him is beyond belief.

• (1820)

The New Democratic Party said that the offer was exceptionally rich. The New Democratic Party is part of the Liberal party. They certianly have the same philosophy. They were upset over the alleged offer that the Minister of Energy, Mines

and Resources made to Alsands. They said that if the government were to put up any guaranteees or money it should expropriate the whole project. They want it all in their pocket. They want socialism absolutely. This minister does not want absolute socialism. He justs wants absolute control. Eventually, by eating away at the companies, he will own everything. But the NDP want it all right away.

As we said before, the NDP are really the Liberal Party West. They prefer to call themselves the New Democratic Party but sometimes even they call themselves liberals in a hurry. They are part of the same party. Properly, they should be called the "Liberal New Democratic Party", or the "New Democratic Liberal Party" or perhaps just "Liberal Party West". That way they can differentiate themselves and pretend to take a western stance on issues. There is no real difference between the NDP and the Liberals—they are certainly the same as those who control, and manage and direct the Liberal party.

We need to build this country and we cannot accomplish that until we change the attitude of the government. The government must encourage entrepreneurs.

While preparing for my speech, I was reviewing some material. To conclude my remarks I thought I would relate to the House a statement made by the leader of this party in 1978 at an industrial strategy conference. I am pleased that the minister in charge of industrial strategy is here. I want to quote to you what the leader of our party said at that time. He was referring to the Hudson's Bay Company. He said:

> (The) Company (that opened up Western Canada) was not just called the Hudson's Bay Company; it was called the Company Of Adventurers Trading Into Hudson's Bay. I think that there is a lesson about our history in that phrase. When we are at our best as a country, it is when we are a country of adventurers. What we have suffered in the last decade, when there has been such an emphasis upon the re-distribution of existing income rather than the generation of new growth and new income in this country, has been an undervaluing, a disrespect for that sense of adventure which is at the very centre of our success as a country. We clearly have to begin the process of rewarding success in this country and encouraging initiative.

It is time that we began to turn this country around. It can only be turned around if we throw out the concept of state ownership, state intervention and state economy. Those concepts have been demonstrated time and again not to work.

Mr. Corbett: Throw out the Liberals.

Mr. Blenkarn: My colleague says to throw out the Liberals. If they were a liberal party they might be alright. But they are not. They are a socialist party, at the very least. They must go. This policy must go. Until it does go, our country will do nothing but suffer.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, there is no doubt that the Canadian economy is in a severe economic crisis. It is appropriate that this emergency debate has provided us with the opportunity to examine the situation in depth.

While it focuses on the immediate crisis which has been precipitated by the disappearance of the Alsands project and the Alaska pipeline project, I think we have to admit that the economic crisis in the Canadian economy has been a long time developing. It is all the more tragic because Canada, with its rich heritage of resources, should be one of the most prosperous countries today.

Just to demonstrate that it is not a figment of opposition imagination, that the depth of our economic crisis has been dreamed up by it, there are reports which can be quoted from many sources which indicate that while there might be other economic downturns in other countries, the recession is worse in Canada. Results from a survey done by the Centre for International Business Cycle Research at Rutgers University in New Jersey, for example, have said that the indices:

> —show restrictive monetary and fiscal policies are now taking more of a toll in Canada than elsewhere.

It goes on further to say:

> "In Canada, the Government is basically waiting for things to happen elsewhere."

This is the state of affairs which has brought about the necessity for this emergency debate. The government has become completely out of touch with the reality in our constituencies. In the short time that I have, I will spend some time relating just how difficult the situation is out there in the constituencies. I can read a few excerpts from local western newspapers to cite some examples. In the western Manitoba area which I represent, a businessman was interviewed. An article in the *Brandon Sun* on May 3 began:

> Strong, dry, prairie winds buffeted Al Cormier's hardware stone as he talked about closing up shop this July.
>
> "I'm not going to stay here and lose money every day," Cormier said. "People have much less money, much less than four, five, six years ago."

The article says that this merchant is:

> —among many rural businessmen in southwestern Manitoba caught in a declining agricultural economy.

It is not only a crisis in energy or in the resource industry, it is a crisis in our basic industry of agriculture. The article went on to say:

> Low commodity prices, rising production costs and high interest rates all have taken their toll, forcing farmers to hold off on spending, sometimes putting seeding plans off altogether.

• (1830)

Because of the state of the economy, there have even been instances of cattle farmers allowing their cattle to starve to death. When we get to that point in the western agricultural economy, it is high time that the government, rather than just sitting back and waiting for something to happen, takes the initiative and changes its disastrous economic policies, which in the space of 14 years have reduced Canada from a buoyant, prosperous economy to a disastrous economic situation where all the indices are downward.

I know it is true that even ministers have made their complaints. The Minister of National Health and Welfare (Miss Bégin) and the Minister of State (Mr. Joyal) have even written to the Prime Minister (Mr. Trudeau) and to the Minister of Finance (Mr. MacEachen) in an attempt to impress the

disastrous state of the economy upon them. The Solicitor General (Mr. Kaplan) has burst into bold print, trying to get the message through to the powers that be in the government; but nothing seems to penetrate the thick skulls of these people who have the responsibility of running the economic affairs of the nation. Hopefully, this debate and the growing protest of the people might be able to do what even ministers of the Crown, breaking cabinet solidarity and suffering no consequences for breaking solidarity, have attempted to do.

This situation did not develop overnight. When the government came into power in 1968, Canada was a prosperous country, with a strong dollar, with no inflation, with low debt and with little unemployment; yet, in the short space of 14 years a country which should be riding high on a crest of the wave of prosperity has been reduced to a situation where leading international economic authorities have described our recession as the worst of any industrialized country in the western economy.

The crisis that we are focusing on today, to bring it all into focus, is the crisis in energy which has been precipitated by the loss of the Alsands and the Alaska pipeline. I would think that the Minister of Industry, Trade and Commerce (Mr. Gray), who is in the House this evening, would be particularly distressed and disturbed over what has happened with the petroleum industry under the misdirected guidance of the Trudeau government because we all know that prosperity in the automobile industry is directly related to prosperity in the energy industry. One of our most critically depressed industries has been the automobile manufacturing industry which is primarily based in the constituency and City of Windsor, represented by no less than three ministers. One would think that with three ministers in the cabinet raising their voices, we should be able to get some action out of a government which seems to be totally indifferent, almost oblivious to the damage it is doing to the Canadian economy.

Mr. Rose: Three cabinet ministers from there, too.

Mr. Dinsdale: That is just the point I made. There are no less than three ministers, three blind mice, perhaps, or the three musketeers. Certainly, no three—

Mr. Rose: A troika.

Mr. Dinsdale: A troika. Certainly, no three wise men. The irony is that Canadian prosperity should be based on our rich resources. If we hope to come out of the depression in which we find ourselves today, it will have to be based on the wise management of these resources. They have been very badly and unwisely managed. If one looks back over the recent history of the management of our resources, there is no reason the goal of self-sufficiency was not reached a couple of decades ago.

We have heard references to frontier oil from the government side of the House during the course of this debate, yet frontier oil was under exploration 20 years ago. I remember being in the Department of Northern Affairs when the search was taking place for frontier oil back in 1960 and early 1961. Interestingly enough, it was Dome Petroleum which was leading the search for frontier oil and resources. Back in those early days we had a slogan printed on interdepartmental memos circulating within the Department of Northern Affairs and National Resources which went something like this: "Woe unto them who sit on their frozen assets." For all of the 20 years since the government of John Diefenbaker in 1963, succeeding governments have been sitting on their frozen assets, with the result that we are still talking about the potential of frontier oil, rather than realizing the benefits of frontier oil brought to market and being a part of the whole self-sufficiency scheme of the Government of Canada.

In those days when there was visionary talk about what could be accomplished by developing oil on the frontier, the response of the Liberal party was that development beyond the sixtieth parallel, or constructing roads to resources, was nothing more or less than building roads which would go from igloo to igloo. Where there is no vision, the people perish. It was at that period that Syncrude came into production. Syncrude has been on stream ever since. Alsands was to be another long-delayed source of attaining self-sufficiency. Tragically, it has gone down the drain.

There is another aspect of the development of the economic tragedy which has now emerged in a critical state as a result of the megaproject disaster that we are debating here these days. If we are to bring resources into production and if we are to develop resources to the benefit of the whole Canadian economy, we must work on a co-operative basis. Unfortunately, the whole story of energy under the national energy policy and under the leadership, or lack of leadership, of the present Minister of Energy, Mines and Resources (Mr. Lalonde), has been one of confrontation. In 1962, realizing that was to become one of the most difficult and sensitive areas of federal-provincial co-operation, a "Resources for Tomorrow" conference was held in the City of Montreal. The City of Montreal was chosen because one of the most sensitive areas of realizing co-operation in the resource field lies in the province of Quebec. It was particularly difficult at that time because the minister of resources was none other than our friend who is the present premier of the province of Quebec, the Hon. René Lévesque.

• (1840)

In October, 1961, all the resource ministers of Canada sat down to work out a plan with regard to the fabulously rich resources, most of them in western Canada as far as energy is concerned, oil, gas, potash, and the resources that we now know are in the northern frontier area. They sat down with the federal government to work out a program of co-operative development through co-operative federalism that was called "Resources for Tomorrow."

Out of that "Resources for Tomorrow" conference came a resource ministers' council. It was established in the City of Montreal because it was understood that, if you were going to work out a national program and policy, a really effective

national energy policy, we must have the co-operation of the province of Quebec. Remarkably the first general chairman of the resource ministers' council was the same Hon. René Lévesque. It shows what can be done to achieve co-operation if the spirit of co-operation prevails in the deliberations and discussions.

One of the first actions the Trudeau government took when it took office in 1968 in a great wave of emotionalism and hysteria known as Trudeaumania was to disband the resource ministers' council and throw the whole process of intergovernment, interprovincial co-operation back into confrontationist disarray.

I did not understand it at the time. It remains incomprehensible to me at the present time. Of course it does not make economic sense. This is one of the main reasons why we are wrestling with this economic tragedy. Today if there is going to be any buoyancy in the Canadian economy, it has to come from a buoyant petroleum industry. From the moment this government took power in 1968, it was confrontation, until we reached the ultimate just a month ago when the Prime Minister went so far as to say that co-operative federalism is dead.

I listened to many speakers from the government side talk about the wonderful projects and programs that are still in the mill. I think it is fair to say that the government which deliberately destroys, through an ill-conceived National Energy Program, the prosperity in the oil industry of western Canada, does not have the interests of national development and national unity at heart.

We know what happened in Saskatchewan a week ago. The premier there got caught in a hopeless situation. It was the typical western protest. The national energy policy in all aspects is confrontationist tactics which have gone on since 1980. It is an attempt to grab a greater share of the revenue, almost an attempt to pay off the national debt through the revenues being generated by a prosperous petroleum industry in the west. One would almost think the government deliberately tried to kill the goose that lays the golden egg.

If this country is to survive, the only way is through co-operation at all levels, certainly at the level of resource development. The premier of Saskatchewan was caught in a posture of close relationship with the Government of Canada. He himself said that. When westerners protest, they protest in no uncertain way. It was a massive protest. It was like the Progressives of the twenties, the Social Credits of '35, and the CCF of '44. It shows hopeful development in this regard which demonstrates a growing political maturity in western Canada. Instead of biting off our nose to spite our face and starting another protest movement, such as joining the WCC, it was a massive protest in support of the Conservative candidates in Saskatchewan. In other words, the people decided to join the mainline party so that they would be in the mainstream of economic development. It is an indication that they want Canada to work. They realize the potential of this country even though they are frustrated beyond endurance.

Every time the minister responsible for resources goes to the west, he insults the west. Every time the Prime Minister goes to the west, he does the same. In spite of that, the people of Saskatchewan had the wisdom to support a party which has the only chance of bringing the economy back into a state of prosperity. More important, it can get rid of confrontationist federalism and return to co-operative federalism. We will remove the divisiveness that has tended to shatter this country in recent years.

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I wish I could say it was a pleasure to take part in this debate, but this is a sad period for Canada, particularly for the younger people of this nation. The much-touted energy self-sufficiency goal we were hoping to attain did not self-destruct, it "Liberal-destructed".

The Alsands megaproject, which was to be the saviour of our energy situation in Canada, has been cancelled. The Alaska Highway natural gas pipeline has been delayed by at least two years. In fact, it is in essence as dead as the dodo bird. It is conservatively estimated by some people that approximately 100,000 people will be added to the well over one and a quarter million people now unemployed in this nation. If the figure were more realistically calculated, it would be in the vicinity of 150,000 to 200,000.

• (1850)

The real tragedy of the unemployment situation is that the youth of the nation is being adversely affected. I refer to young people coming out of schools this year and graduating from universities. I refer to skilled workers and unskilled workers looking for opportunities to gain skills. They will now be denied those opportunities. We all noticed what our youth have been doing. They have been going west to gain skills. The party opposite is controlled predominantly by hon. members from Quebec. I point out to them that the automobiles with yellow licence plates they used to see in their province did not belong to tourists. They belonged to young people who had come back from the west either to enjoy vacations or to gather up their belongings so they could go back out west again for employment. Those people had a vision of future opportunities in Canada, but now those cars will not be returning to the west because of the policies of this government. I suggest hon. members opposite take a long, hard look at those policies and a long, hard look at the difficulties they are inflicting on the youth of this nation. Hon. members opposite should take a long, hard look at their own future because of their stubbornness.

We have heard much rhetoric over the last several years about what this government intends to do and how it intends to make things great for everyone. We heard about how the Prime Minister (Mr. Trudeau) would wrestle inflation to the ground, how new energy programs would create employment and what a great future we have here in Canada. During the 1980 election campaign we heard about how the Canadian public could not afford to pay an extra 18 cents a gallon for gasoline. If this were not so tragic, it would be a joke. But it is tragic. To this date the price of gasoline has increased 77 cents a gallon. How can hon. members opposite face themselves, let

alone their constituents? They knew full well their programs could not possibly be implemented without an increase in the price of gasoline, yet they told the Canadian people they could not afford an extra 18 cents a gallon.

During that campaign hon. members opposite put out various pieces of propaganda. The one I have in my hand says: "Vote Liberal and the price will stay down". The price will stay down to what? The Canadian public has had to get used to this kind of thing. Why were hon. members opposite not frank with the people of Canada? Why did they not say they would increase the price of gasoline? Why did they not say they would also increase the price of home heating fuel? That was one thing we on this side of the House were not going to do.

This is a cold country. There are many elderly pensioners who enjoy the warmth and security of their homes, or they did until now. Those people like to stay warm. I receive a lot of correspondence in my office, and I invite hon. members to come and look at some of it. People ask: "How am I supposed to heat my home?" "How am I supposed to keep warm?" "How am I supposed to feed my family?" "How am I supposed to take care of my wife?"

Why did hon. members opposite not say in the last election campaign that they would eliminate 20 per cent of the VIA Rail services in this country? Rail is one of the most efficient modes of travel. Why did hon. members opposite not tell the people down east they were going to take away the Atlantic Limited? That was one of the most popular trains in Canada. Let me read from a letter I received from a young university student about VIA Rail cuts. He said:

> As a Canadian I cannot see how the Liberal government could justify the deleting and cutting back of the VIA Rail routes across Canada ... As a university student here at Mount Allison, I had the opportunity to travel home ... on this train a few times and I always found it to be very crowded ... Let Mr. Pepin, in his eternal wisdom, decide this route is not being used enough—or making money—so it has to be deleted so we, the ever-shafted Maritimes, can support new trains in the corridor between Quebec City and Windsor.

The perception of maritimers and, I suspect, Canadians all across the nation is that yes, we have been shafted by this government.

Why did hon. members opposite not tell us during the last election campaign that they would introduce a budget which would effectively strangle us in our economic beds? Why did they not tell us during that election campaign that they would introduce an energy omnibus bill which would raise taxes on a gallon of gas without their ever having to come to Parliament for its approval? Why did they not tell us they would introduce in that same bill a measure which would allow them to expropriate land in this country without ever coming and seeking approval from Parliament? Why did they not tell us they would create Crown corporations, if they were able to get away with it, without ever coming to Parliament?

Why did hon. members opposite not tell us they would introduce an emergency measures order which would give the government the power to build virtual concentration camps across the nation and put any Canadian it chose into those camps without ever making the matter public? Why did they not tell us that under that order the government could effectively muzzle the press so that no one—not a neighbour, a brother, a sister or a cousin—would know what happened to detainees at such camps?

Why did hon. members opposite not tell us it was their intention to leave the right of an individual to own property—a basic fundamental right in this country—out of the Charter of Rights and Freedoms? People have fought, shed blood and died for that right. Why did hon. members opposite not tell us they would not include that? They did not tell us because they knew that if they were truthful with the people, they would be so far back in the boonies that they would be sharing the same fate as all their provincial counterparts. They would become a party of extinction.

Why did they not tell the people in Chatham, New Brunswick, that they would close CFB Chatham down and add another 3,500 people to the unemployment rolls? Already some 40 per cent of the employable people in that region are unemployed. Why did hon. members opposite not tell us that the minister responsible for New Brunswick would not even show the people of the towns of the area the courtesy of meeting with them? Those people were kept sitting cooling their heels for months before the minister finally relented. He is an uncaring minister, a callous minister, a minister who should be dealt with effectively, and I trust he will be dealt with effectively in the next election.

Why did hon. members opposite not tell us they would ram and jam metric conversion down our throats through order in council? Why did they not tell us it would not be voluntary, which is what this House agreed to a few years ago? Why did they not tell the fishermen of Atlantic Canada that their energy costs would be doubled? Why did they not tell the farmers of that region that their energy costs would be doubled? Why did they not tell the older people of the nation that the cost of heating their homes would be doubled?

• (1900)

Coming from Atlantic Canada, what I find disturbing is that a number of members on the other side of the House from that part of the country must have had input into the budget, into the decision to close CFB Chatham and into the 20 per cent cut in VIA Rail, yet they were silent on these important and critical issues. These things were happening in their own constituencies.

Every motion of non-confidence put forward by this side of the House to censure the government was voted against by members opposite. They should hide their heads in shame and should never have the privilege of representing people in this House again. By voting against these non-confidence motions they have approved in principle every move taken by this government since the election of 1980. We do not intend to let them forget it, nor will their constituents. They have supported a rise in the cost of gasoline almost three times that proposed in the Crosbie budget.

Let us go back to 1980 and see what the Prime Minister (Mr. Trudeau) had to say. In an address to the Halifax Board of Trade on January 25, 1980, he said:

> Energy security is the second issue, and here the Tory record is a disgrace. They have hurt exploration efforts at home and imperiled supplies abroad.

Then he talked about the 18-cent tax, saying:

> That tax wasn't brought in for energy security or energy conservation.

He went on:

> So if that tax had been implemented ... every time every Canadian bought gasoline he would be helping to pay for a policy that benefits only one segment of the population. That tax is particularly onerous on Nova Scotians because many in this province have to use their cars to get to work.

What a magnanimous statement—people use cars to get to work! The inference is: "We won't do it because people have to use their cars". Then he goes on:

> What is the result? Under the Clark energy plan the average Nova Scotian household would be paying over $200 more in gas and fuel costs this year, rising to over $600 in 1982.

I should like to hear the Prime Minister refer to these comments now. Then he said:

> The Liberal plan seeks to achieve energy security at a fair price for all Canadians.

What a laugh that is. Among the things he said the Liberals would start doing at once were these:

> Achieve energy security through the accelerated development of Canada's domestic potential and the ensuring of Canada's off-shore supply.

Then he talked about the "made in Canada price":

> The made-in-Canada price will result in a lower price to consumers than the one proposed for the next four years in the Clark budget.

That is an untruth, Mr. Speaker. He goes on:

> It will be a lower price because we will not impose an 18-cent excise tax on gas and diesel;

He was winding up when he said:

> —a Liberal Government will take immediate action to ensure the full cooperation of all parties in the construction of a natural gas pipeline to Quebec City and the Maritimes. The pipeline will have reversible capacity so that Maritimers will have the opportunity, both to use Western natural gas now and to send off-shore gas to Central Canada later.

I should like to know how you can reverse a pipeline that is two feet in diameter in western Canada, goes through Quebec and narrows to six inches in the maritimes. If you were to put a sleeve on it from the other end and try to reverse it, you would have the biggest jet engine in the world! The thing would blow sky high, just like the energy policy.

Time and time again we have seen broken promises, scattered dreams. We have seen a country torn and fragmented. There has never been a more arrogant, uncaring administration in the history of this nation. No government in the past would have had the brass or the gall to stay in circumstances such as these.

This government should be thrown out of office, Mr. Speaker. Its ministers should resign because of the disaster they have perpetrated on the Canadian people. They should have the courage to call an election based on their record. Let the record show what they have done. An hon. member opposite shakes his head—nods his head in agreement. Let us see him use his influence to make it happen. I hope he will have enjoyed his stay in Parliament because he will not last.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, it is not a pleasure to speak in this debate but I feel obliged to do so. Perhaps I should start by stating that this party has been informed by what we believe to be accurate sources in Calgary today that the CanStar project, which was a $14 billion project to go down beside the Alsands project on an adjoining lease—it is a joint project of Nova and PetroCan—was going to announce today that it was not going to proceed. For some reason that I do not know they will not be making that announcement.

According to yesterday's *Globe and Mail* the Minister of Finance (Mr. MacEachen) said that the government felt Canada and Alberta did their level best to support and facilitate this particular project but that the situation has resulted from private business decisions made as a result of factors operating in the world's economy. In other words, private industry killed the project. In my respectful submission, you can only say that private industry killed this project as you can, in a similar sense, say that the fellow who was condemned by Robespierre's reign of terror, in declining to put his head under the guillotine, killed the executioner's killing, so to speak. The killing of the Alsands project was, in large measure, at the hands of the National Energy Program.

I should like to speak about how the situation affects real people in my part of the country and, doubteless, in other parts as well. Recently I sent a questionnaire out in my riding asking what the effect of the National Energy Program was on the citizens of southeast Edmonton. Fully 57 per cent of the respondents indicated that their jobs or business had suffered as a result of the NEP or that they knew directly of someone who had. One example is a person in the business of supplying electrical parts to the oil trucking industry who came to see me a few weeks ago and told me that last year he earned roughly $3,000 gross per month. In the two weeks before he came to see me as his representative, he had earned $15.35.

• (1910)

At least four or five substantial trucking firms involved in the oil patch in Edmonton have gone out of business recently. There was a young man in his twenties who came to see me not long ago to say he had recently lost his job in the oil service industry in Alberta; he blamed the National Energy Program for that.

On the plane last Friday from Winnipeg to Edmonton, there were 15 people for 102 seats. The stewardess told me that in 13 years with Air Canada she had never seen flights throughout western Canada so empty. I am told that the population of Swan Hills was 3,500 two years ago and everyone was doing well. The population is now down to 2,300 and I am told that virtually everyone in the community is doing badly now. You will appreciate that Swan Hills lives by the oil industry.

April 30 has been referred to as black Friday, but in my view it will be remembered as the beginning of the end of the Liberal party as the party of moderate voters across Canada. The 5 per cent of the rate which they obtained in the Saskatchewan election I predict will be the range they will receive federally throughout the west in future, and it will go further east than Ontario. With respect, Mr. Speaker, the Liberal party has given up its historical role as a moderate party of the centre which favoured a mixed economy and helping people in need. It is now not a social democratic party in the sense some in the NDP are social democrats, it is now simply a socialist party. That is sad for Canada because when the Liberal party disappears—I believe not very long from now—we will be left without a party which has offered a great deal to this country in the past and for which some of us have had immense respect over many generations.

Time is awfully short so let me relate what some people in the west have said about Alsands. The Edmonton *Journal* said in its lead editorial on May 1:

"Alsands dies

Thanks, Mr. Trudeau. Thanks, Mr. Lalonde. In January, 1980, Alsands was under way. In February, 1980, the Liberals won re-election from their base in Central Canada. In March, 1980, the Liberals headed down the tragic road to their so-called "National" Energy Program. Alsands caught a chill. Alberta headed for cover. And yesterday Alsands finally died."

Or a quote from a recent Alberta publication. I might say that I do not always agree with the publisher of *Alberta Report*, but I think Mr. Ted Byfield spoke for a lot of people in western Canada when he said on March 15:

We know that little more than two years ago, before Mr. Trudeau and his—

I will leave the next word out. It goes on:

—menage were revisited upon us, our province verged on its finest era. Two gigantic heavy oil projects were all but ready to begin. We were embarked upon the greatest search for self-sufficiency in energy that our technology could devise. Our cities hummed with vigour, industry and prosperity that had drawn the attention of the world. Our artists flourished, and our farmers produced more food than they had ever produced before. Agreements were being worked out by all levels of government that would have launched us into a shining decade. All this is scarcely a memory. One heavy oil plant lies in ruins; the other seems all but doomed.

Of course, it was doomed on April 30. It goes on:

Our drillers desert the country, our rigworkers line up for the dole, bankruptcy haunts our truckers, our developers fold, our cattlemen face foreclosure, scores of houses stand empty because no one can afford to buy them, and a pall of loss and uncertainty hangs over the very decade which held such promise. For all of this, we can thank that repulsive—

I do not know whether that is a parliamentary word. It goes on:

—clutch at Ottawa in general, and the bungling insanity of their National Energy Program in particular.

It is absolutely beyond belief that they can kill this project. I represent a riding which is named after Lord Strathcona who was very much connected with the building of the CPR. That was a project so vast that it acted as a tide which lifted all economic boats in Canada. Unemployment ended in Ontario and Quebec. The spin-offs were enormous. Your parents, Mr. Speaker, perhaps the parents of many of us, came to the west because of that project.

I believe that every western and central Canadian believes the Alsands project had a lot of the CPR project within it. How the government could garrot Alsands, as it has done, is something it will answer for, not just in the next election but for decades to come.

Alsands would have produced 137,000 barrels of oil a day and provided an estimated 50,000 jobs across Canada, half of them in construction in western Canada, half in central Canada manufacturing, and 7,500 permanent positions. Members opposite say there was only $13 billion involved. Some of them have suggested that is not so much. But what about the estimated $450 billion the project would have put into our national economy over its 20-year lifetime?

Why did it collapse? Members opposite say it was because of world conditions. Here is what the president of Alsands Ed Czaja, said in announcing its death:

An atmosphere of confidence and trust in government must be restored before projects such as Alsands can proceed.

With respect, I think the person who pinned down the real reason was John Stoik of Gulf Canada, who said in March, 1980:

"Over the years the government has so strained its credibility with retroactive rule changes that those of us in the industry must now ask ourselves, 'how can we undertake to make huge investments in long-term megaprojects when we have good reason to fear that the government will come along again and pull the rug on us?' "

One example of so many rug-pullings is the fact that the Liberal government reneged on a signed contract it had with Suncor to give it the world price for its expensively expanded facility at Fort McMurray, and forced it to sell its product for some time at $16.75 a barrel. I am not talking about sanctity of contract, Mr. Speaker; I am talking about a government which cannot be trusted to honour signed contracts in matters of oil sands production.

• (1920)

What is said about the project by those who are looking at it reasonably objectively? Mr. William Empey, vice-president and director of economics at Data Resources of Canada, stated a few days ago:

The Alsands failure will reduce business investment spending in Canada by $360 million this year and set the stage for a steady loss of real output, employment, and foreign investor confidence.

He went on to say:

The investment spending loss will rise to $2.7 billion in 1985.

What did Mr. Empey, whom I have just quoted, say about the effect, for instance, on the dollar? Mr. Speaker, I think you know that the Alsands collapse has already caused a drop of one-fifth of a United States cent in the value of the Canadian dollar. He said:

The project's failure might be widely interpreted as a business-government relation that would temporarily reduce the value of the Canadian dollar.

He sees the dollar going down to 81 cents U.S. quickly.

What does Michael McCracken, president of Informetrica Ltd. an Ottawa consulting firm, have to say? He spoke about

the psychological impact. "I think it's going to be a watershed year or two for the Canadian economy."

Mr. Speaker, it is the psychological impact on Canadians right across the country that is so serious. I mentioned CANSTAR and the possibility of that project being cancelled. Other projects have been referred to by many speakers. The Minister of State for Mines (Mrs. Erola) told us the other night not to worry about the Alsands or the Alaska pipeline because, she said, there are lots of other projects going ahead. One of these she named was the Trans-Quebec & Maritimes Pipeline. My understanding is that that project may go ahead. I very much hope that it will, but that pipeline is having troubles at the moment in the provinces which you represent, Mr. Speaker, and there is a possibility that that pipeline may not proceed.

She also named the Beaufort Sea project as one that is going ahead. I understand that that project is so expensive to the taxpayer that every dollar invested there costs the investor about 7 cents under the PIP plan. It is hugely expensive. Also, how are we to get all those products down to market? The cost of the pipeline is vast and the native claims are unsettled and the Beaufort Sea project is not that simple at all.

How about Hibernia? The Minister of State for Mines mentioned that as one project still going ahead. I remind you, Mr. Speaker, that that project is not so certain, because instead of co-operative federalism we have two governments fighting over it. Newfoundland was a dominion at one time when it came into confederation. I believe that it brought all of its offshore resources with it. Unless we can get those problems solved between the two levels of government, that will be a big uncertainty also. There will also be a problem getting the oil from the sea to the markets. Whether it is by a pipeline or by tanker, which seems more sensible, I do not think that project is exactly an early bird in the hand either.

The Norman Wells project was named by the minister as one that is still going ahead. We know that there will be at least a two-year delay with respect to Indian land claims there. "At least two" I am told by the member for Provencher (Mr. Epp).

In regard to the Montreal heavy oil upgrader, she cites that one but I understand there is some doubt whether that will go ahead, or how quickly it will go ahead.

So psychologically, the loss of this project will gnaw at the soul of every Canadian who believes in economic growth, in jobs for young people, in decent pensions for old people, and, of course, in energy self-sufficiency. Those of us who are affected directly, as we all are in the west, are made so mad that it is very hard to be calm about it.

Mr. Roy Phillips, president of the Canadian Manufacturers' Association, said of the cancellation that it is "a real blow to manufacturers". His colleague went on to say that "the rate of bankruptcy among the members will increase". It will hit the men and women of Ontario and Quebec as well. Of course, the other problem is that if the dollar goes down, as Mr. McCracken points out, the interest rates will have to go up even more.

I can only put it that it is a disaster. It is a disaster akin to the loss we would have had, if the CPR rail line had been cancelled back in the 1880s when some people said we were building a rail line that would never pay even for the axle grease. These cancellations are a disaster for this country.

I would like to end on a positive note, Mr. Speaker. Everything could be so different. This project could be underway if we did not have a government more committed to ideology, to blind government control for government control's sake. As so many people have urged, I, too, urge, that some of the members on the opposite side come across. I say: "There are places for you here, your voters will re-elect you as members of the Progressive Conservative Party, I am certain of it, if only some of you would have the courage to vote, as quickly as you can, against the worst government in Canadian history. We will have an election, we will have a new government, and you can join us in building the best and the most blessed country on the face of the earth."

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, may I first of all express concern about the lack of planning and organization in the present government of the country. I can sense that the people are frustrated and disappointed about the lack of leadership and lack of vision. The country could be in such a high state of progress if we only put our imagination and resources to assist in that progress.

We live in a country with resources of unlimited potential, with people who are well experienced and well equipped to make the country prosper. We all know that our country has almost everything we could possibly want. However, unfortunately we have a tremendously high unemployment rate, we have an inflation rate which is much higher than that in the United States, we have an interest rate that is literally driving thousands of small businesses into bankruptcy and driving people out of their homes and farmers off their land.

Across the way on the government benches we have ministers who are relying on immense megaprojects as the engine or the motor to get the economy moving. They have not succeeded. The Alsands project has been canned. There is a delay now in the pipeline and I suspect, Mr. Speaker, that that pipeline is not just delayed but we will never see it in existence.

Other megaprojects have been cancelled. It is worthwhile, Mr. Speaker, for us to pause for a few moments and reflect on the number of dollars that the government across the way wants to spend on megaprojects. These megaprojects—there are about 234 of them—were planned to operate over the next eight or nine years, up to the year 1990. They were to be worth over $100 million apiece between now and 1990. That totals some $440 billion worth of megaprojects up to the year 2000. That is a lot of money.

The Alsands project was worth about $13.5 billion to $14 billion. It would in the construction stage have provided for 35,000 person-years and would have meant 4,800 operating jobs after it became operational. That project is gone.

• (1930)

The Cold Lake project has been suspended indefinitely. It would have been worth some $14 billion, provided some 28,500 construction jobs and some 3,300 permanent jobs once it was operational.

The Alaska gas pipeline has also been suspended and will probably be cancelled. It would have been worth $40 billion and provided about 12,000 construction jobs and about 400 permanent jobs once it was operational.

If we total these projects, we find that the master plan of the government cancels or postpones megaprojects which would have been worth some $78 billion and provided some 70,000 construction jobs and about 8,500 permanent jobs.

These are not the only projects which are unlikely to continue. Other projects were planned which were dependent upon the Alsands project. For example, there were projects in the Peace River area and others in Alberta which would have been worth billions of dollars if the Alsands project was onstream and underway.

The Minister of Energy, Mines and Resources (Mr. Lalonde) is saying that we should not worry because we have other immense megaprojects underway. If we look at his list of other megaprojects, we realize that they are not big and only total about $94 billion. This is way below the projections, the hopes and the aspirations of the minister of energy and the Minister of Finance (Mr. MacEachen) when they announced the megaproject strategy a few years ago.

In my few moments remaining I want to express a fundamental concern about putting all our eggs in one basket in the first place. It is a very dangerous philosophy to rely upon a few megaprojects, with current high interest rates and the tremendous investment required, for a few jobs in order to stimulate the economy of Canada. I say this for a couple of reasons. First, if we look at megaprojects in terms of jobs, we find that it takes about 40 times as much investment per job in the megaprojects to create one job than it takes in the ordinary manufacturing sector. I wonder from that point of view whether or not it is worthwhile spending so much money on megaprojects. I ask government economists to take a close look at the situation before planning or rebeginning more megaprojects in the years ahead.

My second concern is the philosphy which has existed in Canada since the days of Cartier back in the 1600s. It has been a philosophy of exporting our raw materials to be processed in other parts of the world and of importing manufactured goods. Back in the days of Cartier it was the export of beaver pelts and the pelts of other animals in terms of the fur trade to Europe. In more recent days it has been the exporting mineral resources, non-renewable resources and many renewable resources in an unfinished state to such countries as the United States, Europe and Japan, and in return importing finished goods. This means the exportation of jobs in the highly labour-intensive manufacturing sector. Once again I question putting all our eggs in the same basket in terms of huge resource megaprojects.

Another of my concerns is the whole question of Canadian content. As I look at these megaprojects and talk with people regarding the trade issue, such as General Electric and other companies in the country, I find that there are no guarantees of Canadian content or Canadian jobs in most of the projects and that many of the industrial spin-offs will not benefit Canada but will benefit countries such as the United States, Japan and western Europe. All of us in the House should be concerned about the lack of ironclad guarantees of Canadian content in terms of jobs in these megaprojects.

I should like to raise another point which was mentioned by Peter Lougheed, or as they call him on the prairies, "Peter Moneybags", "Peter the Red", or whatever. He is one of the guys who hops into bed with the Prime Minister (Mr. Trudeau) time and time again, or with the Prime Minister and the Tories.

An hon. Member: They drink champagne with Lalonde.

Mr. Dick: Tell us about Allan Blakeney.

Mr. Gustafson: Yes, tell us about Allan Blakeney.

Mr. Nystrom: Allan Blakeney, myself and the hon. member for Assiniboia (Mr. Gustafson) have never drunk champagne with the Prime Minister.

An hon. Member: But the Tories have.

Mr. Nystrom: Yes, the Tories have.

An hon. Member: What about the infamous photograph?

Mr. Nystrom: I am sure the photograph will make interesting campaign fodder in the next Alberta election.

In any event, the other day Mr. Lougheed was talking about small being beautiful. I am not sure that absolutely everything should be small, but I think we would be much better off if we spent billions and billions of dollars on smaller projects helping people become energy self-sufficient in their own communities. We could have conservation programs which would result in the saving of a barrel of oil and we could spend the money saved from that barrel of oil on creating jobs in the small business sector or expanding co-operatives. We could spend some of those billions of dollars building houses, on the national transportation system, and on upgrading our raw materials and resources.

Now that some of these projects have been cancelled or postponed, we will have the time to look at the possibility of planning a real industrial and economic strategy, so that we will have a more decentralized economy and equal and uniform development from coast to coast, rather than relying upon large megaprojects in a few parts of our great country.

These are a few of my concerns. Now that we have had a chance to conduct this debate, I hope we can sit down as parliamentarians and try to persuade the government opposite to use its imagination to provide the country with some leadership and vision. I hope we will be able to convince it that it must have courage to get out there and use our resources,

process them at home, provide jobs for Canadians and work toward the future. Also we should put more money into research and development.

Mr. Blenkarn: Whose money?

Mr. Nystrom: More public funds, more private funds. We are putting less money per capita into research and development than the United States of America, France, Great Britain and Germany. It is about time that we spent more on research and development so that our industries can be more competitive.

Mr. Blenkarn: The government has taken away competition.

Mr. Nystrom: I know some of my "Liberal" friends from Toronto, such as the hon. member for Mississauga South (Mr. Blenkarn), does not really care whether industries are more competitive. I think it is very important for industries to be competitive and to create jobs for Canadians. It is also important to be competitive in the world marketplace so that we can export our commodities to other countries. Unless we start doing some of these things, more and more Canadians will be thrown out of work.

We are moving into the era of high technology. It is time to start enrolling more of our young people in technical schools and in computer science courses so that they will be trained and prepared for jobs in the future and these jobs do not go to Europeans, Japanese and Americans because they have had more foresight than us. I do not see that kind of planning across the way; I do not see imagination from the dead and defunct Liberal government.

Some hon. Members: Oh, oh!

Mr. Nystrom: I am amazed whenever I attempt to criticize the Liberal government that the Tories, particularly those from Ontario, become very upset and try to defend the Liberal government; it is "Trudeau and the Tories".

Mr. Blenkarn: You belong to the Liberal party and don't forget it.

Mr. Nystrom: I do not apologize for attacking the Liberal government across the way. I know the "Liberal" member from Mississauga South becomes upset when I attack his friends on the other side, but we will continue to do it because we stand up for ordinary citizens. We feel ordinary citizens deserve a fair share of the national pie. It is very strange whenever we get into the area of serious economic questions that suddenly we are not only fighting the Liberal evils across the way but we are fighting their friends and Conservative mistresses sitting on this side of the House of Commons.

• (1940)

Mr. Bruce Halliday (Oxford): Mr. Speaker, we are engaged in an emergency debate tonight which began approximately 28 hours ago. I have been impressed by the attendance in the House. Since the people who watch us on television see only one speaker at a time, they may not be impressed but the handful of people in the galleries and others who are here may be impressed.

We are engaged in a debate which has been approved by the Speaker of the House of Commons. The representations made by our leader were such that the Speaker felt that the collapse of Alsands was a serious enough problem to grant us this emergency debate. However, the response to this emergency by government members has been rather bizarre. At the moment there are three Liberals sitting in their places, which represents about 1 per cent of their membership in the House.

I sat through about eight hours of debate when we were sitting all night and it was much the same then. There were only two or three members in their places at that time. This tells me that the government members either feel there is not a serious problem in the country with respect to Alsands and the National Energy Program or they are so naive that they do not realise that there is a problem in the country. That surely cannot be true because two of those members sitting on the other side come from my area of southwestern Ontario and I know they have been receiving representations from their constituents indicating their concern about the National Energy Program and the economy in general.

There is a third possibility why there are so very few Liberals in attendance. It may be that they are so disrespectful to our Speaker that they are unwilling to be in the House for this debate and are refusing to recognize the fact that this is indeed an emergency which should be taken seriously. I hope that is not the case.

I would like to begin by giving the reaction of people in my constituency of Oxford to these unenlightened economic policies of the government which have culminated in the National Energy Program. I will illustrate some of the ways it has affected my constituents. I will subsequently touch on a few reasons why I think this emergency debate was required.

I can reflect the views of the constituency of Oxford by referring to three sectors in Oxford. Since my constituency is about half urban and half rural, there are many farmers who are greatly concerned about what is happening to them. I would venture to say that there is probably no other sector in the Canadian economy that is worse off than the agricultural sector. While farmers in Oxford may not be in as much difficulty as those in the Bruce-Grey area, they are still having a real problem. In fact, Ontario farmers are so concerned that they came here just yesterday to see government members and members of our party in order to discuss the problems they are experiencing. While discussing the small business bond, which was to have been one of the economic answers to the problems of the farmers, it was pointed out in an article written by the Canadian Federation of Agriculture, referring to the small business bond, that it was a "cruel deception on farmers who greeted the policy with hope only to find it a delusion".

I believe that is very true. Canadian farmers have been very disillusioned by this economic policy which has played havoc

with them and certainly no less so in the constituency of Oxford.

With respect to unemployment, the largest city in Oxford—Woodstock—normally has a fairly high employment rate and a not too serious unemployment rate. However, unemployment is at a record level and I do not believe it has been worse since the days of the Great Depression. Unemployment in Woodstock is now 14 per cent. That situation gives me cause for concern. These economic policies being pursued by the government, such as the NEP, will obviously have an effect on employment in Oxford. Since people in Ontario tend to forget, it is fortunate that some hon. members remind us that in Ontario and Quebec—where you come from, Mr. Speaker—there is a real impact from programs such as the NEP when they come into effect, causing disastrous results for the country.

Let me cite some industries which are suffering and will suffer from these disastrous economic policies. For example, FMC is a significant company in Woodstock where it manufactures heavy equipment known by the trade name of Link Belt. I dare say that had Alsands and the pipeline projects gone ahead, they would have had a significant impact on that company since it could have provided equipment for those projects.

Another company in my constituency is Standard Tube which is probably the largest employer in Woodstock. That company has laid off many employees and is working significantly below capacity. Incidentally, FMC is only working with a skeleton staff.

Holland Hitch is another company in my area which produces heavy equipment. It is working at greatly reduced capacity as well.

Finally, Kelsey Hayes is a foundry in Woodstock which produces the basic raw materials for many of our steel companies. Again, they are having great difficulty trying to obtain sufficient orders. Those were just some references to the industrial and farming community in my constituency.

When the industrial sector in my constituency learned of the survey being conducted by the official opposition, led by the hon. member for Etobicoke Centre (Mr. Wilson) last January, they came to me with the proposition that they would be glad to report to the travelling panel on the situation in Oxford. They presented a brief to that panel which illustrated how the economy was affecting Oxford. I would like to quote from this brief dated January 11, 1982:

> Drops in the housing market in Canada, caused by record high mortgage rates, have had a drastic effect on local industry in Woodstock.

It goes on to say:

> In Oxford County workers with up to twenty (20) years seniority in large, well established firms are finding themselves laid off and without a job. Even though our area is directly related to the automotive and housing market, industries producing high cost capital goods are also facing reduced markets and further lay-offs.

They give further evidence of the economic woes we are facing in Oxford because of these very inappropriate economic policies of this government.

It is evident that the average constituent of Oxford county is feeling the pinch as well. He is suffering because the government has refused to introduce any kind of mortgage interest deductability scheme such as we offered when we were in government. As well, there is no energy tax credit such as we offered. In fact, the government has added an increased tax on heating fuels that we as a government felt was absolutely unnecessary. This government has felt that they had to draw extra money from Canadians in order to fulfil some of its programs which it wants to pursue.

We now have the background to the situation in a typical southwestern Ontario constituency and I suggest it is not too atypical for all of Ontario.

I would like to talk a little about the causes which I think lie behind the collapse of Alsands and the various other projects we have seen going down the drain. I think it can best be explained by relating it to an interesting quote which has already been alluded to by the hon. member for Erie (Mr. Fretz), I believe. It has also been referred to by others during this debate but it warrants repeating. I refer to some comments made by the Right Hon. Prime Minister (Mr. Trudeau) back in the spring of 1969. I think he set the backdrop for what we have seen happen in the last 10, 12 or 14 years. At that time the Prime Minister was speaking about the ship of state. That was the simile to which he was referring. I think this bears very close attention because his words were very carefully chosen and had much impact. Retrospectively, what he had to say then was very true and I do not believe it has come to its full fruition yet. Back in the spring of 1969, the Prime Minister said:

• (1950)

> One has to be in the wheelhouse to see what shifts are taking place. I know that we have spun the wheel and I know that the rudder is beginning to press against the waves and the sea . . . but perhaps the observer, who is on the deck and smoking his pipe, or drinking his tea, sees the horizon much in the same direction and doesn't realize it, but perhaps he will find himself disembarking at a different island than the one he thought he was sailing for.

Some hon. Members: Hear, hear!

Mr. Halliday: That is exactly what the people of Canada have found. They are now disembarking from a ship and are beginning to wake up and realize that the ship of state has indeed landed. However, Canadians are at a place they did not expect to land. Who do we have to thank but, mainly, the Prime Minister of this country who predicted what would happen 12 years ago? His prediction has indeed come true.

Mr. Fretz: A rudder disaster.

Mr. Halliday: That was very well put by my colleague, the hon. member for Erie (Mr. Fretz).

What has happened since 1968 against the backdrop of the Prime Minister's promises? I want to touch upon something which has escaped most of us in this debate, although my friend, the hon. member for Edmonton-Strathcona (Mr. Kilgour) alluded to it just a moment ago, as did two or three other hon. members earlier in the debate. It is something that I

want to call the rape of Parliament. This should be of serious concern to all hon. members of the House, whether on the government or the opposition side. When I refer to the rape of Parliament, I am referring to what has happened to the ordinary backbenchers on both sides of the House who make up the bulk of the elected members of Parliament. When I refer to government, I am not referring to all government members. I am referring to the executive branch of the government on the other side, not to the supporters of the government. In my view, the government has been guilty of raping the backbenchers in terms of their ability to function the way they should in order adequately to represent their constituents.

Some hon. Members: Hear, hear!

Mr. Halliday: This is not going unnoticed by people on the government side and on our side; there is no question about it. But we are having difficulty in getting this view across to the people in the frontbenches who count. When the Prime Minister says that when we, as elected people, leave this House of Commons and are 75 yards—or whatever he said—away from this chamber we are "nobodies", he is not fooling. That is exactly what has happened to us. Again, his prediction has come true.

There are people on the government side on the backbenches—there have been a couple in the House in the last hour or so—

Mr. Kilgour: There is one there now.

Mr. Halliday: There is one there now, a neighbour of mine down in southwestern Ontario, there are a number of backbenchers in the House who are fine gentlemen and I have a lot of respect for them, but they have one defect. Their one defect is their unwillingness to stand up in public, namely in this chamber, and speak out against their government. They are prepared to say things back in their ridings in the hope that what they say will not be heard here and get into public view. They are basically unwilling to come out clean and, when the chips are down, they refuse to be absent when some of these abhorrent policies of the government are put to a vote before the House of Commons. It is this coercion of the backbenchers, particularly on the government side, to which I referred as the rape of Parliament. It has been part of the problem leading up to the disaster with the Alsands project.

Therefore, I believe hon. members on both sides of the House will want to take a serious look at this in the months ahead to see if we cannot make some reforms in Parliament which will give meaningful opportunity to backbenchers to become more involved in the policies which the government finally puts before Parliament. Let us allow Parliament to decide whether or not government policies are good. Let us not leave it entirely up to the executive branch.

Some hon. Members: Hear, hear!

Mr. Halliday: The other big component underlying the present economic situation is the loss of business confidence to which many hon. members have previously alluded. We must only acknowledge the fact that the National Energy Program is a very good example of why the business community has lost confidence in our government, indeed in the elected people of Canada. We must provide them with the confidence they need in order to invest in the future. I would like to speak at length on this problem but because of the shortage of time I will be brief.

The second matter to which I wish to refer which also causes a lack of confidence in the business community is our tax policy. For a number of years I have been convinced that we are in the midst of a very antiquated tax system which is becoming more complicated. My hon. friend, the member for Capilano (Mr. Huntington), gave a speech in this House to which I have previously referred. It is difficult to get the financial experts in the House to see any wisdom in it. However, if one keeps track of the writings in the press and in the journals, one finds more and more reference to the need for some changes in our antiquated tax system. We should be giving more serious consideration to changing our tax policy from one based on the ability to pay to one based on the value received. Of course, this subject must be expanded and discussed at another time. However, this is a great opportunity for giving our business community a sense of security in the future. It would certainly simplify many of the problems we as taxpayers face at the present time.

Another problem which lowers the confidence of the business community is government intervention in the private sector, which is growing by leaps and bounds. Again, it was anticipated by the Prime Minister back in 1976, at a time when he was "musing" that there would have to be more permanent controls on big business. However, in his typical way of vacillating back and forth, his view had changed by 1978 when he then promised to:

> —remove the intrusions of many government policies and regulations from individuals and businesses; in some cases this will mean returning functions to the private sector, in others it will mean removing the heavy hand of government and its drag on personal initiatives.

That did not last very long. It lasted until 1980, when the election campaign came along and he played a different tune. At that time he said government was going to be "an active player, not a passive bystander". In other words, he was saying the government would become an investor. Sure enough, in the last two years that is exactly what has happened. The government has become one of the big investors in the country. Again, this government intervention is causing a great deal of difficulty for our private sector and for industry in general.

I think Your Honour is about ready to say that my allotted time has expired. I just want to conclude by saying that one must acknowledge the fact that there is much distrust in the business community and in the private sector. In my view, the one solution to this problem is to promote policies which will ensure some cash flow to our business community so that we can get our economy going again. Hopefully, we will then have a more prosperous country.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, Ottawa's oil strategy is in a shambles. In the 1980 federal

election, the Liberals made some great promises concerning what they would do for this country and they managed to take the people in on those promises. But to date they have come through with absolutely nothing with regard to their promises. Just one example of the ridiculous statements they were making is that they would hold increases in government spending under the GNP growth rate, they would have an industrial strategy to create jobs, and they would increase Canadian ownership.

• (2000)

No jobs were created. We have seen record unemployment. The government said we would achieve energy security at a fair price. This has not been achieved. Gasoline prices have increased by approximately 80 cents a gallon whereas the government claimed it would hold these increases down to 14 cents. There has been a mass exodus of funds with the Petrofina purchase which has not assisted this country in any way.

The government claimed it would ensure prosperity and economic growth in every region. The only place we have seen any growth is in the federal public service. It claimed it would help first those who need assistance. The people who have been helped the most have done very well under these policies, the OPEC countries, Venezuela and Mexico. They have really benefited. Senior public servants have benefited as well.

The federal government's ambitious plan of achieving Canadian oil self-sufficiency by 1990 appears in shambles today following the collapse of the giant Alsands project. The plan, unveiled in the controversial National Energy Program 18 months ago, banked heavily on production from new oil sands projects, particularly the $15 billion Alsands scheme that died Friday and the $13 billion Cold Lake plant shelved late last year.

With the death of those two energy megaprojects, Canada now will likely still be importing nearly 300,000 barrels a day of crude oil by the end of this decade, a bleak scenario that would result in billions of dollars in imported oil costs being drained annually from the besieged Canadian economy and adding to our massive federal deficit. That is what they call energy security.

We were informed yesterday by the Minister of Energy, Mines and Resources (Mr. Lalonde) that he would stick with his National Energy Program regardless of how disastrous the effects are on this country. It is plain stubbornness.

For consumers, Canada's failure to attain self-sufficiency may mean extremely high gasoline and heating oil prices as the cost for what may well be ever-costlier foreign oil imports. In addition, federal energy planners are now praying consumers will conserve energy at possibly unrealistic rates for the rest of the decade.

Hans Maciej, technical director of the Canadian Petroleum Association, says the cancellation of Alsands means Canada will have to replace the lost production with expensive imports, which will hurt the Canadian economy and further erode the country's balance of payments, already saddled with expensive foreign oil costs.

I now wish to quote from the CPA *Review*. This is a group of Canadian oil firms, not multinationals. I will read some of their comments into the record:

In many ways, the great strategic flaw in the National Energy Program was that it failed to consider the international marketplace. By providing totally inadequate netbacks to Canadian oil and gas producers, it effectively forced those companies to leave Canada for international markets.

The flight of drilling rigs to the United States is the best documented example: with the market for rigs strong in the U.S. and weak in Canada, there was an absolute inevitability about the movement of rigs to that market. It could easily have been predicted. But the government either failed to do so or just didn't care.

Had the program been any good from the start, the rigs would have stayed in this country. It is very costly to move an oil rig. I again quote:

This is happening because the National Energy Program failed to look at the international marketplace. This was brought home to me most dramatically by an analysis prepared by a company with operations in Canada, Indonesia and Australia.

According to this report, if a company were to spend the same number of dollars to find the same amount of oil in Alberta, Indonesia and Australia, it would receive a 10.4 per cent return on its investment in this country. It would receive a 21 per cent of return in Indonesia. And it would receive a 38.6 per cent rate of return in Australia.

From a strictly economic standpoint, Australia's program—unlike the NEP—is clearly the kind that will generate investment and exploration.

The National Energy Program in this country has done the exact opposite.

In fact, this was borne out several weeks ago, when it was announced that Australia's 1982 exploratory drilling would include nearly twice as many wells as were drilled in 1981.

But that is only one part of the international marketplace which the National Energy Program ignores. There is another international aspect—reciprocity—which is just as important. Over time, international trade and economic arrangements depend on reciprocity and, more particularly, equal treatment which does not create different classes of corporate citizens. However appealing the policy of economic nationalism may be in the short run, it eventually carries a heavy price for those who have to do business outside their national borders and in terms of foreign investor confidence. Canada's reputation for a responsibly managed regulatory framework has suffered heavily in international investment circles as a result of the National Energy Program and that, too, holds consequences for our capacity to finance our internal department.

To sum it up, we are on a disaster course. I do not know what is next for our energy minister. It is no secret he is becoming tired of the energy portfolio. The glory days of grand planning are over. Now it is down to the nuts and bolts work of haggling over dollars and cents and minor projects, a prospect that minister must shudder at.

Insiders say the minister will not seek re-election. I guess all the news is not bad. He will either return to law practice, where he will starve to death or make money, or be appointed a judge. If he resigns before the next election, he will probably be appointed a judge. I certainly hope it will not be in my province. For now, the minister must struggle with a bruised reputation and a battered energy policy.

This party presented sound policies when we were in government. I see the chairman of the veterans affairs committee in the chamber. He does a good job there and should stick to it. I do not think energy is his field.

Our government promised energy self-sufficiency and we would have been on the road to it had our policies been allowed to be implemented. We would have gradually Canadianized the industry without forcing foreign-owned companies to suddenly leave the country en masse, taking with them huge amounts of technology, expertise and potential employment. Our policy would have created employment by giving incentives for further exploration and research. The way to tell a good program is whether it attracts investment and keeps what you already have in the country, such as drilling rigs, expertise and so on.

Our policy would have made Canada self-sufficient in oil and gas by 1990. The National Energy Program has obliterated that. Our policy would not have increased taxes on heating oil. It would not have cost Canadians 60,000 jobs as the National Energy Program has done. Most of those jobs are in the Ontario and Quebec region. It would not create a situation in which over $20 billion in potential investment has left the country since the October, 1980 inception of the National Energy Program. That is a clear indication it is a complete and total failure. It would have kept drilling rigs working in Canada instead of forcing hundreds of rigs to greener fields in the United States.

• (2010)

The National Energy Program is nationalizing, not Canadianizing, the energy industry. More and more government involvement in the private sector is not good for industry but, more importantly, it is not good for consumers. Let us always remember the Conservative energy policy of Canadianization.

Actually, the industry itself was working toward more Canadian ownership and, if it had been left alone, eventually we would have achieved 50 per cent or 80 per cent Candian ownership.

I want to explain the great exodus of capital. We will never recover from $20 billion having left the country. That is impossible. The National Energy Program has stimulated a great exodus of Canadian capital and manpower to the United States. It no longer pays to stay in Canada. Reports from Alberta state that the oil patch brain drain, or so it is called, is seeing hundreds of the best technical people in the oil industry leaving Canada for greener fields in the United States. They are leaving because the National Energy Program is forcing small, independent oil firms to cut costs by laying off their technical staff.

In another report, the Liberal government was even congratulated for having assured Canadians the same success in the energy field as we have experienced with other government monopolized sectors such as the post office, the CBC, the CNR and Mirabel Airport.

The oil industry, as many riggers themselves will say, is being chased out of Canada. The industry that is staying in Canada has a very skeptical outlook on the country's energy future. The Canadian Petroleum Association recently stated:

> The National Energy Program of October, 1980 was a disaster for the petroleum industry and made oil self-sufficiency for Canada by 1990 impossible. The C.P.A. does not believe that the recently concluded Alberta-Ottawa pricing agreement will materially improve industry's ability to make the country self-sufficient in oil within a decade.

These are the people we should be listening to because they know the industry. They are the type of people the Liberal government should have drafting its policies. The man who drafted the National Energy Program is referred to by the industry as a communist. His scholastic background and the types of subjects on which he wrote when he was in school clearly indicate that. I also understand he is a personal friend of the leader of the New Democratic Party (Mr. Broadbent). They probably worked this disaster out together.

All these developments and statements fly in the face of the government's declaration that the National Energy Program promotes opportunity, security and fairness. Is opportunity enhanced when the oil industry migrates to the United States, taking with it hundreds of jobs Canadians could be holding? Is security ensured when self-sufficiency in oil and gas may never be realized? Is it fair when Canadians are forced to sit idly by while billions of potential investment dollars are sent out of the country? I hardly think so.

I have here a list of firms which have been affected by the National Energy Program. I will refer to it in a moment.

I have listened with great interest to the contributions to this debate by members of the New Democratic Party. They have made it quite clear they have the answer for everything; they would just wave a magic wand and we would be well on the road to energy self-sufficiency. We would have full employment and so forth. However, the disaster we have under the Liberals would be ten times worse under members of the NDP, if that were possible, because they cannot communicate with the private sector. There is no way the group down there to my left could meet with the private sector eyeball to eyeball to work anything out because the NDP is against business. It is against profit. It is against the free enterprise system. Members of the New Democratic Party like to go around kidding the Canadian public that if the government looks after everything, somehow we will be on the road to glory. That is not correct.

The NDP has tipped its hand. The federal Leader of the NDP and the leader of the NDP in Manitoba, who is now the Premier, have both called for exchange controls. That is a clear indication they do not have an answer for anything. The only time the introduction of exchange controls is necessary is when a country has no policies to attract business or investors. If Canada had the right policies, we could keep money here and attract investment. The two leaders of the NDP to whom I have referred are not contributing to energy self-sufficiency or getting the energy industry—or any industry in the country—back on its feet when they call for exchange controls. They are throwing up their hands. They really do not know what to do. They have no answers.

I would like to comment on the multiplier effect of the National Energy Program. A recent survey prepared by the Nisku Businessmen's Association demonstrates in a practical way how the National Energy Program is affecting companies

across Canada. It clearly shows how the slowdown in the energy field is bringing hundreds of other companies to a grinding halt. I will read a list of some companies from Alberta, Ontario and other eastern areas which have suffered cutbacks or outright contract cancellations because of the National Energy Program. Let us remember that this is only a partial list. It is growing almost too quickly to maintain an up-to-date count of the companies hurting as a result of the National Energy Program. I will list just some of the firms affected by the National Energy Program as follows: Algoma, Allen Bradly Canada Ltd., A.M.P. of Canada Ltd., Arnie's Trailer Sales, Atlas Chemicals, Atlas Steel, Border Brokers, Brown Boveri (Canada) Ltd., Browning Manufacturing, B & W Heating Treating, Canada Cement Lafarge Ltd., Canadian General Electric Co. Ltd., Canadian Industries Ltd., Canadian Liquid Air Ltd., Canadian National Railways, Canadian Timken, Cessco Ltd., Cooper Energy, Dacro Industries Ltd.

I hope all the Liberals are listening, especially the ones from Ontario. Some of these businesses are in their ridings. There are many of them in the Hamilton area. The list continues: FAG Bearings, Federal Mogul, F.M.C. Linkbelt, Ford Motor Company, Gates Rubber, GMC, Hays Truck, I.H.C. Truck Assemblers, Kenworth Trucks, King Tractor Manufacturing, Nelson Building Components, Penn Dome, R.H.P. Canada, Roadmaster Trailers, Safety Supply Company, Steelco Steel, Stelco Canada Ltd. I spoke with a gentleman from that firm just today, and he says he has never seen business so bad. That is in the Hamilton area. I told him he had better get used to it. The list continues: Steldoor, S.K.F. Canada, Timkin Ltd., Tarrington Inc., Volcano Boilers, Westinghouse Canada Ltd.

The following are some general industries in eastern Canada: electrical suppliers, fittings manufacturers, hose and fittings companies, lumber firms, oilfield equipment and supply companies. The Hamilton area in particular is in dire straits because Hamilton is a major steel-producing city. The people of the city of Hamilton are very, very concerned.

It looks like my time is up.

Mr. Fisher: Hear, hear!

Mr. McKenzie: As hon. members can see, the list goes on and on. I hear a Liberal applauding. He is happy there are layoffs in his riding in Ontario.

Mr. Fisher: I am glad your time is up.

Mr. McKenzie: Thank you, Mr. Speaker.

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, since the beginning of this debate—I have had privilege, but also the misfortune to be in the House during the all-night debate from Tuesday evening until early Wednesday morning—I have heard a number of speeches, both good and bad. To me, a good speech is not necessarily a speech of substance or arguments. To me, a good speech is when an hon. member rises and speaks from the heart, frankly and honestly, to a motion by his leader, and believes in what he is saying . I think a speech is bad when a member rises to spread hate. I have said before that hate has no place in the House of Commons.

Comparisons are being made with communists and dictators and it was even said that the Liberals hated the Canadian people. I am sorry to say this, but the member in question was the member for Halton (Mr. Jelinek), a champion skater. Maybe he was a champion on ice but he is certainly not a champion politician. The energy program is being criticized, and it is the opposition's duty to do so. Some facts have been brought forward, but not necessarily all the facts. Did they mention Petro-Canada's positive role? Did they mention the price of gas in other countries? Did they mention the position of the Progressive Conservative Party when they were in power in 1979? Mr. Speaker, what did the Conservative Party want to do in 1979?

• (2020)

[*English*]

My government has initiated action to reduce the size of the federal public service and to offer for private purchase and ownership Crown corporations operating in areas where direct government intervention is no longer necessary—

Our government will be an example for Canadians to follow. It will not be a case of substituting "Do as I say" for "Do as I do". A promise was made to privatize certain Crown corporations—

The government itself is proposing action which questions certain long-held assumptions concerning, for example, the notion that Crown corporations, once established, must stay in the public domain forever.

A question was posed to the prime minister of the time, now the Leader of the Opposition (Mr. Clark), as follows:

As I indicated earlier today, there will be no significant action with regard to Petro-Canada without the approval of Parliament.

A question was asked by another member:

Will the Prime Minister assure the House that whatever course of action the government does propose with regard to Petro-Canada, it will not accept the principle that the private sector should be given that which is profitable, or potentially profitable, and that the people of Canada should be saddled with long-range public debts?

The prime minister of the day replied:

The hon. member is asking me to rule out the possibility of the people of Canada taking a direct ownership role in the direction of a major corporation. I will not, of course, rule out that principle.

[*Translation*]

On October 15, 1979, the then prime minister tabled a report by the task force on the privatization of Petro-Canada. At page 225 of *Hansard*, November 16, 1979, it is reported and I quote:

[*English*]

In relation to Petro-Canada generally, we are very much attracted by the proposal put forward by the task force which would allow individual citizens to participate directly in a significant Canadian oil company with the capacity to operate in a very major way here and perhaps beyond here. We are very much attracted by that idea.

S.O. 26

[*Translation*]

That, Mr. Speaker, was the final collapse, the end of Petro-Canada. In 1979, the hon. member for St. John's West (Mr. Crosbie), the then Minister of Finance—

[*English*]

—can the Minister of Finance tell us whether we will be advised of the future of Petro-Canada prior to the budget speech on December 11—

The Minister of Finance replied:

Mr. Speaker, the world and Petro-Canada will unfold as they should, and there will be an announcement on Petro-Canada.

On the same day this question was posed to the then minister of energy:

—does the government remain committed to dismantling Petro-Canada and thus tossing away our best chance at long-term security of energy supply and independence from petroleum multinationals?

The then minister of energy, mines and resources replied:

If in his statement there is reference to any dismantling of Petro-Canada, it is misleading. The fact is that we intend to strengthen this corporation to make it more viable.

No wonder the hon. member for St. John's West (Mr. Crosbie) is not the energy critic any more, nor is he the critic on finance. They could not get their act together. The then minister of finance continued:

When we return PetroCan to the private fold, it will be paying taxes and will not be a Crown corporation sheltered from paying taxes in the future.

That was the position of the Tory party when it was in power.

[*Translation*]

And what did we, the Liberals, say during the 1979 election campaign and in the 1980 Speech from the Throne? We promised that we would keep and strengthen Petro Canada, and increase its powers. That is what we promised and that is what we have done! Mr. Speaker, let us deal with prices now. During this debate, many hon. members of the Official Opposition criticized the government about the 18 cents tax which the Progressive Conservative Party meant to levy on Canadians through its budget. I should like to refer to a question which was asked by the hon. member for Outremont (Mr. Lalonde), the current Minister of Energy, Mines and Resources, as reported in *Hansard* for November 16, 1979.

[*English*]

—the more the Prime Minister speaks about energy policy, the more confused the Canadian public becomes.

I can understand that. He continued:

He said this morning that the policy was toward self-sufficiency. I would like to ask the Prime Minister whether the government's policy is still to achieve self-sufficiency by 1990. Secondly, he said that his target was not the Chicago price or the international price.

Will he confirm at least that the price is going to be what he said in his opening statement at the conference, that this preference has been brought down from a $6 annual increase in the price of a barrel of oil to bring us quickly to 90 per cent or 95 per cent of the Chicago price which, as the Prime Minister knows, may very well be higher and is actually higher than the international price?

The answer from the prime minister of the day was:

The proposal we put forward, which the hon. member has accurately read, is 90 per cent or 95 per cent of the Chicago price. There has not been a final decision taken as to whether it would be 90 per cent or 95 per cent.

Whichever is higher.

• (2030)

[*Translation*]

Mr. Speaker, we often hear about the price of gasoline in the United States, but we never hear about the prices of gasoline in Europe: in the United Kingdom, 82 cents a litre; in France, 81 cents a litre; in Italy, 94 cents a litre; in Germany, 71 cents a litre.

Let us talk about gasoline prices in the United States. It is true that it costs $1.15 a gallon and even $1.00 in some areas, but we must not forget, as certain members on the other side realize that the American gallon is only 4/5 of an Imperial gallon. By using the rule of three, it is very simple to figure out that this means $1.44 an Imperial gallon in U.S. dollars, which converted in Canadian dollars, amounts to $1.75 a gallon or about 38 or 39 cents a litre. Hon. members opposite should listen closely to this. The American states now charge a tax up to 4 cents a litre while the provincial tax in Canada varies unfortunately between zero and 14 cents. If we subtract 9 cents from the price charged in my province on the other side of the river, for instance, which is really shocking, we get 42 minus 9 equals 33 cents, the same price as in Alberta where there is no tax. I congratulate the members from Alberta. They are lucky, they have gasoline, they have oil. We have none in Quebec, but we have tax fiends. We have tax fiends in abundance. However, hon. members opposite are way out when comparing Canadian with the American prices. First, they forget the difference between the Imperial gallon and the American gallon, and then the value of the American currency.

Mr. Speaker, this bothers them, I can hear them mutter across the way, and I admire them because I believe that I can see one member opposite who is sincere. I did not intend to take my whole 20 minutes, but there is one thing that I want to repeat, and I said it at the very beginning and in an earlier speech. For heaven's sake, for the sake of politics, we have to set an example for our youth and stop spreading hate in this House. Those who watch us on television are people who will eventually come to this place, and they will say: If this was allowed in 1982, why should it not be allowed in 1997 or in 2005? I shall close with this comment, Mr. Speaker. I beg hon. members opposite to stop acting this way and to fulfil their role as opposition members. If they are not satisfied with what we do, they can criticize. We can accept criticism, but we do not need anti-French or anti-Quebec comments in this place. We do not need discrimination or racism in this place, and it is with these words that I want to conclude, Mr. Speaker. Let us leave hate and muck for the muckrackers, for those who thrive

in it. I may not always be very happy myself, but some politicians would rather play with muck than make speeches. That is all I wanted to say, Mr. Speaker.

[*English*]

Mr. McDermid: I wonder if the hon. member for Gatineau (Mr. Cousineau) would accept a question. The hon. member talked about oil pricing and honesty and truth in what was going on. I wonder if he would explain why the Cape Breton Highlands-Canso Liberal Association said in the *Scotia Sun* on January 23, 1980:

Vote Liberal and the price will stay down.

That was referring to gasoline price. Can he explain that?

Mr. Cousineau: Mr. Speaker, I never expressed myself by mentioning honesty—

Mr. Epp: And we know why.

Mr. Cousineau: If I can conclude, the remark of the hon. member—

Mr. Munro (Esquimalt-Saanich): Is honesty an unparliamentary word?

Mr. Deputy Speaker: The hon. member for Durham-Northumberland.

Hon. Allan Lawrence (Durham-Northumberland): Mr. Speaker, I am glad there has been a reversal of tactics and strategy on the part of the government to permit this debate to continue because I really felt deprived last night intending, if not quite ready, to make a speech on this subject. You will be glad to know I do not intend to be very long.

Far from being just a western problem, far from being a matter which can be laid at the door of international forces by any means, far from being a problem which just concerns people involved in the resource or energy industries, this is a problem which affects everyone. My constituents live in a mainly rural area with a mixed economy in southern Ontario, and this affects them as much as anyone. As their elected representative, I attempt to put forward points of view which will not only be in the national interest but in their interest as well. Therefore, I have a duty and responsibility to enter into this debate, and that is why I am standing before you tonight.

I have had, Mr. Speaker, more than a passing interest in what has happened and is going to happen in the energy field in this country. In 1977 and 1978 I was very privileged to be the energy critic and spokesman for the Official Opposition. I spent a good year and a half of effort, travel and consultation not only across Canada, but into other countries where expertise and technology was available regarding the development of petroleum and other energy resources. After a great deal of effort, work and consultation I eventually put before my caucus the proposition that if this country—at a time when everything was doom and gloom in the energy field because of problems emanating from outside Canada—followed the proper policy and programs it could be self-sufficient in energy and petroleum products by the year 1990.

Some hon. Members: Hear, hear!

Mr. Lawrence: At that time, Mr. Speaker, I must admit I had some doubters within my own party. A small group of us, some researchers and others within our party, worked very hard to convince other party members in this House that we could and should do it. Eventually we succeeded and that policy was adopted by the federal Progressive Conservative Party when we went into the 1979 election. I can well remember making speeches in the House of Commons about it as well. They were almost repetitions of the speeches I had to use among some of my own colleagues here to convince them of its worth as a national objective.

• (2040)

Mr. Munro (Hamilton East): That will not go over well with Jake.

Mr. Epp: It will.

Mr. Lawrence: It did not go over in the House too well. There were doubting Thomases. If there were doubting Thomases in my own party, we convinced them. There were doubting Thomases on the government side as well as we entered into the election. I am not going to embarrass the minister from Hamilton, who is the only Liberal in the House at the moment, by reminding him of some of the speeches made by his colleagues. As a matter of fact, I think I remember a little barracking that went on in the House in some of the energy debates leading up to the 1979 election, and some of that barracking emanated from the hon. minister from Hamilton as well with respect to this matter because the heat was on us. We were convinced that by following the proper programs and policies it could be done. We entered into the 1979 election with that as a major policy plan.

We happened to win that 1979 election. I am not saying by any means that the winning of the election was directly or exclusively attributable to that policy. By no means. But it was a factor. It was a policy that was positive. It was a policy that was needed. It was a policy that was achievable, and very shortly after taking office I must say that the then minister of energy, mines and resources in the Clark administration worked, and worked hard, to convince not only people within the government but also people outside the government that the policy of energy self-sufficiency was achievable and that it was good for the people and the future of this country.

Some hon. Members: Hear, hear!

Mr. Lawrence: We did a tremendous job when one looks back because we convinced even the Liberal opposition that it was a worthy policy and objective for the Government of Canada. The Liberals adopted it. They adopted it in opposition and they adopted it in the next election that came along when they were successful and back in the driver's seat. It was a borrowed policy maybe, but at least they said then, and they are still saying today, that energy and petroleum self-sufficiency in this country is the main objective and is what they are after.

S.O. 26

Self-sufficiency was the objective of the so-called national energy policy of the present Minister of Energy, Mines and Resources (Mr. Lalonde). But I want to give you a little background with regard to our research and work in developing that policy.

We scraped the bottom of the barrel to come up with every conceivable project so that we could match the petroleum and energy demands of this country with what we thought could be achieved. It was a potential that could be achieved and we really scraped the bottom of the barrel to do it. We were looking at every conceivable project, program and policy of government. We were looking for assistance, help, co-ordination and co-operation from other governments here in Canada. We were also looking for assistance, of course, from the industry itself. We produced the figures and we produced the objective that this was a potential that could be achieved. I will not bore the House tonight with the actual numbers or names of all the projects that we thought could be achieved. But I want to say to you, Mr. Speaker, that as we entered into the 1979 election and as we entered into government in this country in 1979 we were really flying. We were really flying with very little margin for error as far as what could be done for this country.

In our view, oil and energy self-sufficiency by 1990 could be achieved just by the skin of Canada's teeth. There was very little margin for error. There was very little margin for cancellation.

I suspect we were so successful in putting forward that objective of self-sufficiency by 1990 that it was adopted holusbolus by the present administration, which did not really know what it was adopting. I cannot conceive of any group of people who were obviously more determined to wreck that policy and frustrate that objective than the present administration by what they have done.

I just want to remind you again of my phrase "by the skin of Canada's teeth" as far as the margin for error was concerned. Since then some of the major projects that we thought were achievable and which would be added to that potential in order to achieve petroleum and energy self-sufficiency by 1990 have gone out of the window.

What has happened since then? Cold Lake has been cancelled. The Judy Creek program has been cancelled. The Kitimat pipeline has been cancelled. The Syncrude project has been cancelled. The Dempster pipeline has been put on hold. Alsands has been cancelled and the Alaska highway pipeline has been postponed. There are many, many others. In total they amount to millions of dollars of potential investment in this country. They amount literally directly and indirectly to hundreds of thousands of jobs. That is why I am concerned tonight. I do not know what is the experience of my friends on the government side when they go home on the weekends. I suspect that some of them do not do that now because they cannot face the music.

I can tell you that after almost 25 years of public life in this country I have never witnessed a more dispirited attitude in the people than right now. I do not know how Liberal members can stand to go home on a Friday night and find, as I do, anywhere between half a dozen and two dozen telephone calls waiting for me from my constituents who are facing a very real financial tragedy of one type or another. These tragedies are usually attribuable to government policy or lack of government policy in this country. I have never seen or heard anything like it. It affects everyone. It affects farmers, small businessmen, large businesses, people in the towns, cities and in the country. Many of these do not show up in statistics.

For the first time since the 1930s depression I find farmers abandoning their farms and walking out in the middle of the night.

Mr. Scott (Hamilton-Wentworth): The same thing is happening in Hamilton-Wentworth.

Mr. Lawrence: There are small businesses that are not declaring bankruptcy. There are small businesses which do not show up in the statistics. They are just quietly paying off their debts, paying off their employees and going out of business. These things do not show up in the statistics. This is why I wanted to speak tonight.

• (2050)

The absolute collapse of the entire national energy policy is directly attribuable to the arrogance, the stubbornness and the unrealistic atmosphere which exists in the seats of the mighty in government in Ottawa. It is unbelievable how these people can be so insular and not realize the harm they are doing to the people of the country. The collapse of the national energy policy—and it is a collapse—is part and parcel of what has been going on over the last 18 months. Obviously it will get worse.

Quite frankly I was hoping that I would be able to goad the hon. member for Hamilton East (Mr. Munro) into asking, "How can you say the national energy policy is falling apart because of government policies?" Obviously it is their policy and it is something they want to see strengthened and protected, so I do not know; that is the illogical part of the whole thing. The cash flow problems facing resource companies are enough to destroy some of the projects, as are high interest rates, the cost of money and the cost of investment in the country. High interest rates are controllable by government, but its announced and determined policy is to keep them high. Another thing is that the tax bite in regard to resource projects, which we definitely need if we are to fulfil our dream of self-sufficiency, is simply too great. When we couple the enormous tax bites of greedy governments with the cost of investment, cash flow problems, FIRA problems and, above all, the great bogey of Canadianization—which is a fancy word for nationalization—obviously very few international investors in the country will turn to Canadian resource industries for investment. I am as much an economic nationalist as anyone in the House, but there is a time and place for everything. When our future, as far as the great dream of being self-sufficient is at stake, I suggest that each one of these burdens, heaped one on top of the other, means that anyone with

international investment funds in the world today would be crazy to invest his money in the Canadian petroleum and energy industry. It is a sad state of affairs and a sad fact.

On top of this, when people look at Canada and its petroleum industry, they see a great uncertainty due to the unpredictability of the personalities of some of the people who are running government today. They must face this, as well as the great unpredictability due to the discretionary decisions built into present Canadian legislation. Obviously it discourages oil development and petroleum development in the country and results in discrimination. We just heard a speech in which a government member criticized discrimination as it exists. Another great deterrent for people who would like to invest in the Canadian energy industry today is the fact that present Liberal energy policies discriminate against foreign-owned firms. Also exploration incentive grants in frontier areas discriminate today against foreigners.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has expired. He may continue only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Lawrence: I will not presume too much on the patience of the House. I will conclude my remarks shortly, but before doing so I want to say that at a time when, unfortunately, Canada must attract foreign investment into the petroleum and energy industries, it is the height of folly to come before the investment community with policies which discriminate against foreign investment.

In the long run perhaps that policy will have to be embraced by us all. At the moment timing is everything, but the timing of the moves over the last 18 months has been absolutely wrong. The higher taxes paid by foreign companies in the Canadian resource industry obviously equal a lowering of value of foreign-owned oil assets in Canada. Therefore, they are forced to sell them off at lower values. This is economic discrimination at a time when perhaps the very reversal should be true.

I have one challenge to the government benches. I return to their dream and our dream of oil and energy self-sufficiency by 1990. I have followed this debate closely and I have yet to hear the answer to this challenge. I put it out to any member of the government benches who want to answer it for me. I do not believe I am the only one who is asking this question. The challenge is simple. If the policy of the present administration is still energy and petroleum self-sufficiency by 1990, if in the formulation of that policy we were hard-pressed to match production with demand by 1990, and now that we have had the cancellation of large and small projects directly due to the arrogance, stubborness and unrealistic viewpoint of government members, I would like to hear them explain, either tonight, tomorrow or over the next few days, how they mean to meet that objective of self-sufficiency. Where are the projects which will take the place of Alsands, just as one example? Where are the projects which will take the place of Cold Lake, just as another example? Where are the projects which will take the place of the others I have mentioned and of the many others which my colleagues have mentioned? It is not a terribly complicated challenge. If they still believe in self-sufficiency by 1990, I should like to hear which projects they are now relying upon to meet that objective. I firmly believe that that dream of self-sufficiency by 1990 has gone out the window with the cancellation of these projects and with the so-called National Energy Program which tumbled like a deck of cards around their ears. I challenge them. I should like to hear, chapter and verse, which projects will produce energy and oil self-sufficiency by 1990.

• (2100)

Mr. Len Gustafson (Assiniboia): Mr. Speaker, I am pleased to rise during this very timely debate which was asked for by the Leader of the Opposition (Mr. Clark) in light of the emergency situation which exists with the National Energy Program with respect to the Alsands project and the Alaska pipeline project.

I am particularly interested in the debate because the National Energy Program has seriously affected my constituency. More particularly, I think it is a sad commentary on the government of this country because the National Energy Program could have been the number one plank in turning around our economy.

If we review the history of the last two years—which seems like 20 years because of the failure of the National Energy Program under the leadership of the Minister of Energy Mines and Resources (Mr. Lalonde)—we realize that there was a boom in Canada's industry. When the minister in charge of energy made decisions, they have had a devastating effect in western Canada. Before he assumed his position, there was a boom in my riding. In the Estevan Weyburn area and in Alberta and Saskatchewan, as well as in all of Canada, the almost complete collapse of the oil industry in Canada has created serious difficulties.

I would like to read into the record some of the facts which were laid out in a document entitled, "Conditions in the Canadian Oil and Gas Industry". It states:

> Petroleum Information Corporation of Denver recently released comparative 1981 statistics on oil and gas activity in Canada and the U.S. The contrast is startling. It is hard evidence on the damage wreaked on the Canadian Oil and Gas Industry over the last year . . . "

Here are some of the facts as stated in this document:

> —drilling activity in Canada down 25 per cent in 1981 over 1980 in contrast to an increase of 25 per cent for the same period in the U.S.;
>
> —well completions in Canada in 1981 were 7,183 compared to 9,481 in 1980, a 25 per cent drop;
>
> —exploratory drilling in Canada declined 19 per cent, from 3,925 to 3,179;
>
> —development drilling in Canada was down 28 per cent from 5,556 to 4,007.

The next statistic is in metres due to the Metric Commission:

> —measured in metres drilled, the decline was from 10.27 million in 1980 to 7.64 million in 1981.
>
> —the number of active rigs in Canada has declined 33 per cent in 1981 over 1980:

—the number of seismic crews, a leading indicator of future exploration activity, also declined 25 per cent in 1981 compared to 1980.

This has been very evident in the small towns and communities in western Canada where exploration, drilling and production activities are so important. It has had the effect of bankrupting small businesses and people involved in the service and supply industry and it has driven out hundreds of oil rigs; 226, I believe, to be exact. It has taken jobs from our young people and in its place it has brought stagnation to economy.

I would like to read an article from the *Financial Times*. The headline reads, "Banks bail out oil firms." The article states:

As many as 100 western resource companies of all sizes might now be insolvent if financial institutions had not come up with loan extensions and deferred payment plans.

A little further on the article states:

One Calgary energy analyst estimates 100 western resource companies of all sizes would be insolvent today if banks had not allowed them to defer interest payments.

All this has happened within a couple of years and it is as a result of a misguided energy policy. In addition, we are hearing comments during this debate about the failure of the Alsands project. It is estimated in the two projects, the Alsands and the Alaska pipeline project, that the loss of jobs to Canada is in the area of 250,000. This will have a very serious effect on our country.

I will now turn to the question of energy security. I believe that the long-term goal of the government was to have security of supply for Canada. This was a commendable objective to have, but what has happened to that energy supply and security for Canada? We know the story, Mr. Speaker. We have been importing from foreign sources while paying compensation to refineries in eastern Canada for that imported oil. I believe the figure is 400,000 barrels per day. However, in my area of Saskatchewan, 80 per cent of the production was shut in in the Swift Current area, and in the west Estevan-Weyburn area 45 per cent of the heavy oil was shut in during the month of April. This has been happening for the past two years.

The actions of this government are almost unforgivable. It is astounding to realize that we have not been using our own production capability, yet at the same time we have been importing oil from abroad and paying compensation of up to $17 on every barrel. In addition to this, we have an artificially high price for our petroleum in Canada. This is causing some major problems for our country, which I will elaborate on further.

With respect to security of oil supplies, I would like to refer to a very good article written by the Canadian Petroleum Association which was given to the Standing Committee on Energy Legislation on April 29. They said that the objectives of the National Energy Program at the outset are security, opportunity and fairness, and I agree with that. However, they go on to say that although the most secure position is to be self-sufficient it is, nevertheless, their opinion that self-sufficiency cannot be achieved by the end of this decade under the present circumstances, and that unless major revisions are introduced to the framework under which the oil industry operates, oil security may even slip completely from Canada's grasp.

That is a sad commentary on a country such as Canada whose opportunities are so great. If you recall, one of the major objectives of our government—when we were in government—was self-sufficiency. As I stated earlier, the industry in western Canada was in a minor boom. Thanks to the NDP-Liberal coalition, our government was defeated, which caused some very serious repercussions in Saskatchewan, which are now history.

• (2110)

Some hon. Members: Hear, hear!

Mr. Gustafson: It is interesting that the NDP is seeking to put a great deal of distance between itself and the Liberal government. But let the NDP not forget that on major issues of the national energy policy, it supported the government. Concerning the major issue of Canadianization, which is a Trojan horse in disguise drawn into the camp, which is really the nationalization of the oil industry, which has resulted in driving capital out of the country, the NDP supported the government, not only in committee but also in the House. Concerning the national energy policy, I sat for three years in the Standing Committee on National Resources and Public Works. The NDP supported the Liberals every time on most of the issues relating to government take-over of the oil industry. I think that without a doubt, that is the number one reason there is a major problem in the oil industry in Canada today, and I will refer to it a little later.

In terms of oil security for Canada, the opportunity in this country is very great. First of all, we do have the blessing of rich natural resources and the opportunity to provide security of supply to the people of Canada. But somehow it seems that we do not have a government which has the will to make that possible for the people of this great country. If we are to achieve security of supply and make up for the 400,000 barrels a day which this country needs, we must make some very drastic changes to the national energy policy. We must positively address it and completely turn the direction around. Concerning the Canadianization program, we in the Conservative Party completely agree that Canadians should control their industry and receive the benefits of our great resource. However, the direction in which the government is going has caused foreign investors to lose confidence in the country.

The other day in committee I asked Mr. Hopper, president of Petro-Canada, a question concerning the direction of the energy policy, particularly the pricing policy. He answered:

Now, Mr. Gustafson, I am in a position of having some sympathy for my colleagues in this business in trying to make certain people understand as to how prices get to be where they are. You are certainly right about gasoline taxes. All governments at every level have jumped on gasoline as a never-ending source of revenue. We in Canada are a little more greedy in that respect than is the United States—

Those were the words of the president of Petro-Canada—

Mr. Epp: Supported by taxes.

Mr. Gustafson: —which is supported by tax money. There is no question about that.

What are the alternatives? First of all, in Canada we have an artificially low price for oil and we have an artificially high price for gasoline. I would like to draw these comparisons. It will be noted that in the last year, the price of gasoline in the United States of America has dropped by 27 per cent. I realize that prices vary in different places in the United States. The lowest price I have heard from truckers coming through from Houston, Texas, is 89 cents a gallon, which is an extremely low price, but the over-all average price of gasoline in the U.S. has dropped 27 per cent, while in Canada there has been an 80 per cent increase. We have an artificially high price for gasoline because, as Mr. Hopper of Petro-Canada stated, the governments have been a little too greedy. In the province of Saskatchewan, that situation will be changed shortly, I understand.

Some hon. Members: Hear, hear!

Mr. Gustafson: We are glad to hear that. In the province of Saskatchewan, out of $2 per gallon of gasoline today, $1.36 is tax collected by the two levels of government. This is having a major effect in several areas. First, it is hurting our consumers. When I look back to the day when we were defeated, gasoline was $1 a gallon, and we were basically defeated because the Crosbie budget said that we would increase the price of gasoline by 18 cents, not to rip off the consumer, not to pay all the taxes of the country and load them on one industry, but, rather, to ensure self-sufficiency of oil for this country.

Some hon. Members: Hear, hear!

Mr. Gustafson: I am confident that had that budget been followed, the direction would be better today. However, the opposite is quite true. We have had an increase, not one of 18 cents, but rather an increase bringing the price of gasoline to $2 a gallon. It is not $1.18 now. Even with that tremendous increase, we are further away from self-sufficiency than we were two years ago. That is a sad commentary on the management and business arrangements of the government on that side. We have an artificially low price for oil, and I will give a comparison. At Williston, North Dakota the price of oil is $34 a barrel, which would be roughly equivalent to $40 in Canadian funds. The price at Estevan, Saskatchewan is $24.75. In other words, we are getting a good deal on oil. Western Canadians do not resent people in the rest of Canada because of that, but they do resent the high gas prices. Even while we have an artificially low price in oil at the producer level, we have an artificially high price for gasoline because of government taxation. We are taking considerable time to point this out.

I would like to deal with some of the positive aspects of turning this around. I see that Mr. Speaker is looking at me. I have just started and I would like to say much more. However, if Your Honour will give me an extra minute or two—

Mr. Deputy Speaker: Does the hon. member have unanimous consent of the House?

Some hon. Members: Agreed.

Mr. Deputy Speaker: There appears to be unanimous consent.

Mr. Gustafson: I would like to thank all hon. members for that consent. I will not take unfair advantage. I would just like to deal with some of the positive directions which could turn this situation around.

• (2120)

First, because of the loss of confidence in Canada directly relating to the national energy policy, our foremost objective must be to restore that confidence. Rather than a continued outflow of the Canadian dollar, we need confidence to invest in this country. We have a sad commentary in the national energy policy.

Second, there must be a fair price to the consumer, the working man holding the job, so that he can compete in the international marketplaces of the world. If we have artificially high prices, we cannot compete. I strongly believe that Canada should view the American market as a great opportunity. With our natural resources, we should be able to compete in every way with our American neighbours. Competition is healthy. With our artificially high price of gasoline, in some cases differing by as much as a dollar a gallon, it is impossible for the consumer, the job holder of Canada, to compete with the American products. That is a very serious factor. I am concerned about the outflow of capital and the strength of the Canadian dollar, a subject which I do not have time to go into this evening.

If the national energy policy were put in the proper perspective, the number of jobs available to the Canadian people would be astounding, and it would be shocking in terms of turning this country around. The job of the Minister of Finance (Mr. MacEachen) would be much easier. He has created a difficult situation for himself with the budget he brought forward. The number one problem that minister faces is the national energy policy. That should be the number one plank in building this country.

Mr. Maurice Dupras (Labelle): Mr. Speaker, I am delighted to have the opportunity to contribute to this very interesting debate. I know it is thanks to the good offices of the Canadian government and the Liberals that this debate can be pursued. Had it not been for the generosity of the government, it would have ended at seven o'clock last night. I am delighted the government has made this possible. There was unanimous consent in the Liberal Party that it be pursued so that we could air this problem.

From listening to and reading some of the speeches since the beginning of the debate, especially some of those delivered Tuesday night, I am disappointed at the lack of substance in the comment of hon. members. I thought we were going to try

to find a solution to the difficulties which brought about the interruption of the Alsands project. To my great surprise I see members of Parliament, usually good fellows and good friends of mine, using all sorts of excessive language to decry everything that Canadians try to do for this country.

It being 1982, I thought that most members—who on the average have less service than I being of the younger generation, and I saw most of them enter politics—would be more generous and speak with greater fervour about this country and their fellow Canadians. I did not see that in some of the speeches I read today. I am very disappointed. I can understand my colleague from Gatineau (Mr. Cousineau) having to talk about some of the language that was used. It is unfortunate that Canadians cannot deal with domestic problems without having to demolish this country.

Mr. Munro (Esquimalt-Saanich): The country is fine.

Mr. Dupras: I think I have the right to talk about this country, having fought alongside some of those in front of me during the war of 1939, World War II.

Some hon. Members: Hear, hear!

Mr. Dupras: I know it is most sincere. I thank hon. members for their efforts.

[*Translation*]

Mr. Speaker, in any case, I am very happy to have the opportunity to analyse what happened last Friday. Of course, I may be repeating information given by hon. members earlier in this debate, though of course not by the members opposite, because in reading their speeches, Mr. Speaker, I see very little constructive information that might help to find a solution to this problem, which is not a Canadian problem. First of all, everyone is wondering what happened to the Alsands project and why it is being dropped. If the members of the Organization of Petroleum Exporting Countries had kept their commitments, and if prices that were increasing in 1977 and 1978—in any case had been increasing since 1973—of course, there might have been a possibility to go ahead with the project. On the other hand, maybe the fact that our energy conservation program was too successful caused the project's temporary suspension. I think some of the previous speakers may have given some figures, but in any case, let me tell you that between 1980 and 1981, oil consumption in Canada dropped by 8.7 per cent. If we look at the reasons for this fairly substantial drop, it is probably due to the success of the energy conservation programs launched by the government in 1974 and the home insulation projects in which 170,000 Canadians participated. Just think of the energy savings that represents, and the jobs created by these projects through which modern techniques were used to better insulate Canadian homes. I am also thinking of the savings to Canadians who upgraded their home insulation. There are also one million Canadians who converted from oil to coal, wood or natural gas. Here again, Mr. Speaker, there are tremendous advantages and benefits. First of all, the drop in consumption of oil, a non-renewable resource that is, once it has been used, that is it. So I feel that the oil we keep in the ground here in Canada, the oil we conserve, is more precious to us than the oil we are burning and consuming. In fact, Mr. Speaker, 1,200,000 Canadians have succeeded in reducing their oil consumption. This shows that Canadians were right in following the program or programs launched by the Canadian government in order to reduce consumption of gasoline. Many Canadians are now driving smaller cars with smaller engines, compared with the cars they used to drive.

Our energy policy, as the Minister of Energy, Mines and Resources (Mr. Lalonde) pointed out once more, has three main goals, including security of energy supply, especially as far as oil is concerned, and I think we have vastly improved the ability of domestic producers to meet domestic demand.

• (2130)

Second, Canadians would be given an opportunity to get involved in the program. I have given some examples where Canadians have participated in the program on a large scale, and, Mr. Speaker, it must be said that Canadians have done their share with a lot of enthusiasm and have made their modest contribution towards saving energy.

Finally, goal number three was to set fair prices. The program had three objectives, the last one being to set fair prices, and this means, Mr. Speaker, that Petro-Canada was created by the government for Canadians, to ensure that we would not be at the mercy of multinationals. To hear some of the speeches made a few minutes ago, canadianization sounds like a horrible disease. I, for one, prefer canadianization to multinationalization. That is what was happening in Canada, and I think that Canadians have a reason to be proud that now, Canadian participation has risen to 50 per cent in our oil industry. We should be proud that Canadians have achieved this degree of Canadianization in an industry that is strategically so important to this country.

I find it astonishing and quite absurd that my colleagues opposite are outraged by this canadianization campaign. What is wrong with Canada? Are we paralyzed or what? Can't we develop our own industry to meet the needs of Canadians?

Mr. Kilgour: What about unemployment?

Mr. Dupras: Let me . . . I must ask you not to interrupt, since I did not interrupt your speech.

We have seen what happened to the aviation industry under a Progressive Conservative government. Your former leader tried to kill the aviation industry with the Arrow affair.

And look at what the Liberals have done. We developed a Canadian aviation industry. Look at de Havilland in Toronto. Look at Longueuil and the success of the Challenger. Aren't those good examples? What is so awful about Canadians

developing a Canadian industry and exporting the resulting expertise? Am I the only person to be proud of this country?

Mr. Kilgour: Do you want to nationalize every industry in Canada?

Mr. Dupras: Mr. Speaker, my dear colleague, my friend opposite, fails to understand that if Canadians are so proud of Petro-Canada, that sales have increased, then—so he is smiling, well let me tell you that companies competing with Petro-Canada have suffered a drop in sales from 8 to 10 per cent. Petro-Canada's sales have increased by 15 per cent. So how do we explain this substantial increase? I think there is only one explanation, Mr. Speaker, and that is that Canadians stop at Petro-Canada stations because they are proud of the fact it belongs to them. If there are any profits—

[*English*]

I know it is difficult for the hon. member to understand and accept this.

[*Translation*]

And those profits are pocketed by Canadians, Mr. Speaker. They are for Canadians, but the people opposite do not understand that. However, I think that the fate met by that party at the last election, Mr. Speaker, was due to the fact that it failed to convince the Canadian people that it was truly Canadian and that it was going to develop a Canadian oil industry.

Mr. Kilgour: What about VIA Rail?

[*English*]

Mr. Deputy Speaker: Order, please. The hon. member for Labelle (Mr. Dupras) has the floor. I invite hon. members to listen and to let him speak.

Mr. Dupras: I must be making points and scoring and hurting my hon. friend. I do not mind very much if he wants to pursue this.

[*Translation*]

However, Mr. Speaker, the fact that Canadians can develop an industry of which they can be proud will also help to fire their enthusiasm, and that endemic dependence on all kinds of things will disappear from Canada. This is why we applaud the success of Canadair, Bombardier and MLW, because they are exporting the best product available.

Mr. Speaker, I was listening to the hon. member for Durham-Northumberland (Mr. Lawrence), who was the energy critic a few years ago when Alistair Gillespie was the minister of energy. He said that he had been involved with the energy industry in Canada. He was certainly involved since he is one of those who are mostly responsible for the problems with CANDU at the present time, because following one or two sales which the Canadian government or AECL had succeeded in making, the Canadians had earned quite a reputation in Europe for going after people who were supposed to have made millions of dollars from the sale to Argentina. That certainly gave us quite a name on the international market and among our competitors who were wondering whether Canadians wanted to moralize the rest of the world and show everyone else how to do business.

Mr. Speaker, I would now like to come back to the canadianization of our industry. I find it marvelous for a country like Canada with vast natural resources and enormous potential and human resources to develop a new pride, to develop an industry. This is why Canadians are feeling proud and this is why Petro-Canada shows a 15 per cent increase in sales rather than a decrease like other companies.

I do not want to dwell on the failures of the Conservative government. I spoke earlier about the Arrow aircraft venture. I find it quite unfortunate that the Canadian aeronautics industry was set back by about 20 years because of the decision not to pursue this program. Now, 25 years later, the more advanced aircraft in international aeronautics are no more modern than the Arrow of the 50s.

Mr. Speaker, all sorts of figures have been mentioned. I heard a member say earlier that the American industry had a better record than the Canadian industry. If I may, Mr. Speaker, I would like to look at the situation of American companies with branches in Canada. I would like to speak about Gulf, Shell and Texaco. The Canadian subsidiaries of these companies are much more successful and profitable than the American parent companies, according to a report published yesterday in *Oil Week*, the national magazine of the energy industry in the United States. For the benefit of those who would still be interested in knowing the potential and the results of the oil industry in Canada, I would like to say that among the best known companies in the United States—I believe that these figures have already been quoted in the last few days—Occidental Petroleum shows a decrease of 76 per cent, Marathon, a decrease of 71 per cent—this is in the United States—Standard Oil of California, a decrease of 65 per cent, Mobil Oil, a decrease of 49 per cent, and Texaco a decrease of 44 per cent, as everyone knows. All this happened in a country where there is no energy program.

Why is it so difficult for the members opposite to accept the fact that the project has been temporarily postponed, since oil exporters are most anxious to sell their products $10 less a barrel than they were asking about 20 months ago? The problem comes from the erosion of the market as a whole, because of the economic difficulties now facing not only the United States and Canada, but a great many other countries.

I also heard some of the members opposite deplore oil price fixing in Canada. At least the present Minister of Energy, Mines and Resources (Mr. Lalonde) has succeeded in coming to an agreement with the governments of the oil-producing provinces, while the Crosbie budget was brought down last December before the members opposite had been able to agree

with the provincial government, which was then a Progressive Conservative one. As we say, Mr. Speaker—

• (2140)

[*English*]

Mr. Speaker, it is beyond me that these people do not accept the fact that we in Canada, as we have succeeded in demonstrating to the rest of the world, have the resources, the talent and the fervent wish to make this country independent in energy. I see nothing wrong with that. Maybe they do but I do not.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, Canadians are facing difficult times. There are 1.5 million people unemployed, and inflation stands at 11.5 per cent, more than in 1975 when the Liberal government imposed wage and price controls. Farmers are facing increasing costs of production; at the same time they are getting lower prices for their products. Farm and business bankruptcies are at an all-time high. This is the case in a country as rich in resources and with the highly educated labour force we have here.

How does the Liberal government and the Conservative opposition propose to deal with this disastrous situation? Both parties believe that the way to put people back to work is by the rapid development of energy megaprojects regardless of the price and the concessions to Canadian and multinational energy corporations that would be needed to persuade them to participate in the megaprojects.

The only difference between the Liberal government and the Conservative opposition is that the Conservatives would give more and larger concessions to the multinationals and Canadian corporations in the private sector in order to persuade them to go ahead.

The Conservatives claim that the megaprojects which have been cancelled recently, both the Alsands project and the Alaska gas pipeline project, were cancelled because the government was demanding too much from the companies and because of the National Energy Program.

The truth is that the projects were cancelled because the private corporations, which are in business to make a profit—one cannot blame them for that—have realized that these and other projects were only feasible if there was a steadily-increasing price for oil every year. That has not happened. The world price of oil, which was going up by 10 or 15 per cent each year until this year, is actually going down, with the result that energy projects everywhere in the world have been cancelled.

Just a week ago in the United States, a country which has the most supportive free enterprise president in the world, a Republican who is wiping out virtually every social program ever developed in that country in the last 50 years, Exxon announced it was closing down its oil shale project in Colorado.

Mr. Kilgour: Go and sit with the Liberals. That is their line.

Mr. Orlikow: Mr. Speaker, the hon. member for Edmonton-Strathcona (Mr. Kilgour) has obviously forgotten all the rules of ordinary common sense and decency about listening to other people which he learned when he lived in Winnipeg. We gave him plenty of opportunities to speak. I would be very happy to answer any questions the hon. member wants to ask, if he would only have the courtesy to stand up and ask instead of sitting in his seat grumbling.

Mr. Kilgour: Mr. Speaker, I have a question.

Mr. Deputy Speaker: The hon. member for Edmonton-Strathcona (Mr. Kilgour) on his usual point of order.

Mr. Kilgour: The hon. member said he would accept a question. Will he take the question now?

Mr. Deputy Speaker: Will the hon. member accept a question from the hon. member for Edmonton-Strathcona?

Mr. Orlikow: Yes.

Mr. Kilgour: Does the hon. member appreciate that the point he is making has been made by about 15 Liberals in the last two days? Will he consider going over and sitting with them?

Mr. Orlikow: Mr. Speaker, the speech the hon. member for Edmonton-Strathcona made has been repeated probably 50 times by Conservative members in the last few days. As far as my relationship with the Liberal Party is concerned, the hon. member, who used to live in Winnipeg, should know that in my constituency in the last 50 years one Liberal was elected for one term and one Conservative was elected for one term. I am sure that record will be continued.

The United States has de-regulated energy prices and has taken off all the restrictions the Conservatives claim have been put on corporations in Canada. Despite their free enterprise system and de-regulation, Exxon has cancelled its billion dollar oil shale project in Colorado. There is no national energy program in the United States, so why did Exxon do that? Exxon did it because it knows that the price of producing a barrel of oil from shale is so much higher than the price of conventional oil is likely to be in the next 10 or 15 years that it simply could not afford to go ahead. It is for the same reason that the Alsands project and the Alaska gas pipeline have been cancelled.

What happens when that kind of project closes down in the United States is similar to what happens in Canada. On May 4, the *New York Times* carried a news story about the closing of the oil shale project in Colorado. It ran as follows:

> Like most of the others who moved here to work on the nearby Colony Oil Shale Project, Jerry Ferguson figured he was making a solid investment when he sank most of his life savings last February into a new $72,000 home.

In Calgary you could not buy a house for $72,000. The article goes on to say that he was surprised by the decision of the Exxon Corporation to close down the project. The story estimates that nearly 4,000 workers who worked in the Parachute area when laid off will cause a loss in the payroll of more

than $1 million a week. That is on a project which is not in Canada.

That is what is happening in many places because the price of oil, which was going up by 10 or 15 per cent each year for the last six or eight years, has now gone down, although that decrease may be temporary.

It has been suggested by Conservatives that we are not being fair to the oil companies and that we are mistreating the private sector. We know that until recently the Canadian taxpayer was paying 93 cents of every dollar invested in exploration in the Beaufort Sea in the form of tax benefits. How much more should this country be prepared to give the energy companies before they will invest in Canada? The energy companies are doing very well by us.

I have no time to put the figures on the record, but Great Britain does not deal so generously with the oil companies in the North Sea, and the Conservative government in Norway is so much tougher on their companies that we are not in the same league. They get so much more from their companies that we are not even in the same league, yet we hear from the Conservative Party that we are being too tough. The British government has been half-owner of BP since the 1920s. That was not done by some Labour socialist government, it was done by Winston Churchill. If the hon. member wants to criticize that, let him do it.

• (2150)

We have been accused again and again—the Prime Minister (Mr. Trudeau) did it in question period today—of being opposed to megaprojects. Nothing can be further from the truth. We believe and have said repeatedly that where the resource megaprojects can be demonstrated to be necessary to achieve benefits for Canadians, we should proceed with them. But they should proceed with a minimum of public subsidy and a maximum of public equity. When the Alaska highway gas pipeline was first proposed, it was described as a means of getting Alaska gas to the United States by way of the Canadian corridor. We were told it would give thousands of Canadians jobs and we would be able to connect the Dempster spur line to bring gas to southern Canada from our Northwest Territories. The NDP warned that the companies and the U.S. government had not firmly committed themselves to the entire project. We warned that the cost would destroy the project, and that has happened. The cost has ballooned from an estimated $8 billion to $25 billion or more. But the government and the Conservatives brushed aside these reservations. The record will show that we were the only ones who voted against it because we predicted it would not fly. We are now told there will be another two-year delay, and I predict it will be much more than that, if ever.

Later it was suggested that we could get the project started if only Canada would permit the pre-build. Again we warned the pipeline would not be built. We said we should not go ahead with the pre-build. We wanted the whole line built so that the cheap Alberta gas we exported now would be replaced with Alaska gas when the project came on stream. Well, who was right? We built the pre-build, and where is the pipeline? It is gone. We are exporting cheap gas now, and some time in the future Canadian customers will be paying through the nose for expensive gas from the high Arctic. That is what the Liberals and Conservatives have wished on the Canadian people. We told them it would happen, and it has.

What about the Alsands project? When it was first proposed, it was supposed to cost $13 billion to $15 billion and produce 137,000 barrels of oil a day. It was going to produce thousands of jobs and much in the way of economic spin-offs. However, it was only economically feasible if the price of oil rose to somewhere between $80 and $90 a barrel. Of course, it is nowhere near that. In fact, it is now under $30 a barrel. Who can blame the companies, who are in business to make a profit, as they should be, and who, unfortunately, are much smarter than our government? Who can blame the companies if they say no matter what concessions and no matter what tax write-offs, they will not be able to make a profit from oil which will cost us $80 to $90 a barrel to produce? I think I am being quite conservative in that estimate.

Mr. Oberle: Please do not be Conservative.

Mr. Orlikow: I have seen estimates that oil from Alsands will cost as much as $120 a barrel. Who can blame the companies if they say they are not going ahead with a project to produce oil at that price when it is now selling for $30 a barrel and there is a surplus? For the first time in more than a generation less than 50 per cent of the oil sold comes from OPEC countries. Production from the North Sea, Mexico and other places has escalated, and OPEC have not been able to increase their prices.

The government put much faith in getting Canada moving because of these megaprojects, but I want to remind my Conservative friends that it was not just the Liberal government which made this proposal to the companies in its desire to keep the projects going. The Conservative Government of Alberta was a partner. Both made very generous concessions—I would say too generous—to try and persuade the companies to continue with Alsands. But, Mr. Speaker, just like Exxon in the United States, the companies said this thing will not make a profit no matter what they are given, so they will not go ahead.

• (2200)

Mr. Deputy Speaker: Order, please. The hon. member's time has expired. He may continue only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Orlikow: But, Mr. Speaker, despite everything that has happened, we are told by the Minister of Energy, Mines and Resources (Mr. Lalonde), "Well, it is not so serious because, after all, we still have projects going."

The projects that were cancelled—the Alsands project, the Alaska gas pipeline project, the Cold Lake project—total in value, estimated, over $75 billion. But the projects which the

minister listed as still being viable, which are still going ahead—the Beaufort Sea development, the Norman Wells Pipeline, the B.C. coal fields, the Revelstoke hydro project, the Québec and Maritimes pipeline—altogether total just over $4 billion—a far cry from the $75 billion vision of a year or two ago.

And yet, as late as December, 1980, the minister was still promising these miracles. He said, and I quote from a speech he made on December 3, 1980:

> Our intention is to ensure that these projects go ahead. Whether they are developed by a company owned by Canadians, such as Petro-Canada, or by other companies which have their own technology, what is important is that all those projects proceed in the next few years. That is what we are going to work on.

Well, the minister has worked on them, but he has proved to be a complete failure.

As I said earlier, we are not opposed to megaprojects if they meet the needs of the Canadian people. But we said then, and we say now, that what we need to do is not to concentrate on a few giant megaprojects which are economically unsound; what we need to do—and I find it stranger that it is I, a member from western Canada, a member from Winnipeg, who should be saying what I am about to say and not my Liberal friends from Québec and my Conservative friends from Ontario, where the manufacturing industry in Canada exists—what we need to do is to stop the destruction of our manufacturing sector.

In the last year more than 200,000 jobs in the manufacturing sector have disappeared. Whether you look at the automotive industry, or steel, or farm machinery, or textiles, every day there are announcements of lay-offs, of plant closures, of bankruptcies.

My Liberal and Conservative friends who come from Ontario and Québec, where the manufacturing industry is almost completely concentrated, are quiet. They are so mesmerized by megaprojects, they are ignoring the needs of their own people.

We say that what we need to do in this country is to begin to think about meeting the needs of this country. We need to think about meeting the housing requirements. We are building 150,000 homes a year, when we should be building over 200,000. We are committed to tremendous increases in the exports of wheat, of coal, of potash, to mention just three examples. Our transportation system will not be able to handle the increased movements of those products.

Are we rebuilding the transportation system? No. We are seeing people laid off by the railway companies, the CNR and the CPR. We are seeing people laid off by the firms which build hopper cars, railway engines and so forth.

So, Mr. Speaker, we say, for God's sake, let us stop thinking about megaprojects and get down to thinking about meeting the needs of the Canadian people for jobs, for homes and for better lives.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Rosaire Gendron (Kamouraska-Rivière-du-Loup): Mr. Speaker, in this speech marathon it is difficult to avoid repeating what was said by previous speakers. I will try to do what Canadian folklore has done and set new words to traditional tunes. We deplore the situation and sympathize with those people who are directly affected by the, I assume, temporary abandonment of the Alsands project. However, there is some question as to how this problem is being approached. Among the megaprojects developed by Canada and by its leaders, as the hon. member for Winnipeg North (Mr. Orlikow) pointed out, we might do well to recall the story of Sir John A. Macdonald, whose political party was at that time called the Liberal Conservative Party. The Liberal part has been dropped since then. We may have forgotten the lesson to be drawn from Sir John A.'s story, and this evening we should perhaps remember that when Macdonald was struggling to get the railroad built from the Atlantic to the Pacific, it was not because he wanted to fill the pockets of certain corporations. When he got involved in this kind of financing, heaven knows it caused a lot of problems and scandals and even cost him his government. Nevertheless, his ideal was to build a railroad from the Atlantic to the Pacific, which was a way to unite this country.

I wish that in this debate we could rise above political partisanship and look for an ideal that we can pursue together. Laurier said that the 20th Century would belong to Canada. No one can deny that the next years will be constantly focussed on energy. Perhaps the best way to unite this country is to stress energy development. I am pretty upset, especially at the hon. members on the Conservative benches many of whom are from Alberta and must have some influence on their provincial government, which accepted the same proposal made by the Minister of Energy who added that he wanted the private sector to be involved. And I want to ask the hon. members, why could Alberta not carry out the same project, through a Crown corporation? When Premier Bennett took over the hydroelectric companies and ferry services in British Columbia, was he accused of being a communist or a socialist? Did it ever occur to Quebecers to accuse Robert Bourassa, Premier of Quebec, of being a socialist when he developed the James Bay project?

Yet, the James Bay project was just as important as Alsands. In the final analysis, we must be guided by the common good of all Canadians. Of course, some members opposite are accusing us of harbouring socialist tendencies and others of being conservative and backward, but we are not dogmatic. If we do have a philosophy, it consists in helping the ordinary citizen, in providing security for the workers, in finding jobs for the unemployed and in guaranteeing a bright future to our young people. I am sorry to say that because of the way the rules of this House are used and even abused, we lose a great deal of time delaying the implementation of

projects which are extremely important for the future of our country, which is even now envied by the rest of the world. It was Father Lépire who said: "We are always drawing attention to the 5 per cent that divide us and ignoring the 95 per cent that unite us."

Our country is tremendously rich in resources and assets; yet some would create an environment of pessimism by futile dissensions which make us look ridiculous in the eyes of foreign investors, an environment of pessimism which discourages the unemployed and makes our young people skeptical about our future, while we have everything we need if we want to work together because Providence has blessed us with resources so abundant that Canada is looked upon as the Eden of the world. The fact is that foreigners see this image of Canada for if we were to open wide our doors to immigration, everyone would want to come here. What do we have to do? We have to call attention to what can unite us. In this regard, since we are always talking about our energy policy, I would like to see a member rise in this House and say: "I am against energy self-sufficiency for Canada." No member of this House would say such a thing. Is there one single member in this House who could rise and say that he is against the sharing of our resources and our energy? Once again, no one would rise to make such a statement. I ask the question once more: Do the members of this House want us to be masters in our own country instead of being governed by policies developed abroad either in the Middle East or in other parts of the world? Do we want to let foreign interests dictate our policies in our own country? Let the member who has the courage to say that we must not aim at self-sufficiency, at the canadianization of our energy sector, at sharing with those provinces whose subsoil does not contain energy resources, let that member rise and express his views, if really he is against Canadians forming a single nation.

I referred to John A. Macdonald who with the railway, despite all those mishaps, delays and scandals, pursued until his death his ideal of uniting this country from sea to sea. I suggest that today, with our energy resources, we can have the same ideal, but only to the extent where we are willing to share and stop being hypocritical in that respect. Because in the final analysis, as well as self-centered egotists, there are group-centered egotists who would like to keep everything for themselves rather than sharing with others. This country never will stay together unless we are willing to use those resources for the benefit of all Canadians. And to those who are concerned that foreign capital will not come here under these conditions, I say they are near-sighted. Because from the moment we will have a common desire in Canada to put our resources in common, to accept a policy of sharing, security, participation and, fairness, private capital will come here because it will feel that in this country we have social order, consideration for private enterprise.

• (2215)

Let us not forget that this country was born, because we had people, pioneers who bowed to no difficulty and, although means of communications were almost non-existent, they discovered the Rockies, Louisiana and opened a huge territory full of promises and resources. I therefore submit that if we really want to give security to our workers, give a chance to the unemployed who ask for nothing more than the opportunity to use their abilities, to our young people who would like to share an ideal made possible by our unlimited potential. Who would have thought that some day, in the Arctic itself, we could go and look for resources capable of developing this country? Let us turn now for a moment to the Arctic pilot project, near the North Pole, where we will be able to get not only the natural gas that is already known to exist in unlimited quantities, and of such quality that the president of Polar Gas told me that the oil we are extracting here, without any processing at all, could be used directly in our engines, because that is how good it is, and through that megaproject we could not only I would say establish Canadian sovereignty on that northern continent near the Arctic but also develop our shipyards, develop a whole new technology, a whole new science and in addition get a resource that is now dormant in the North and could be used to the benefit of the whole of Eastern Canada, of Quebec. Again, since I started from that premise, it could contribute to Canadian unity.

I would ask my colleagues opposite whether they will not recognize the writing on the wall that was apparent during the last election. *Mene, Tebel, Peres.* Thou art weighed in the balances, and art found wanting. If they would not remain wanting but make their mark as an opposition, they will have to renounce such a pessimistic policy, those switches and parliamentary gimmicks, they will have to show to the people that they are a united front, not because of contempt for profit, but because of respect for private enterprise. We admire their technology, we want to use it, but when the public interest is at stake, the government must take its responsibilities. This is not being socialist or communist, to do as Bourassa did for James Bay. This is merely using funds, taking the necessary measures and asking private interests to join with us in attaining our ideals. No government would be elected unless it was ready to implement the energy program put forward by this government, because Canadians will never be satisfied with being anything less than the masters in their own country and will disapprove of collective selfishness where each and everyone wants to keep everything for himself and refuses to share with others who have no resources.

Canadians will never accept any ideal other than self-sufficiency and will refuse to be tied to foreign policies and pressures imposed by countries that have no other ambition but their own self-interest. Those Canadian ideals and objectives are widely shared by our people and if you have public opinion polls taken, you will realize that such is the case. A

government which would fail to implement such a program would be a doomed government.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but the time allotted to him has expired. If he wants to proceed, he will have to seek the unanimous consent of the House.

Some hon. Members: Carry on!

Mr. Gendron: I thank you, Mr. Speaker, but I think that I have stated the ideal which we should attain and if the hon. members have any questions, I will be pleased to answer them.

Mr. Kilgour: If I may, Mr. Speaker, I should like to ask the hon. member whether he is in favour of nationalizing the larger corporations such as Ford, Chrysler and General Motors. That is a serious question.

Mr. Gendron: Mr. Speaker, the hon. member for Edmonton-Strathcona seems to be preoccupied with the nationalization issue. The moment I rose to take part in this debate, I took care to say that there are no fanatics among us and that our only concern is to look after ordinary Canadians, find jobs for the unemployed and prepare for our youth a better future. We accept the common good as being the basis for our action, and if the private sector for whatever reason refused to take chances, then the State should intervene. More specifically, you would like to know what our approach would be concerning larger corporations such as Chrysler, Ford and General Motors. When private corporations are in financial trouble because of a world recession, I feel it would be quite appropriate for the government to intervene and support them, so that they may continue their operations and ensure the progress and development of many Canadian communities, as well as create jobs, something they have been doing for many years.

France nationalized one of its two auto corporations; the two corporations are competing and, as far as I know, they are doing fine; this was done many years ago by a government which could not be considered a socialist government, by any stretch of the imagination, so that we are making too much fuss, in my opinion, about such categories as socialism, communism and private enterprise; our purpose should be to help the unemployed, the man in the street, and to seek the common good, and when the private sector fails to act the State should step in. I am not worried as long as a climate of trust is created within the Canadian government, instead of fostering endless pessimism for the purpose of running an election for mean political gains. So I am saying now: "Do not worry, for all the businessmen in the world are anxious to come and invest their money in this country, because Canada will offer them the best security and best return".

[*English*]

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, I am not at all sure that I should have remained seated when the hon. member who just spoke challenged us to rise if we did not agree to the sharing of resources across Canada. The question is, sharing on what condition? That was the only question of dispute that threatened to divide this nation. That is the one that you should be addressing. Somehow I hope I can have the opportunity to discuss that very issue with you because you distorted that issue.

Mr. Deputy Speaker: I am sure the hon. member remembers he should address his remarks to the Chair.

Mr. King: I apologize, Mr. Speaker. It has been my experience on those few occasions when I have spoken in this House that matters of great import are scheduled so as to have an impact at the very end and create a grand finale, so to speak. Time runs out and important elements of the speech may be left unstated. This is particularly so when one enters a debate absolutely overwhelmed by the amount of legitimate bombast that could be aimed at the deplorable and unworthy performance of this government and of those in this House whose support underwrites its endeavours. They support the government without judging the quality of government initiatives.

The consequences of this loyalty are demonstrated by the collapse of Alsands and the failure of national energy policy. In order to avoid this pitfall, I want to begin my brief comments by dwelling on the positive alternatives which can be offered Canadians in place of the chaos which we observe in the nation today.

I am largely going to ignore the NDP in their role because their Saskatchewan experience has forecast their destiny in Canada.

Some hon. Members: Hear, hear!

Mr. King: Mr. Speaker, let me state the following as positive alternatives to this government's unproductive policies, alternatives offered to Canadians by Progressive Conservative members of Parliament.

How about a return to a philosophy that recognizes the worth of the individual and of his efforts as an important aspect of Canadian society? How about a return to policies and actions on the part of the government that encourage productive activity as opposed to government activity? That would get the government out of the pocketbook of Canadians and stop penalizing Canadians whose ambition is to build a personal stake in their nation, whether in the form of home ownership, a business, a farm or simply by investing capital in projects that build the nation. How about an alternative that reverses this government's philosophy which is hostile to risk, hostile to incentives, hostile to private ingenuity and effort? How about reversing the philosophy that sees successful business and individual initiatives as enemies of the state and believes that any wealth created is fair game for government confiscation?

How about a return to a philosophy of government that will assist Canadians in the realization of their goals and dreams rather than placing in the way of individual Canadians and their goals and dreams a big government that plans to get bigger and bureaucrats who intend to become increasingly bureaucratic?

How would it be if we put in its place the elitist theory that only government acts in the national interest? The fallacy of that theory is the subject of our debate today. Putting that elitist theory to rest is the positive alternative we offer. We offer a philosophy which, when put in place, will give ordinary Canadians a chance to realize dreams that are impossible under the Prime Minister (Mr. Trudeau) and under this government, a government whose whole ideology seems intent on destroying the spirit of the only productive element of our economic society.

When the spirit of enterprise and achievement is destroyed by the increasing intervention of government, the spirit of the new philosophy espoused by this government acts as a vaccuum in which to work its destructive role.

• (2230)

The Liberal government places more emphasis upon the redistribution of wealth than upon its creation. The Progressive Conservative government will recognize that if governments wish to distribute more wealth, they must first encourage the creation of more wealth. We believe, unlike the government opposite, that wealth creation will be accomplished most efficiently through the private sector. It will be accomplished through a private sector supported by legislation and by actions of government which produce a climate of opportunity rather than a roadbed of obstacles.

The economic spirit of my party was summed up in a speech given by the right hon. Leader of the Opposition (Mr. Clark) at the 1978 National Industrial Stategy Conference. He said that the company which opened up western Canada was not just called the Hudson's Bay Company; it was called the Company of Adventurers Trading into Hudson's Bay. Also he indicated that he thought there was a lesson about our history in that phrase and that when we are at our best as a country, when we are a country of adventurers.

Mr. Gustafson: Mr. Speaker, I rise on a point of order. I am just wondering whether there is a problem in making a point to the government when there are no Liberal members present in the House.

Some hon. Members: Shame!

Mr. King: Mr. Speaker, it is not the first time I have spoken to empty seats opposite. To continue, my leader then went on to indicate that what we have suffered in the last decade, during which there was an emphasis upon the redistribution of income rather than upon the generation of new growth and new income in the country, has been an under valuing and a disrespect for the sense of adventure which is at the very centre of our success as a country. Also he indicated that we must clearly begin the process of rewarding success in the country and encouraging initiative.

It is the philosophy of the government and its intervention which damned the Alsands project, the northern pipeline project, the Judy Creek project, and so on. Alsands was destroyed by greed and the ideology of the Government of Canada which put that project on hold two years ago. A different administration following a different philosophy would have seen this important element in Canada's energy supply nearly half completed, and hundreds of thousands of Canadians now unemployed would be working. That is the measure of the emergency. The Government of Canada is the emergency; Alsands is the evidence.

This important and timely emergency debate has been propelled into the House by the announced failures of important elements of the so called National Energy Program of the Liberal government. What a program! The dictionary definition of program is:

> A descriptive notice of a series of events; a definite plan of intended proceedings.

God help Canada if this is the best energy plan the government can come up with. What a plan! What a genius of planning demonstrated in the National Energy Program of the Liberal government! The national program of the Liberal government! This particular program was doomed from its inception by its authors, the minister of disaster and the government of failures. The National Energy Program was doomed by its primary motivation to collect revenue for government, doomed by the purpose in the minds of its creators to benefit one group of electors at the expense of another, doomed by the socialist-dominated philosophy which shaped it, doomed by a lack of understanding of what makes Canada tick, and doomed by a lack of appreciation of the basic values which built our nation—the qualities of thrift, initiative and individual effort, which the government rejected. Also it was doomed by a government with a style of morality which includes deceitful and artful appeals to the electorate, which are totally unworthy of a society based upon democratic principles, principles which must be respected if democracy is to survive.

The survival of responsible democracy in Canada does not appear to be a matter of priority with hon. members opposite. The Liberal administration, under the dubious leadership of the particularly ill-suited Prime Minister (Mr. Trudeau) doomed its own National Energy Program by choosing the course of confrontation rather than the course of co-operation, by raising tempers rather than reason, by pitting region against region, by pitting government against government and by putting the interests of the big government before the interests of little Canadians. The national energy policy was doomed by the revenue-grabbing nature of its policies, doomed by government interventionism which is alarming reasoned Canadians, and doomed by the disgust which the government has earned for itself in the minds and reactions of individual Canadians who ask only for an opportunity to work and to achieve.

The government consistently demeans the efforts of individuals to be creative and productive for themselves and for the nation. That is the damning implication of the actions of the Liberal government and its docile aye-saying members. The damaging philosophy of the Prime Minister is the root cause of the unhappiness in the west which has its latest manifestation in the emergence of the Western Canada Concept and the election of its first member to a Canadian legislature.

My impression of the Western Canada Concept and its motivations is that its growing membership is saying to the Prime Minister of Canada and to those who so blindly follow his ideological lead: "Mr. Prime Minister, for too long you and your colleagues have been building a wall between central and western Canada all by yourselves; Mr. Prime Minister, we are not going to help you." This is the spectre the Prime Minister has created in my part of the country.

I should like to speak for a few minutes on the impact of the government's economic program on the area of Canada which I represent. We are focusing our attention and that of the nation upon the collapse of Alsands, the failure of the Alaska pipeline and all other multitudinous evidence which exists that government intervention is the problem, not the solution. None of these examples of failure focus specifically on Okanagan-Similkameen, but the implications affect us very much. The government has as its preoccupation the expansion of its empire. It is big government determined to get bigger despite the consequences to Canadians. The detrimental impact is felt everywhere, including the area I represent. In advancing its philosophies based upon government, government, government, it has lost sight of those positive things which it could be accomplishing for the people of Canada. It is wasting its effort and our financial resources on its own objectives and excusing failure to respond to real needs by saying, "We have no money." What total hypocrisy, what cynicism, what lack of respect for the intelligence of the electorate to discriminate between truth and deceit!

The electorate will not soon forget the government's deceit in objecting to an 18 cent excise tax on gasoline. The electorate will not forget the campaign promise, "Vote Liberal and the price of gasoline will stay down." The present price of gasoline is simply a measure of the credibility and the honesty of the two-faced Liberal administration. While the government wastes taxpayer-generated revenue in advertised chest-thumping, in Constitution-celebration bashes exclusive to Liberal party followers, in appointing royal commissions the recommendations of which are ignored, in a Canadian Unity Information Office designed to extend the talons of government into more and more aspects of our life; while the Liberal government, under its brilliantly-devious leader, continues to pursue its wasteful habits and at the same time spouts platitudes about restraint, the legitimate aspirations of the people of Okanagan-Similkameen remain unattended.

• (2245)

Today I received a letter from the President of the B.C. Fruit Growers Association saying in effect: "Fred, please tell those people in government back there how very important the continuation of the ARDSA Program is to our area". I will tell the government, and it is important. The fruit farmers in Okanagan have a great interest in the maintenance of the cold storage construction assistance program. I talked to the Minister of Agriculture (Mr. Whelan) about this and he indicated there might be some tie-ins with the creation of yet another Crown corporation, namely Canagrex, in making this possible. There is always another agency and bureaucracy created by this government to spread its tentacles.

What about the mines which are closing, the sawmill operations in jeopardy in Merritt, Midway, Princeton, Okanagan Falls and Westbank? They are all in jeopardy simply because this government has its priorities all screwed up. It is concentrating its efforts on expanding government rather than expanding opportunities. What is it that keeps mines and mills in operation? For sure it is not government grants or emergency programs to help the unemployed. It is not taxpayer paid advertising campaigns designed to promote the government. What keeps the mines and mills operating is an economy which enjoys vitality, the very quality this government is attacking. What, may I ask, about the grant to the proposed new art gallery in Penticton, which had the implied support of this government since its conception? It has been abandoned by this government this year—next year, who knows? Why? Because of restraint. What restraint?

The people of western Canada, Mr. Speaker are honest, industrious, ambitious, hard-working and thrifty. I could go on and on in praise of their qualities. Above all, they are Canadian. Their qualities are not much different from those of citizens in other areas of Canada. We are blessed with people of quality. What then is different about western Canadians which gives us a distinction?

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his time has expired. However, he may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. King: Thank you, Mr. Speaker. Our protestations are simply that in the political structures we are irrelevant. We do not like it and we will not accept if for long. That is the message we have been carrying to this House for longer than I have been here. That is the message which has been met with derision by members opposite who chose to bury their heads. They are far away from reality, and the Alsands fiasco demonstrates that fact. This Liberal government may, through an electoral majority gained elsewhere, scoff at elected members from the west, but if they scoff at the other voices coming from the west, they do so not at their peril but at the peril of the nation. Members opposite, by their attitude, are building walls of separation rather than walls of community; the saddest commentary I can think of in describing government.

In closing I would like to refer hon. members, and anyone else, to the first part of my speech when I spoke of the positive alternatives we as a government would offer this great nation of Canada.

Mr. Howard Crosby (Halifax West): Mr. Speaker, since this emergency debate has continued for three days let me begin my remarks by reviewing the process which has been followed. The motion relates to the cancellation of the Alsands project and postponement of the Alaska highway gas pipeline. It was brought before this House by the right hon. the Leader of the Opposition (Mr. Clark), and I want to put on record that he is in the House this evening and he has had throughout this debate the full support of his colleagues in the Progressive Conservative caucus. As a member from Alberta, it must be very gratifying to him to know that we from the east, indeed from all parts of Canada, support him and his colleagues from Alberta in this enterprise, because it must be brought to the attention of the Canadian people that we are all affected by these government errors and mistakes in judgment. These vicious acts lead to these harmful results, not only for people from Alberta but from right across the country.

We are here tonight in great numbers to support our leader in the action he is taking, and we will continue to support him in this and other actions. He recognized the grave economic damage resulting from these decision for all Canadians and the cumulative harm which will be inflicted on the economies of all regions of Canada. It is in that role that the right hon. Leader of the Opposition sought an emergency debate so that all aspects of this economic and industrial disaster could be exposed and be carefully considered and, hopefully, resolved.

It is a matter of record that our presiding officer agreed that this matter required urgent consideration. It cannot be disputed by any member of the House that the cancellation of the Alsands project and the delay and possible termination of the Alaska highway pipeline project constitute a genuine emergency requiring immediate and urgent consideration. So when the Secretary of State (Mr. Regan) and other members opposite claim there is no emergency or economic catastrophe, they violate both the substance and spirit of Madam Speaker's ruling.

Some hon. Members: Hear, hear!

Mr. Crosby: More important, they seek to cover up and conceal from public view the errors of fact and judgment which are part and parcel of the National Energy Program.

In order to expose to public light the policy errors which have resulted in the cancellation or postponement of these megaprojects, thereby jeopardizing billions of dollars in employment and manufacturing, it is necessary to examine the energy policies of the government institutionalized in the document called the National Energy Program. That document was presented to this House on November 12, 1980 by the Minister of Finance (Mr. MacEachen) and it bears the imprimatur of the Minister of Energy, Mines and Resources (Mr. Lalonde). It is time that the government and the Liberal caucus answered for the mistakes of those two ministers contained in those documents.

What were those documents, Mr. Speaker? They carried three promises made by the Minister of Energy, Mines and Resources. He said NEP would bring about energy self-sufficiency and Canadian control of the industry. He said there would be fair pricing. Let me dispose, first of all, of his promise on fair pricing. Over the period of time which has elapsed since the introduction of NEP we have seen taxes on taxes, and the price of gas at the pump and oil in the home has doubled and tripled. We are paying higher prices than anyone in North America, while our American neighbours through their policies, concentrated as they are on the private sector, have seen their prices drop. That is the fair pricing set out by the minister: prices escalating beyond anything else charged in North America. He calls that fair pricing.

What is going to be the price of Canadian participation? Experts indicate that in order to reach the level of 50 per cent Canadian ownership, as indicated in NEP, we will have to spend $56 billion of Canadian taxpayers' money.

It cost us, Mr. Speaker, $1.4 billion to buy a share in Petrofina so we could have PetroCan signs across the country. But who is paying for it? The consumers of gasoline are paying for it at the rate of three or four cents a gallon of gas. That was done just to satisfy the minister's desire to own an oil company! What does that company do? The president of PetroCan testifying before the Standing Committee on Energy Legislation said, "Sometimes you make a bundle of money, and sometimes you just go broke." How do you like that, Mr. Speaker? You spend $1.4 billion buying a private oil company for PetroCan and the president of the company says, "Sometimes you make a bundle of money and sometimes you just go broke." Does the president of PetroCan, or anyone else, have the right to do that with taxpayers' money? Do they have the right to go for the long jump to make a barrel of money or just go broke? Do you want your taxes to go for that kind of risk? If you want to take those kinds of risks, there are lots of stocks you can invest in and go broke on. But that would be your decision, Mr. Speaker, not a decision of the government's. That is your risk to take if you want to, but it should not be put in the hands of an organization which says it might make a bundle of money or it might go broke.

If you read on in his testimony, you find he does not consider himself any different from any other petroleum executive in Canada. He says they are a little worried about 1982 and what their profit picture might look like. He says they are working hard on that. Well, when you talk about achieving a Canadian content of 50 per cent, you are talking about risking the taxpayer's money, and I do not think taxpayers necessarily want to put that kind of faith in the minister, considering what happened to his fair pricing policy. I think it is important that we in this House give the message to everyone that the minister's Canadianization program has a price we may not be willing to pay. That is the problem with all the policies of this Liberal government. They mask them in mist, shroud them in a national spirit, and hide them under the flag. They are good,

and do not object to it because if you do, you will be against the national purpose of Canada and you will be blocking the future of Canadians. Well, that is not true, Mr. Speaker, but you have to stand up once in a while and be counted on matters like that. You have to decide whether you support the free enterprise system and the good judgment of Canadians to do what they want with their own money, or whether you think their funds should be channelled into a bureaucracy to be used in any way they please. When that bureaucracy supports the likes of the Minister of Energy, Mines and Resources and the president of PetroCan, I do not want them taking my money and doing what they want with it. I do not know what my friends on the other side want to do with their money. Maybe they siphon it off into some tax dodge which they claim to have eliminated.

• (2300)

Mr. Speaker, the goal of the National Energy Program, as stated in the documents, is to achieve energy self-sufficiency in Canada. If you read the documents, you will find that the exploitation of the Alberta tar sands was very much a part of that goal of energy self-sufficiency. In fact, the documents themselves detail the proposals for the development of the Alberta tar sands. They make it very clear that that played a big role in the future of energy development in Canada. And so there was great concern expressed as this project, this huge Alsands project, which I personally visited, appeared to be in jeopardy. Questions were asked in the House, Mr. Speaker, on February 25, 1982, by our energy critic—and do you know what the Minister of Energy, Mines and Resources answered on February 25, 1982, when concern was expressed about the future of the Alsands project? He simply said:

> Those fiscal arrangements seem satisfactory to some of the partners. They do not seem satisfactory to some other partners. The remaining partners in the consortium are at the present time consulting with other potential partners. I myself have had discussions with such other potential partners, and in the next few days and weeks we will see how these negotiations will be concluded.

On February 25, 1982, the Minister of Energy, Mines and Resources knew that that project was in danger. Yet he did nothing. He allowed those people to slip out of his grasp, and the project was cancelled.

Do you know what I suspect him of, Mr. Speaker? I suspect that the Minister of Energy, Mines and Resources wanted the project cancelled. I suspect that he let it go down the drain. He wants to destroy the energy industry in Canada and then come back and build it up. And why would he want to do that? He wants control. The Government of Canada wants control of the energy industry because it is the source of wealth in Canada, and if the government can control that source of wealth, it can tighten its stranglehold on the Canadian economy and enable it to keep Canada under its own thumb. It will destroy that valuable segment of the private sector forever.

Mr. Speaker, the question is, are Canadians going to allow that to happen? And what kind of help are they going to get from the New Democratic Party? On that very same day, the member for Mission-Port Moody (Mr. Rose) stood in this House of Commons and warned the Minister of Energy, Mines and Resources not to give any help to the Alsands partners, not to take any special steps to help them preserve this project. And do you know what he said, Mr. Speaker? he said:

> —will the Minister give serious consideration either to running this project as a public utility, as has been suggested, or rechannelling a lot of the funds that were intended for this project into enhanced recovery programs for old oil and heavy oil—

Mr. Speaker, the hon. member for Mission-Port Moody, a representative of the New Democratic Party, made it very clear that he did not care whether or not the Alsands project was cancelled. In fact, he would rather have it cancelled. And they sit here, along with us, in this emergency debate and complain about the cancellation of the Alsands project!

Mr. Speaker, it is a wonder lightening does not come right into this chamber and strike them all down. They do not seem to realize that they were opposed to the Alsands project; they opposed the measures that had to be taken to keep it operative. And now they have the nerve, the gall, to stand up in this chamber and say that it should not have been cancelled. They cannot live with the result. They cannot live with the result, Mr. Speaker. They want to have it both ways. They want to criticize the project and have the jobs and the expenditure of funds and the stimulus to the economy that would have gone with that project. But they were found out. Their words are on the record. They cannot deny it. They warned the Minister of Energy, Mines and Resources not to give any special assistance to the parties, assistance that might have preserved this project. So now they are trapped in their own words—as they always are, Mr. Speaker. They are always speaking out of both sides of their mouths. They always want to have their cake and eat it too.

Well, the jig is up. They cannot get away with that. Everybody knows. Everybody heard them say "Don't help the Alsands project." And so now they have to live with that. The next speaker can get up and explain, if he will, the remarks of the member for Mission-Port Moody when he stood up in this House on February 25 of this year when that Alsands project was in danger.

An hon. Member: Be patient.

Mr. Crosby: Mr. Speaker, what we really have to talk about and be concerned about in terms of the cancellation of the Alsands project and the delay of the Alaska pipeline project, is the failure to create the jobs that would have resulted from the implementation of those projects. That is what we on this side of the House are talking about. I am not here to support the petroleum industry. They do not need my help, they are big boys. What I am here to do is to ask the government to reconsider its decision in the light of the jobs that these projects would create—and no one, and certainly no one on the government side, can contend that we do not need jobs in Canada.

Tomorrow a new unemployment rate will be announced; and I am sure it is going to be even higher than it is now at over 9 per cent. I am sure there will be more people unemployed than the 1.2 million persons now admitted to be unemployed. That

figure can be greatly escalated, because in addition there are 250,000 Canadians who have given up looking for work. They know they cannot get a job, so they do not bother trying. Also, there are 250,000 Canadians who are employed at jobs well below their qualifications. We have school teachers working as waitresses. There are thousands of examples like that. That gets the whole rate of employment up another 500,000. Then one has to consider the people working part time. We have 1.5 million people in Canada who have only part time jobs—and most of them, if not all of them, would like to be working full time.

So when we talk about an unemployment problem, when we talk about unemployment in Canada, we are not talking about 1.2 million people; we are talking about that number plus another 500,000 who have stopped looking for work or who are working at jobs below their level of qualification, and another 1.5 million Canadians who are working only part time. The figure is well over three million, Mr. Speaker—and that is in a work force of 11 million. So you know what the concern of Canadians is in terms of job creation, and you know what great harm is done when projects that would produce jobs are cancelled, and are cancelled by actions of people like the Minister of Energy, Mines and Resources.

Mr. Speaker, I think you have to get personal in a debate like this. You have to point a finger at who is causing this problem. I have no qualms about pointing a finger at the Minister of Energy, Mines and Resources, because not only is his theory wrong, his whole approach to problem solving in Canada is wrong. It is a terrible thing that we Canadians must suffer because of his arrogance, because of his stupidity, and because of his lack of knowledge of the realities of Canadian life. Mr. Speaker, you do not only have to look to Alberta to see that arrogance and that ignorance on his part. Come to Nova Scotia, come to the Atlantic coast, talk to companies like Shell that want to explore offshore and develop the great resources of the seabed off Nova Scotia and off Newfoundland and listen to what they say about the Minister of Energy, Mines and Resources. They know their projects are being held up because of his unwillingness to assist and his unwillingness to work on the problems.

Mr. Speaker, that attitude goes right down through his department, because that kind of attitude at the top encourages the same kind of thinking right down through the ranks. We do not have to look too far to solve our energy problem in Canada. If we get rid of the Minister of Energy, Mines and Resources, we will go a long way to solving it. I can assure you of that. I can assure you that anyone who wants to work in the energy industry in Canada knows of his arrogance and his ignorance. He is the biggest stumbling block to progress.

Mr. Speaker, that same minister on that same program stood up in this House and said that we will have natural gas in Nova Scotia by 1983. Mr. Speaker, the best estimates in terms of having natural gas available in Nova Scotia are 1985 and later. That is the value of his promises; that is the value of his projections when it comes to solving energy problems in Canada.

So, Mr. Speaker, what are we going to do to solve this problem? What are we going to do? If we have to put up with the Minister of Energy, Mines and Resources, I am not sure the problem can be solved. But I can give you a few solutions. One is to help the private sector petroleum industry to get out into the Atlantic and explore for oil and to find and prove up the reserves that we know are there—and we can do that simply by taking a realistic approach to the legislation that exists, the requirements that must be met and the financial assistance that is available.

Mr. Speaker, in addition, if the government were to get working on projects like the Arctic pilot project, if it would get working and resolve the technical problems that are associated with carrying gas out of the Arctic region, we might have a solution in that area. But before we take that step, we have to examine very closely what is being said by Dome Petroleum and the other promoters of Arctic exploration, because one might mistake them on occasion for snake oil salesmen; one might mistake their motives and question whether they are really telling the truth and whether or not they know all about the development they are proposing.

Some people in Canada—and I know some of them, and I think they are very sensible people—view some of those developments with a concerned eye. But the fact is, the reserves do exist in the Beaufort, and if we get together, given the reserves that exist offshore, in the Beaufort and in the Arctic, we can solve the energy problem. And that has to be the challenge of the Minister of Energy, Mines and Resources—to get to work and get the job done.

Some hon. Members: Hear, Hear!

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, it is always a pleasure to follow my colleague, the hon. member for Halifax West (Mr. Crosby). I want to say to the silent hordes across the way that what my distinguished colleague has said, I endorse. I endorse it 100 per cent. What he has said about our friends to the left in this chamber is very true. His comments about the activities of the present government with respect to jobs and job creation, with respect to openness and frankness with the Canadian people and with respect to the price of energy in this country deserve support, and I am very pleased to endorse them.

There is one particular area I want to get into tonight. I want to trace for the benefit of members of the House the events leading up to the decision by this government to go ahead with a gas pipeline across Québec and into the maritimes. Before I do that, I want to underscore one other point the hon. member for Halifax West made tonight and which has been made by other Atlantic members on this side of the House, who have participated in this debate, and that is the point that centers around the squeeze that provincial governments—Nova Scotia, Prince Edward Island and New Brunswick particularly—are beginning to experience as a direct result of the economic policies of this government.

Nova Scotia has been not singularly fortunate but among the three or four provinces of this country which have been

able to sustain an acceptable rate of growth. It is not what we would like it to be, but it is an acceptable rate of growth, given national circumstances. However, in each of the last five months we have been going downhill. How much longer Nova Scotia can continue to sustain real growth is a matter of serious question. Most observers feel—and I think it is demonstrated by the most recent budget brought down by the Government of Nova Scotia—that perhaps our period of real growth is at an end.

An hon. Member: What does this have to do with Alsands?

Mr. Forrestall: I am asked what this has to do with Alsands. One comment and one observation: the hopes of sustaining the system, in no small way and not indirectly, were pinned, to a large degree, on these two projects' going ahead, simply because they would have placed demands on the central steel producers that might very well have resulted in urgently needed contracts. The future of SYSCO is in some serious doubt.

So much for the Minister of Finance (Mr. MacEachen) and his concern for Atlantic Canada.

On May 15, 1980, just a few short days before the referendum in Quebec—and I am aware that much was done, and perhaps much was needed to be done to ensure a proper outcome of that vote—the government okayed a gas pipeline extension from Ontario into Quebec as far as Quebec City, but not beyond. Many of us felt perhaps there was some justification in making that announcement to the people of the province of Quebec before the referendum, and that was fine. That was in May of 1980.

Throughout the balance of 1980 and through 1981 up until December 12, pressure was brought to bear by members on this side of the House as well as the premiers of the three maritime provinces, separately and acting as the Council of Maritime Premiers, on this government to bring down its ruling with respect to the extension of that pipeline beyond Quebec, through New Brunswick and into Nova Scotia.

• (2315)

One of the reasons given at the time was that the line could not go further, and this flowed from National Energy Board hearings, because of the absence of environmental impact studies. The most likely reason was to allow a period of time for the expenditure of some $75 million or $80 million to finish the development at Gros Cacouna. That is a fact. Once the money had been spent, the government then found it convenient to allow the National Energy Board to make a decision about the extension.

On December 12 or 13, we saw in the newspapers the headline "Federal cabinet approves gas pipeline to Halifax". It was all right then. I suspect Gros Cacouna will be the terminal in the south for the Arctic gas pilot project. It will be the receiving centre, or defrosting centre, or whatever is done with this enormously pressurized, very cold commodity.

The gas pipeline extension through the province of Quebec that was approved was a single size, the same size in Quebec City as when it came across the Ontario border. Now what do we learn? We have the December 15, 1981, decision by the government to extend it to Halifax. We now find that the end of the pipeline which will be in Nova Scotia will be half the size of that in Quebec. We had continuous assurances from the government that this would be a reversible pipeline.

Mr. Crosby: That means you turn it inside out.

Mr. Forrestall: We know what a megaphone is like; it produces noise. If Sable Island gas were placed into the small end of this reversible pipeline and we tried to sent it to Ontario, you would hear the rumble beyond the Rockies. There would be no snow left in the Rockies. With the pressure required to put it in the little end, when it came out the other end there would be one hell of a noise. However, that is all we have had, noise and rhetoric from the government side.

The Arctic pilot project is necessary. The hon. member for St. John's West (Mr. Crosbie) referred to the four horsemen of the Apocalypse. They and this government together cannot ruin this country. It is too big, too good and too individualistic. We are still pioneers, prepared to risk and be innovative. They will fail. They can do indescribable damage. They can upset us, disappoint us and mislead us, but they will not kill us and they will not kill useful, good projects. There are too many good people in this country.

I now come back to Gros Cacouna, which is the central point I am trying to make. Let us look at the financial history of this country. Atlantic Canada financing was the start of central Canada. The financing came from our wood, fish, early deposits of coal, our trading north-south and, in fact, literally all over the world. Funds found their way into central Canada for its development. That was the right course.

For the last 50, 60 or 70 years, we have not been able to contribute to national development. We have not had the means to develop wealth. With the discovery of gas and oil off the east coast, there is a dim glimmer of hope. It is possible that out of this we might find a way that will allow us to be more than just hewers of wood and drawers of water. Possibly we can use this gas and oil to develop a petrochemical industrial base that would not look inward to compete with existing Canadian capacity in that sphere but, rather, look offshore for sales.

For the last 30 or 40 years Atlantic Canada has asked central Canada for some form of technology that would be exportable, something we could use to develop an export market. Did that technology come? It was never offered. We still have no offer of it. What we have is the guarantee of a feed of western natural gas to Gros Cacouna, probably three to five years ahead of us, unless Sable Island comes ashore first, or any potential work in Nova Scotia or anywhere else in the maritimes. This will permit Gros Cacouna to take an insurmountable lead in capturing what could very well prove over the next several decades to be a real source of new capital for the province of Quebec.

That is fine. It has to be done somewhere and will be done somewhere. The plants will be put in place, and the technology

will be employed. I suggest to the government that what is done in Gros Cacouna will find its markets in the central part of Canada and in the United States. Were that plant to be located on tidewater in Nova Scotia, its natural markets would be south and east. They would be South America, Africa, Europe and the Middle East, not in the already saturated central Canadian markets.

We were told the pipeline through Quebec into the maritimes would be fully reversible. It is not reversible. It is twice the size in Quebec City and Gros Cacouna as it will be at the Strait of Canso, and it cannot be reversed. The cost of reversing the pumps would be millions and millions of dollars.

Premier Buchanan of the province of Nova Scotia told Nova Scotians the other day that we were very close to a viable economic threshold of natural gas reserves on the Sable shelf. He indicated it would be up to industry and those doing the exporting to demonstrate and indicate to Nova Scotians, and indeed all Canadians, when we have arrived at that viable economic threshhold. We are close to it. The gas is there. The drilling that will take place off Sable Island this summer will clearly demonstrate that.

We have the gas and we have it ashore. Now what do we do with it? We have a pipeline that we cannot reverse. We will draw gas from Alberta—God love them—about 3,000 miles to Gros Cacouna when 275 or 280 miles away there is an enormous supply and no place to send it. Is that fair? Does that make sense?

The government wants some positive suggestions. It has heard many in the debate in this House in the last two or three days. We have made useful suggestions about what can be done to help this country achieve self-sufficiency in energy by 1990. Perhaps 1995 would be more realistic. If we have many more breakdowns like this, we will be closer to the turn of the century, but we will achieve it. We will achieve it quicker if the government will redirect some of the funds saved with the collapse of the Alsands and the delay of the Alaska pipeline and make the Q & M pipeline truly reversible.

The Minister of Finance spoke in Mabou. He knew when he spoke there that the pipeline was not reversible and never would be reversible. The government should make it reversible. Give us an opportunity to do something with our gas.

Give us some technologies so that gas that comes from offshore can free up western gas, perhaps for export. Let us build a technological base to build a petrochemical industrial base near the site of the gas. We in turn will use that industrial base to attract offshore dollars, which everyone in this chamber knows are sorely and badly needed. The importance of this was clearly demonstrated in the comments of the Leader of the Opposition (Mr. Clark) as well as the 45 or 50 other speakers on this side. If it is not clear, I doubt very much if anybody will ever persuade the government away from its destined course.

Yesterday, the Minister of Energy, Mines and Resources (Mr. Lalonde) suggested in this chamber that the National Energy Program was succeeding. It may be succeeding, but it is succeeding as all megaprojects. It is not succeeding in revitalizing us and raising our hopes. It is doing quite the opposite. It has resulted in devastating and dashing hopes and prolonged dreams and has unduly delayed economic recovery. It has killed the hopes and ambitions of thousands of people from one end of this country to the other. This has been done without the slightest indication of shame or embarrassment.

Reverse the pipeline. Do whatever has to be done. Do not let these projects die. They are too important to the Canadian economy and the people of this country who have been relying on them and looking forward to them as a means of rebuilding the great economic spirit of which this country is capable.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I am pleased to speak in this debate on the Alsands project and the Alaska gas pipeline. It should not be too much of a surprise for us to see that the large corporations have backed out when interest rates are running as high as they are as the result of this government's high interest rate policy. It is understandable that large corporations will not become involved. They can invest their money elsewhere and obtain the interest rates for which they are looking.

• (2330)

Not many people understand that there is a Governor of the Bank of Canada, Gerald Bouey. Not many people understand that there is a board of directors of the Bank of Canada. Many people from the oil companies serve on the board of directors of the Bank of Canada and on the boards of various banks across Canada. Canadians should be told that these banks give donations to the Conservative Party and to the Liberal Party.

Mr. Wilson: Not the directors of the Bank of Canada.

Mr. Parker: Yes, these directors represent companies which give money to the Liberal Party of Canada and to the Conservative Party.

The leader of the Conservative Party goes to western Canada to tell people—

Mr. McDermid: What do you mean by that? It is his home.

Mr. Parker: He goes there to tell Canadians one thing, but when he returns to Ottawa he and his party vote with the Liberals.

Mr. Kempling: That is not correct.

Mr. Parker: Yes, they do. The projects which are being turned down are being turned down by the corporations which are represented by the Conservative and the Liberal parties. For us to stand in the House of Commons and think that energy producing corporations will help us attain self-sufficiency by a certain date is wishful thinking. The Government of Canada must set programs which serve the needs of the people. When it commences such projects, it will begin to serve the people of Canada. Returning to the area of directorships—

Mr. Gustafson: Tell us about Tommy Douglas.

Mr. Parker: He is serving as a director of one of those corporations but he does not serve as a director in a bank and he does not serve on the directorship of the Bank of Canada.

I should like to refer to the projects which are not going ahead—the Alsands project at $13.55 billion, Cold Lake at $14 billion and the Alaska gas pipeline at $40 billion. Those projects are not going ahead. The Minister of Energy, Mines and Resources (Mr. Lalonde) indicated that one small project would be going ahead. I should like to refer to this project because it will be going on in my riding. I am referring to the Revelstoke hydro British Columbia project because which will involve $1,000 million.

Mr. Kilgour: It is $1 billion.

Mr. Parker: Yes, $1 billion. I sat in at the hearings concerning that project and heard about the kinds of jobs being offered to Canadians in my community. Every day they are arguing in an attempt to get on with the project, but what is even worse is that when the project is completed in five years' time, those workers will leave. But will the government recognize that thousands of acres of low valley land will have been flooded? At this point in time, that land is prime forestry land. There has been no provision to plant seedlings in the area in an attempt to replace some of this lost acreage. The government must start looking at projects such as this in a more viable and sensible manner. They must ensure that replanting occurs in areas to replace what has been lost. At this time there are very experienced IWA workers in my constituency, who are walking the streets and collecting unemployment insurance cheques. They could be planting trees in order to replace the losses which will occur as a result of the expropriation of these prime lands. When the economy slows down we should do something productive for the future. Those workers want jobs; they do not want unemployment. Instead, the government brings in programs to offset its unemployment insurance program.

I should like to talk a bit about the Progressive Conservative party. Time after time members of that party talk about members of the New Democratic Party voting with Liberals. The record of the House of Commons will show that the Conservative Party has voted twice as many times with the Liberal government on very, very important issues.

In the province of British Columbia we have a party known as the Social Credit Party of British Columbia. It came about because the Conservatives and the Liberals joined forces to stop the New Democrats from forming the government. This is the type of thing which is taking place in the House of Commons. The Conservatives and the Liberals represent the same multinational corporations. They do not look after the individual Canadians who sent them here. They do not represent individual voters. They represent multinational corporations, the very ones which put small businessmen out of work.

Before my time runs out I should like to talk about the Alaska gas pipeline. On February 10, 1981, there was an expropriation of land in my riding, under the Railway Act, 1919. The Conservatives distributed papers across the province indicating that the New Democratic Party was against people owning their own land. I rose in the House and fought for the people who were having their land expropriated, but the Conservative party did not lift a finger to help protect those people. What happened with the hydro project in British Columbia when land in the valleys were being expropriated? The Conservatives and the Liberals joined forces so that the property could be expropriated, and the New Democrats fought for the rights of the individuals there.

A bill was introduced supposedly to protect the lands of some of these people and to provide them with a method of fighting back. On March 6, 1981, Bill C-60 received second reading. It came back from the Senate on April, 1981, but the problem was that it had been amended by the Senate. It sat in the hands of the Minister of Energy, Mines and Resources while the lands were expropriated because the project was so important that it had to go ahead. It sat in his hands until December 11, 1981, at which time the Conservative Party and the New Democractic Party realized the importance of it. We each put up one speaker, it passed the House of Commons, and it was returned to the Senate.

Mr. Prud'homme: The other place.

Mr. Parker: Yes, the other place. It passed in the Senate, but until today the bill has not been proclaimed in law. Bill C-60 cannot be used until the Minister of Energy, Mines and Resources or the Government of Canada proclaims it, which has not been done to date. My constituents are awaiting the bill so that they will have the procedure to protect them because of problems created by the Northern Foothills Pipeline Agency which crossed their property.

It is no mystery to me why members of the Conservative party are not saying much about it. The agency happens to be from Alberta, and it happens to be Alberta natural gas which is going through the properties. Those individuals who have had their lifestyles and properties disrupted are the ones who are hurt, not the large oil companies who are the friends of the Conservative Party.

I urge the Minister of Energy, Mines and Resources to proclaim the bill so that these people will be provided with an opportunity to be heard and so that a settlement will be finally reached. It is a disgrace to the House of Commons and to members of the public who have had their privacy disrupted; it is a disgrace to Canada. An agency such as this should not be allowed to trespass on private property, to disrupt it and leave it in a disorderly state so as to provide energy for the Americans. This was its sole purpose. It was a pre-built pipeline to provide cheap energy from Alberta to the Americans. My constituents deserve better treatment than that.

Hon. John A. Fraser (Vancouver South): Mr. Speaker and fellow colleagues, I respect the obvious sincerity of the hon. member for Kootenay East-Revelstoke (Mr. Parker) as displayed in his speech tonight. I have been in the House somewhat longer than the hon. member and I want to tell him that I am sick and tired of listening to members of the New

Democratic Party joining in a holy row against the Liberal government. In the ten years I have been in the House, the NDP has propped up the Liberal Party every time it has been in trouble.

Some hon. Members: Hear, hear!

Mr. Fraser: I should like to return to 1972 when an eminent member of the New Democratic Party sat often on government treasury benches. He was there so often that the NDP practically put another person in his seat. We saw it every day. Then, after the election in 1974, the Liberal government was returned and the jeers started. Then members of the NDP were saying how terrible the Liberals were. Then there was the election of 1979 and the Conservative Party formed the government. At the first opportunity, over 18 cents or something else, the New Democratic Party took the initiative to bring down our party. Within days following that, the NDP financial critic, who is now the leader of the New Democratic Party in Ontario, said, "Yes, we voted the Tories out, but goodness gracious, they are a lot better than the Liberals".

• (2345)

I do not mind receiving a few whacks from a member from British Columbia about my party. But I am really losing my patience with this game the NDP is constantly playing. Take the Constitution as an example. Those members with seats in British Columbia, along with myself, what did they do about the Constitution? They jumped right in to the Prime Minister's (Mr. Trudeau) bed, they did not fight for the interests of British Columbia or the western provinces.

Some hon. Members: Hear, hear!

Mr. Fraser: They did not even join the four members of their party who had the guts and the brains to realize that if the first draft of the amending formula which the Prime Minister was trying to foist on us was allowed to happen, you would not have just one separatist being elected in western Canada, you would have the seeds of disunity for decades. These things have to be said because they are true, and the hon. members who now seem to be getting a little agitated, can all take their turn and make a speech because we are prepared to be here for a long time.

I want to say to my friend, the hon. member for Kootenay East-Revelstoke that there was not very much in his speech which had anything to do with why we are here tonight. Perhaps he is not to be blamed for that; obviously, if he addressed with accuracy the NDP position on the NEP he could hardly sit in apparent opposition to the Liberal government. Let us be realistic about this. The NDP has consistently supported the state intervention aspect of the NEP. If any member of the NDP wants to deny that, I ask them to get up and tell us where you have differed in any way from the government thrust in that direction. The fact of the matter is that the Liberal government and a crowd of shadowy fellow travellers are absolutely not to create a social democratic state—social democrats still believe in Parliament. They are going to try to create a centralist state. And those of the NDP who can still remember that they once had a certain glory in fighting for the rights of Parliament and democracy had better look very long and carefully before they bundle off down that comfortable little hallway to the Liberal bed in the Chamber.

I want to remind the NDP of something else. The problem with the NDP and this government that they appear to get worked up about but always seem to end up supporting, is that in the last election the Liberals campaigned on a basic mistruth, but the NDP went along with it. I was all over the country campaigning in 1979 and I did not hear any NDP members saying, "You are not going to get cheaper gas under Mr. Trudeau." All they said was, "If you vote for the Tories, you are going to get expensive gas". They were not very much better than the present Minister of Finance (Mr. MacEachen) who was running around the country trying to get the Tories defeated. He was aided and abetted by the NDP who could not or would not see that what he was peddling was not the truth. Here is the ad from the *Scotia Sun* of January 23, 1980. There is his picture with a maple leaf. It says, "December 11, 1979, Tories gas prices go up". Then he asks:

Would you let the Tories raise the price of gasoline?

That is the way the campaigned with the help of the New Democratic Party. On the other page it says:

Because Allan J. MacEachen spoke up for you, vote Liberal and the price will stay down.

Some hon. Members: Oh, oh!

Mr. Fraser: That was the basis upon which the NDP, boldly and courageously, campaigned to bring this government back. I have to say that at least your financial critic, who was respected in this House—and we all share great affection for him—

Some hon. Members: Oh, oh!

Mr. Fraser: —and wish him many happy days in the service of the public—at least he said that when it came down to it, the Liberals were a lot worse than the Conservatives. But he was the only one who said it.

Mr. Prud'homme: Mr. Speaker, on a point of order. I would of course like to listen to the speech of the hon. member and most probably give consent to—this is my point of order.

Mr. Deputy Speaker: The hon. member does not have a point of order, with all due respect.

Mr. Prud'homme: Mr. Speaker, as usual, every time I have a point of order—

Mr. Deputy Speaker: If the hon. member has a point of order, will he please state it?

Mr. Prud'homme: If we are going to sit much longer tonight I just want to ask consent of the House to perhaps dispense with the pages and we can go on as—

Mr. Deputy Speaker: The hon. member does not have a point of order. The hon. member for Vancouver South.

Mr. Fraser: Mr. Speaker, I of course appreciate your ruling but I want the hon. member to know I appreciate his point and I may call on him in a moment for some assistance.

In any event, the basic campaign in 1980 was a lot less than accurate. You have seen the kind of propaganda that the Minister of Finance puts out, but there is a disturbing continuance of that practice. The Minister of Energy, Mines and Resources (Mr. Lalonde), speaking in Houston to the Offshore Technology Conference on May 4, had this to say about the NEP.

He said:

> Let me provide an example of the kind of wildly misleading statement that helps create a false perception of the petroleum industry's position in Canada.

He was speaking to an American audience. He said:

> The following appeared in an article in the March 29 issue of Forbes Magazine, and I quote "Over 70 per cent of the revenue from the sale of conventionally-produced oil discovered before January 1, 1981, now goes to the Canadian government. Virtual expropriation."

The minister is complaining about that having appeared in an American magazine. Then he said to this American audience:

> Virtual expropriation? Pure fantasy.

That is what it is, says the minister. He says, "I will tell you how much of the revenue from this category is received by the Government of Canada in a typical case of a company with an average rate of reinvestment in 1982". He said:

> —about 26 per cent of the revenues, not 70 per cent.

Remember that this was an American audience, and I am not at all sure they would get the subtle distinction between the words "Government of Canada" and "government". Nowhere in the paper does the minister tell them how much revenue is going to all governments, and he leaves them with the impression—no doubt deliberately, which I say is so dangerous because it is not true—that 26 per cent of the revenues go to the government.

In British Columbia, 65 per cent of the gas price at the pumps to governments at both levels. In Alberta it is 62 per cent; in Saskatchewan, Manitoba and Ontario it is 68 per cent; Quebec, 72 per cent; New Brunswick, 64 per cent; Nova Scotia, P.E.I. and Newfoundland, 65 per cent. There is something very wrong when a Canadian minister goes to the United States and so misleads an American audience, while at the same time practically begging them to invest here because he finally decided to admit that maybe we do not have the resources to do it entirely on our own.

I am a little sick and tired of listening to government apologists and fellow travellers from the NDP telling me what a great success these PetroCan signs are at gas stations. Why does the NDP and some government members not go out and tell the Canadian public that they are paying at the pump the $1.5 billion spent to acquire Petrofina? The money went to a foreign corporation in Belgium which took their profit at an over-inflated price. One can argue whether there should have been PetroCan in the first place, or what kind of PetroCan we should have, but I can tell you that if you are going to have PetroCan, you cannot have a government playing dishonest games with you about it.

Some hon. Members: Hear, hear!

Mr. Fraser: There is no point in the NDP and some of my Liberal friends running around all the time shrieking about multinationals. I have spent some time in the United States—

An hon. Member: Go back.

Some hon. Members: Oh, oh!

Mr. Fraser: —in the last six months doing something which even my impudent friend over there would probably agree with if he lets me finish telling him what it was about. I have been going down there working on behalf of this country, along with other members of Parliament, on the acid rain problem. Let me tell him that some aspects of our National Energy Program have so angered the Americans that in many cases we cannot get a sympathetic hearing on that issue. That is mainly because they think the policies pursued by the Liberal government, supported by the NDP, are anti-American and confiscatory. Whether you agree with that or not, it is souring relations between our countries.

When the Minister of Energy, Mines and Resources goes down to the United States, as he did the other day, and deliberately says something which is far less than accurate, then we are going to have more trouble getting along with our American friends.

• (Midnight)

As I have said, Mr. Speaker, the National Energy Program is basically wrong because it is built on a distortion of the truth that goes back to the point where the Liberal Party was prepared to try to con the Canadian people into thinking that they could have, forever, cheap fuel, cheap oil. The Liberal party, when saying this, knew perfectly well that the price of petroleum would have to increase. But the incredible thing now is that we are locked into an arrangement whereby the price to the consumer may very well be greater than it needs to be—again, because, as other speakers have said, of the greed of the Liberal government in literally going in and raping the resources of our petroleum and gas industries.

The truth of the matter is that most of the cost of these products to the consumer is there because primarily governments at both levels are taking a vast chunk of it. There is no use blaming private corporations, whether they are Canadian-owned or partly Canadian-owned, or wholly-owned subsidiaries of foreign companies, and say that they are the villains in the piece. We know who the villains are.

An hon. Member: And so do the Canadian people.

Some hon. Members: Hear, hear!

Mr. Fraser: Mr. Speaker, I want to comment on one other thing, and I appreciate my colleagues—

Mr. Deputy Speaker: With all due respect to the hon. member, he will need the unanimous consent of the House to continue. Is there consent?

Some hon. Members: Agreed.

Mr. Fraser: I am of course impressed with the courtesy shown by my friends. I realize that, as I do not have their absolute agreement, I must persuade them further.

Mr. Speaker, I want to end on this note—and it is not a happy note: I listened with interest to the speeches made by some of the ministers on the government side, and the line that is now being peddled is suddenly that Alsands and Cold Lake and the pipeline do not matter because there are all kinds of other things to do; that we can go ahead anyway.

Well, that was not the literature in 1978. That has not been the rhetoric in all of these years. Even a couple of months ago, when members of our party were asking ministers what was going to happen, those ministers were frantically trying to avoid having to say what they must have then known, that being that these megaprojects were in trouble. But they still continue to say, "It does not matter—we can reach self-sufficiency by 1990."

When we first came up and said—and our party was the first to do so—that Canada's goal should be self-sufficiency by 1990, that was in 1978 or 1977. The years are going by. We no longer have a decade to reach it; we have only a few years. The alarming thing is that, in the face of the evidence put before the government and members of Parliament by people who are knowledgeable of the petroleum industry, the government continues right through this debate to say, "It is okay; don't worry about it. It is just a little thing. We can still have energy self-sufficiency."

But listen to what the Petroleum Association of Canada said—and this is just recently:

> Although the most secure position is to be self-sufficient, it is nevertheless our considered opinion that self-sufficiency cannot be achieved by the end of this decade under the present circumstances.

Well, my friends, this is an emergency debate. Let me assure all hon. members, and anyone who is listening, that we are facing an emergency. If we cannot achieve self-sufficiency, we are going to have a huge and increasing cost to make-up the deficit. Have honourable members forgotten that conventional oil sources are drying up; that the cost of offshore exploration is going to be very high? There is every indication that we will be importing at least 300,000 barrels per day, at prices that may well be very much higher than they are today, if we do not achieve oil self-sufficiency.

In closing, Mr. Speaker, may I make the suggestion that, first, the Government of Canada has to stop operating behind a veil of deceit on fundamental matters. Second, the Government of Canada has to start to realize, and to say that it realizes, that simply moving in and taking over is not going to solve the problem; it is not going to find barrels of oil. It certainly creates a terrible drain of Canadian capital—$7 billion and more has gone out, affecting everything that we are trying to do.

The last thing I leave as a suggestion to all hon. members is this: leave this debate with a sense of urgency, because what we are facing, if we do not smarten up, is going to be a very serious price in anguish and cost down the road—and that is not going to be very long from now.

Hon. Jake Epp (Provencher): Mr. Speaker, during this emergency debate—a debate that has been brought to this House of Commons by our leader, the right hon. member for Yellowhead (Mr. Clark), the Leader of the Opposition—it is important to keep in mind why it is we are having this emergency debate, as well as the vision of our leader. If one takes a look at the issues in this House during this Parliament, one will realize that it has been, without question, his vision, his leadership, his ability to determine the issues that are important to Canadians that have made this Parliament meaningful.

There is no question in my mind that the emergency that we have today and that this House is debating is reflected in the emergency that is in the minds of Canadians. The obvious evidence is the death of Alsands and the postponement of the Alaska gas pipeline, but I believe that that visible emergency is reflected in the emergency in the minds of Canadians. And as I speak to Canadians, there is another emergency, and that is the emergency that Canadians have of the spirit. They do not know what is happening to their country, and they are deeply concerned about their country. They are deeply concerned that this government is destroying what was a good country. That is the emergency.

An hon. Member: Right on.

Mr. Epp: Some members on the opposite side might say that we have made all the points; that we do not have to make any more points. I happen to be, Mr. Speaker, I understand, the fiftieth member from our party to enter this debate; but I say to you, Mr. Speaker, that it is important that members rise in this House and address the issues that are affecting their constituents; address the emergency that they are facing in their businesses, that they are facing on their farms, that they are facing in their homes. People are out of work, they are out of jobs, not because there is no work, but because of government policies—policies supported by the New Democratic Party.

An hon. Member: They are running out of oil, too.

Mr. Epp: That is the issue and that is the reality. Mr. Speaker, it has been said that we have spent too much time on the Constitution. If that is the case, here is an emergency debate on the economy, on energy self-sufficiency, on the future of the country. Where are the Liberals?

An hon. Member: One, two, three.

Mr. Epp: Where are they? Why do they not speak? Do the citizens of Quebec not have the same problems? All one has to

do is to take a look at what is happening in Québec in terms of the deficit in that province and the increase in energy costs and provincial increases in taxation. Where are they? Where are the Liberal members from Québec?

An hon. Member: I am here.

Mr. Epp: Where are they?

An hon. Member: Where were the PCs last night?

Mr. Epp Well, had you taken your shoes off, you would have got to twenty.

An hon. Member: Clearly, we were here last night. Too bad you were not.

An hon. Member: You cannot count.

Mr. Epp: The point, Mr. Speaker, is that Canadians today are hurting. Canadians are concerned and, at least in the part of the country that I come from, Canadians are angry. Canadians are angry, and that anger, though it is turned toward this government, that anger could also be translated, if it were allowed to continue, into an anger against the country. And that is the other emergency that this government has brought to the forefront of Canadian life.

They said that there was going to be energy self-sufficiency. The member for Durham-Northumberland today pointed out the manner in which our party had approached the question of energy self-sufficency, and it became part of our platform. It was adopted by the government. We do not mind that. In fact, when we take a look at their budget and their policies, we wish that they would adopt everything that we did—at least we would not be in the disastrous situation we are in.

Self-sufficiency was a dream. But, unlike many dreams, it was a realistic dream; it was an attainable dream. The goal could have been reached. The goal will not be reached by 1990. Every member of this House knows that. With the debacle that has been foisted on the Canadian people through the National Energy Program, through the last budget, we will not have energy self-sufficiency by 1990. I guess the only way we could reach it, Mr. Speaker, would be to have the economy go so flat that no one could afford to buy energy. In that scenario, I guess one could argue that we would get to energy self-sufficiency at some stage.

But energy self-sufficiency by 1990 was a realistic objective. I have not been as long in this House as some, but I want to remind members of a federal-provincial conference under a former minister of energy, mines and resources. Some members here will remember Mr. Alistair Gillespie. At one stage he presented to the federal-provincial conference the projections for this government before the 1979 election on the megaprojects, on energy. Some members will remember that. I can remember the television lights, the drama, the production, the graphics, the flow charts. He had everything. Where are the results? Where are the results? Another myth.

For a long time, Canadians, had at least the understanding that the Liberal government, whatever good or bad it might have, knew how to manage, that it knew how to manage the economy.

Well, take a look, Mr. Speaker, at the managers opposite. Take a look at the managers. What managers! What mismanagement! What an economic disaster! They are just walking examples of mismanagement—and they know it.

The member for Gatineau (Mr. Cousineau) said tonight that we should not spread hatred. I agree with him on that; but I want to tell him that there is a difference between hatred and anger. There is a difference where the Canadian people feel so deeply betrayed by the hon. member's party that they are legitimately angry with the government that he supports. There is a difference, I agree, to be angry because of a person's background or the region from which he or she might come; but they are legitimately angry in respect of what that party promised and the reality of what that party did once they had the security of the majority of this House again.

An hon. Member: True, true; 100 per cent true.

Mr. Epp: Mr. Speaker, it seems to me that there was a certain person in the Soviet Union at one time who brought in NEP as well; it was known as the five-year plan, and it has been disastrous. When one looks at the Liberal Party, one finds fairly quickly that when they bring in a policy, they always have a carrot. It is the carrot-and-stick approach constantly. The carrot was what?—Canadianization. And everybody said, "Yes, we are in favour of Canadianization to buy back our economy". Yes, people are in favour of that, no matter what political party they support. But is it Canadianization, or is it nationalization?

An hon. Member: Nationalization.

Mr. Epp: Government intervention. This is not Canadianization.

An hon. Member: Stealing.

Mr. Epp: If it were Canadianization, why did we not see in the last two budgets a process by which Canadians, ordinary Canadians, could invest yearly into the oil and gas industry and get some tax benefits therefrom? That is Canadianization. No, no. They want control, Mr. Speaker, and nationalization works with control. Canadianization where Canadians own does not give governments the ability to control. That is why they opted for nationalization, not Canadianization.

And consequently now, Mr. Speaker, they have killed the goose that was going to lay the golden egg. They have laid the egg now. But the fact remains that the objective of energy self-sufficiency has now been replaced by energy being seen as a major revenue source for the federal government. And now, as energy usage goes down, as the price of energy drops on world markets, the government cannot respond, because if they respond, they will see their revenues dropping still further.

They projected a $51 billion revenue increase for the federal government over the five year plan. Economists now, observers of the scene, will vary this but they will argue that that $51 billion could be ambitious by about $20 billion over the next five years. What happens to the deficit? What happens to the ability to invite investment in this country with those kinds of projections?

• (0015)

What is the investment climate like today? Do I really have to tell hon. members? Where is the confidence? We have discretionary decisions by government.

One thing the industry, which has to have a ten-year plan, cannot afford is for the rules to change periodically at the whim of government. They cannot afford to have investment. That is why we have Canadian investment in the Williston based in North Dakota. They say to Canadians, "Keep on having the National Energy Program, it is the best policy you can have for the United States". We have literally driven Canadian investment into the United States. That is what they are saying to us.

We talk about rule changes. That is why there is no investment confidence. We then come to constraint shares. The old energy supply bill, which has now been split into so many pieces no one knows anymore how many pieces are left on the floor of the House, talks about constraint shares.

I did not know what a constraint share was. I found out. A constraint share is a share owned by a non-Canadian in a company operating in oil and gas or having a share in a company that might invest in oil and gas in Canada. That share would be placed in a constraint share category. It could be sold without the individual exercising his or her rights and get the net proceeds. Why would anyone out of Canada want to invest in that kind of climate? Why should they? Why would they? That is the policy.

What is the cost? What is the cost in jobs? There are members in this House from every part of the country. When they go back to their constituencies, they find that jobs have been lost in the automobile industry and in the supply industry. The multiplier effect cannot be determined by anyone in this House. Jobs have been lost. Why? Because that party was so doctrinaire, following a doctrinaire principle, nationalization.

Mr. Gimaïel: Which one?

Mr. Epp: Remember your speech.

Mr. Gimaïel: Are you afraid to work with the Americans?

Mr. Epp: Mr. Speaker, I think I have touched a raw nerve. I just advise that gentleman to read his own words which he expressed in the House.

The jobs that were there are gone. The lay-offs are a reality. What do we say to young Canadians looking for their first job? What happens to a young Canadian coming out of a university, trade school or high school who is looking for his or her first job and it is not there? What do we do for that young person in terms of the country and his view of his own value and contribution to the country?

What happened to energy self-sufficiency? It is gone. What happened to the financial cost? I will give just one quick fact. My colleague from Edmonton quoted Mr. Lamont. A speech by Mr. Lamont, the managing partner, Richardson Securities of Canada, to the Winnipeg Society of Financial Analysts was reported in the Edmonton *Journal* of May 3. Mr. Lamont said:

> We have been subsidizing the import of foreign oil out of the public purse to the extent of billions of dollars annually. One might as well pursue temperance by subsidizing the price of booze.
>
> The cumulative cost is estimated at $14 billion U.S. or $17 billion Canadian—$17 billion is more than 20 per cent of our national debt—incurred to subsidize gasoline and fuel oil—indeed, the interest on the money we have borrowed to subsidize oil prices at 15 per cent is $2.5 billion annually, which was more than the entire budget of the province of Manitoba in 1981.

That is the financial cost. What about the cost to the oil industry?

I do not come from an area where there is oil and gas, but I had an opportunity to be in Saskatchewan for certain reasons over the last weeks during the recent campaign. I have been through the oil fields before. All of us have marvelled at the ability of Canadians to find oil in a place where you would think that all that is growing there is forests or wheat fields.

It is an eerie feeling to go outside of Swift Current to the little towns and see the oil wells shut down. They are not pumping. That is the cost.

Maybe members opposite do not come from those areas, but the cost is theirs as well. As the hon. member for Vegreville (Mr. Mazankowski) said, we hide our head in the sand and say, "Let us import another 400,000 barrels today, again tomorrow and the day after." I want to speak on that.

The Liberal government and the Liberal Party, if you go through the historical record, have never placed a priority on western Canadian oil to be used across the country. Two conditions had to prevail. It was then they started waking up to the potential of western Canadian oil and frontier oil.

Let us go back to 1961. Albertans came here. Their knees were literally raw. They came on their hands and knees, trying to get the federal government to use western Canadian oil. They would not do it. Finally in 1961 there was an agreement that up to the Ottawa Valley line they would use western Canadian crude.

Today one of the Liberal members said we should share. Yes, we should share. I heard one of the NDP ministers in Manitoba the other day say that the problem in Canada today is that the blue suits should not own the resources. Should we all go cap in hand to this government and ask for a future from them? Hardly.

When offshore oil was threatened, this Liberal Party and government woke up to the reality of self-sufficiency for Canada. That was only when security of supply was threatened. They only woke up to that reality when the price of offshore oil was escalating so rapidly that they suddenly

thought they would be able to use western Canadian oil and save some money at home.

It has been interesting to watch. As the price of oil is dropping internationally, they are quite willing to continue going to Venezuela, Mexico and the Middle East to buy oil. However, they would not buy it from Alberta. They would not buy it from Saskatchewan. They will buy, but they talk of buying at certain prices.

Now they talk about sharing. Where were they sharing earlier? Where were they in 1905 when Saskatchewan and Alberta became provinces but were not deemed worthy to have their resources? Where were they then? Western Canadians were not considered mature enough or not good enough managers to have the same resources as the other provinces. That is the legacy of those opposite, and they have to live with it.

Then there is the NDP. My goodness, the NDP. Every time there is a proposal, what do they do? Roadblocks, fanned in the gears. They want to be forward looking, yes they do, but always in retrospect, always, "I told you so", always up front.

Let me tell you about the Mackenzie valley. The Mackenzie valley people lost jobs. Natives lost jobs. Why? Go into the Mackenzie valley. On the day Berger closed down the Mackenzie valley, natives had barges full of supplies in the hope that the pipeline would go down the Mackenzie. That is what the NDP supported.

Canada can have a great future, but it will not have a future and cannot have a future with this Liberal government's National Energy Program and its economic leadership, aided and abetted by its socialist friends.

Some hon. Members: Hear, hear!

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I am delighted to see so many members in the House. I do not know how they knew I was about to speak. However, I am delighted they are in the House because maybe they might learn something. There have not been enough who have been listening to the brilliant speeches tonight and yesterday and the day before to learn something about what is happening to this country because the Alsands, Cold Lake and Judy Creek projects represent the disaster that this national energy policy is. It is an unmitigated disaster.

Yesterday the member from the Lone Star State came here telling us what was good about the energy policy. Not once in that speech did he mention the fact that the Alsands project had collapsed. He is running around, stumbling over the wreckage of his energy policy, not knowing what he should do and ignoring the fact that drilling activity has dropped 25 per cent, 40 per cent of the rigs have left the country, people have left the country.

An hon. Member: They will come back.

Mr. Wilson: The hon. member says they will come back. Where has that member been? Take your head out of the sand and look at what happened in 1973. At that time it took four years for the drilling activity to reach the same level as in 1973 when the disastrous policies of Donald Macdonald came in.

At that time drilling activity went down 10 per cent, not 25 per cent. The number of rigs went down 8 per cent, not the 40 per cent it has gone down this time. He should take his head out of the sand and try to learn what is happening.

Let me give another example of the head in the sand. This is very interesting to me. Tonight we had the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) before our committee. I asked him to tell us his perception and understanding of the effect of the collapse of Alsands.

He scratched his head, wiggled his jowls and said 200 jobs will be lost because 200 people will be laid off who are now on the project. He said there will be no balance of payments impact because the project will not be completed for eight years. He said there will be no effect on research and development activity because it is all a state of the art research, state of the art technology.

The man does not understand the impact of this project and the other projects that have gone before which have collapsed as a result of the program that his colleague, the Minister of Energy, Mines and Resources (Mr. Lalonde) brought in a year and half ago.

• (0030)

I do not think hon. members opposite understand because the many speeches to which I have listened tonight and during the past few days have totally ignored the impact of this on the country.

An hon. Member: I understand.

Mr. Wilson: I hear an hon. member opposite indicating that he understands. That is a total admission of defeat. There is nothing we can do with these men. It was as a result of the stupidity, the bullheadedness and shortsightedness of one minister.

Let me turn to the reasons for the project being stopped. Hon. members of the Liberal Party have indicated that it was because of the oil glut, international economic problems and high interest rates. Supposedly these are the only reasons the Alsands project collapsed. They totally ignored the real reasons for the project collapsing. It was because private sector operators had no trust or confidence in the federal government. They were worried that the rug would be pulled out from under them later on and that the rules of the game would change again. These statements were made directly by private sector operators. They feared that the government did not trust the private sector and that it would change the rules again. They were worried about the future of the country. There were two other reasons. One was the fact that cash flows, the moneys going to finance the project, had been siphoned off over the past 1.5 years by the same government to satisfy its greed and need for money, money, money, because of its wild

spending over the past ten years. Another reason was the lack of confidence which is necessary on the part of someone moving into a project of this magnitude; it was just not present. I think it was the president of Shell who said that the time for this project was lost. It was lost about two years ago; that is the tragedy of the situation.

The real tragedy is that the Canadian public hear these reasons being given and they know that they are not true. This undermines the level of confidence and trust all Canadians have in their government.

I should like to refer to another illustration of deception of the Liberal government. I refer to the decision of the Prime Minister (Mr. Trudeau) that Arthur Erickson Associates would be the architects for the new embassy in Washington. The government is a master at deception. When we look at the press release of February 25, we get a good idea of what I am talking about. It indicated that 11 semi-finalists were chosen from some 300 finalists from across the country. From the 11 semi-finalists, four finalists were chosen. The Erickson firm was established as one of the 11 semi-finalists, but it was not named as one of the four finalists; it did not make the final round. The release from the office of the Prime Minister, the most senior political leader in the country, the man to whom people should look with trust and confidence for integrity—but there is no integrity or moral leadership there—indicated the following:

Mr. Erickson's firm was one of eleven finalists chosen from some 300 firms from across the country—

It was total deceit. There was no statement of who the finalists were, but we know from the panel of architects that Erickson was not one of the finalists. There was no mention that Mr. Erickson is a very good friend and strong supporter of the Prime Minister. There was no suggestion that that man was one of the finalists, which is another example of why people are losing trust in the political leaders of the country. This is one of the most serious things with which we must deal in our lives as politicians.

The loss of the Alsands project is a tragedy for many Canadians across the country. Two years ago we talked about the importance of getting this project moving because of its tremendous size and its impact in many, many communities such as Hamilton, Mississauga, Toronto and in a number of communities in Quebec which will be affected by the industrial spin-offs. We were concerned, if the project did not move ahead soon, that we would lose it. We said so on many occasions. I looked back at some of the speeches I made as energy critic. I was amazed by the concerns expressed to me, which I reflected in my speeches. At that time people felt that if the project did not go ahead, a project of this magnitude could be lost, and it has been lost. We should not be deceived for a minute by the statement of the Minister of Energy, Mines and Resources and his colleagues in the Liberal Party who said that the reason the project was lost was what was happening today.

The project was lost two years ago, and that is the message which must go out to Canadian people. As the hon. member for Provencher (Mr. Epp) said, people looked to members of the Liberal Party because they were good managers. This is probably the best example of disastrous management of the country from which all Canadians are suffering.

We have talked about the importance of self-sufficiency for all communities in the country. We said, going back as far as 1977, that that should be a primary objective of any energy policy in the country. The Minister of Energy, Mines and Resources finally saw the light at the end of 1980 and included it as an objective in his energy policy. I should like to turn to some of the provisions of the National Energy Program which bear directly upon the tragedy of the loss of the Alsands project. It was pointed out in the National Energy Program that, currently, about 15 per cent of our oil requirements were satisfied from non-conventional sources, but that looked ahead ten years to 1990, the requirement from non-conventional sources will rise to 50 per cent. A full 50 per cent of our oil requirements will have to be met from projects like Alsands, Cold Lake and Judy Creek, the three major non-conventional projects which have been lost in the last few years. It will be almost impossible for us to come within 20 per cent of oil self-sufficiency by 1990. We hear the Minister of Energy, Mines and Resources say that they will bring on Beaufort and Hibernia and that they will get more conventional oil out of the ground in western Canada and that we will be self-sufficient by 1990. That man has his head in the sand. He does not understand the portfolio which he has been holding for the last two years, which is another tragedy we have to bear as Canadians. We will be importing 30 per cent, 40 per cent or possibly 50 per cent of our oil requirements by 1990. We will be exposed to the instability of the Far East and the problems there.

About two years ago, there was a debate in the House of Commons before the National Energy Program was brought in, drawing the attention of the government to the concern of many Canadians caused by over-reliance on imports. The loss of the Alsands project is throwing us more and more into the laps of the people who will sell us oil from offshore. The government has not learned from the past; it has not learned from the mistakes of others.

In 1970, Canadians were 100 per cent self-sufficient in oil and the Americans were 75 per cent self-sufficient. In 1980 we dropped to 75 per cent and the Americans dropped to 50 per cent. Suddenly the light went on down in the United States and the Americans realized that they had a crisis on their hands. They realized that they had to take enormously expensive and disruptive steps to move themselves back to a more secure position. What has the government learned from this? It has not learned from the mistakes of the Americans over the past few years. The minister talks about it and points to the fact that he does not want to have it happen in this country, but he leads us right down the road toward the same thing happening. In 1990 we will have lost about 65 per cent of the non-conventional oil upon which the minister had counted in his energy policy a short 18 months ago. That is another tragedy which we are facing today. It is another reason for all Canadians to be very, very concerned.

When I asked the Minister of Industry, Trade and Commerce a question concerning this matter, he did not even reflect upon the fact that the Canadian manufacturing industry would be more and more exposed to offshore supplies of crude oil.

I have a letter in my file from a manufacturer who said that within reason he could handle any cost for oil because he knew that we were competing with the United States, our main competitor. He indicated that if we could keep somewhere within reason of the price of oil which Americans had to pay—and we are satisfied with 85 per cent—that it was all right, but what he could not live without or operate without was oil. He indicated that he must have oil, that he had to have that energy. He also said that the government should put its priority on security of supply, and that price should come second. Those were the opinions of a manufacturer from the Toronto area who owns a company which has operations in Quebec and in other part of Ontario. Security of supply was the number one problem which he was facing. He was concerned about the viability of his company and the possibility of his company providing jobs for people.

Now I should like to comment upon the document entitled "Economic Development for Canada in the 1980s".

Mr. Cousineau: You had better speak louder.

Mr. Wilson: I would not want to wake up the hon. member for Lambton-Middlesex (Mr. Ferguson).

Mr. Ferguson: I am listening.

Mr. Wilson: I think the hon. member should rise on a point of order and apologize for snoring during my speech.

Turning to the document entitled "Economic Development for Canada in the 1980s" and the section entitled "Looking Forward—The Development Opportunities" the key opportunities which the document identified was the development of our natural resources, in particular energy and energy-based industries. It referred to the massive investment required and the cost over which the Prime Minister stumbled today. He thought it was $200 billion, but it is $440 billion according to this document. These costs are predominantly in the energy and resource areas. That is the fundamental keystone of the economic development of the government. The document also pointed out, quite rightly, the important link between resource development—I hope my colleagues on the left are listening—and the development of our manufacturing industry. The ability to supply these important projects is what has built our manufacturing industry, and it will continue to be an important source of jobs and technology. Those are the two key elements of the economic development plan put forward by the government, and we have lost the core with the cancellation of these projects.

• (0045)

The hon. member for Perth referred to a document put out two or three years ago by the government, listing some 25 or 26 projects, all but seven of which have been cancelled. That is the tragedy of this government's policies which we will be struggling to recover from for a number of years.

The Acting Speaker (Miss Nicholson): I am sorry to interrupt the hon. member, but since the time allotted to him has expired he will need unanimous consent to continue. Is there consent?

Some hon. Members: Agreed.

Mr. Wilson: Thank you, Madam Speaker. I just have a few closing comments.

I have tried to listen carefully to the members opposite to see if they had a strategy to revive some of these projects or turn in other directions to develop our economy. I was wondering whether they felt it was too late to revive some of these projects—not the Cold Lake project, I know that is dead—which are in a long-term hold position. Are they considering alternatives? What plans have they to revive the economy? That is critically important when we have close to 1.5 million people out of work. When you look at the state of the economy today you see those people have been effectively excommunicated from our economic life because it is hard to find a job. We have all heard that many times over from people who come into our offices or call us up asking for help. That is the importance of moving ahead and restoring economic growth.

I was looking for some flexibility on the part of the Minister of Energy, Mines and Resources (Mr. Lalonde) to make some changes in the NEP to show us he recognized the folly of his ways, and that he understood he made some enormous mistakes in October, 1980. He talks about frontier oil and conventional sources, but they will not be developed unless there is some cash flow. He has to reduce his tax take. If not, we will not see those projects develop. That is the challenge, and the government has to make those changes. We in the Conservative Party are prepared to meet those challenges. We would make the changes to bring the industry back on-stream to the point of being an important source of economic growth. We understand the problems and we know there has to be flexibility. We are prepared also to look at some of the other changes in the energy program which have undermined confidence and trust in government.

I say to the government that it is far more important for the people of this country to bite the bullet now, recognize the mistakes, make the changes, and if it requires the resignation of the Minister of Energy, Mines and Resources or the Minister of Finance (Mr. MacEachen), so be it.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, before I get into the substance of the debate I would like to respond to some of the remarks made, in particular by the hon. member for Vancouver South (Mr. Fraser), about my party and its approach to the government and his party. I hope the hon. member is present to take in what I have to say. The first thing concerns the defeat of the Progressive-Conservative government on December 13, 1979. One of the first things we learn about maturity is that we take responsibility for our actions and for what happens to us. If the hon. member is sick

and tired of hearing the NDP saying things he finds unpleasant to hear, then I must say to him I am sick and tired of hearing the Progressive-Conservative Party trying to blame their defeat on everyone but themselves.

They were not defeated on December 13, 1979; they were defeated on February 18, 1980. They had a chance to go to the people and make their case. I do not take sides between the Liberals and Conservatives on this; all I say is, "For God's sake, grow up and realize you contributed to your own defeat in as many ways as anyone else did. I think you sound childish when you go about the country blaming your defeat on the NDP, or anyone else for that matter." I think the promises made by the Liberal Party in that election were false, misleading, and I regret those tactics.

Mr. Fraser: You were prepared to let them be misleading.

Mr. Blaikie: You can search through my campaign literature and you will not find any reference to the 18 cents because I did not think that was the kind of thing an election should be fought over. I see the members are not responding to my invitation to maturity; they still want to dump the responsibility for their defeat on the shoulders of the NDP. It does not do you any good. You are just doing a disservice to yourself when you try and pin your defeat on us.

Mr. Kilgour: What about the Constitution? Second-class citizens from the west.

Mr. Fraser: What about the amending formula?

Mr. Blaikie: I listened to the hon. member for Vancouver South when he spoke about the bad relations between Canada and the U.S. as a result of the NEP. I want to respond to the implication that whatever caused bad relations between the U.S. and Canada is somehow to be deplored on principle. This confirms what I have thought for some time to be the case, that the Conservative Party, as presently constituted, has drifted a long way from the days of John Diefenbaker when he was not unwilling to suffer the wrath of the United States on matters of principle. But we now see the defeat of that admirable element in the Conservative Party and the triumph of the continentalists and the neo-conservatives, who would do anything to please the United States because they have this ideological affinity with Ronald Reagan and others. That is a shame because I think that was an honourable political tradition in that party. That tradition has been sold out, and George Grant's "Lament for a Nation" turns out to be justified after all, at least if we take the Conservative Party as representative of that political tradition in Canada.

Mr. Lewis: A socialist with a watch fob. I do not believe it. I never saw a socialist with a watch fob.

Mr. Blaikie: The hon. member for Vancouver South also mentioned the opposition—

Mr. Lewis: Do you have a money clip too?

Mr. Blaikie: —of the Progressive Conservative Party to big government, and I would like to remind hon. members that when it comes in particular to the Alaska gas pipeline—

Mr. Lewis: Have you got cufflinks?

Mr. Blaikie: Madam Speaker, I see I have managed to so irritate the members on my right—

The Acting Speaker (Miss Nicholson): Order, please. The hon. member for Winnipeg-Birds Hill (Mr. Blaikie) has the floor.

Some hon. Members: Hear, hear!

Mr. Blaikie: Madam Speaker, I notice that the members of the Conservative Party have had to resort to ad hominum arguments which you learn in first-year philosophy are fallacious arguments.

Mr. Bosley: In this case they are very timely.

Mr. Blaikie: They are making remarks about my $99 suit which I got—

Mr. Lewis: That much? You were robbed.

Mr. Blaikie: Madam Speaker, if hon. members would permit, I would like to go on. I am trying to talk about the Alaska gas pipeline and relate that to the remarks of the hon. member for Vancouver South about his party's opposition to big government and government by decree. Let me remind hon. members of the Conservative Party that it was the New Democratic Party which forced the government to bring the issue of the prebuild before Parliament. It is a New Democrat member of Parliament who is fighting the legality of that order in council in the courts of this land, not the Conservative party. They only fight orders in council which they do not happen to like. And they go around the country trying to give the impression that these orders in council are something quite out of the ordinary. I happen to agree with many members that the government is far too secretive—

Some hon. Members: Hear, hear!

Mr. Blaikie: —and lacks respect for democracy. We were as opposed as hon. members on my right to the VIA rail cuts. We tried our best to stop them. There are things that we have in common. I think that we could in this country develop an intelligent, coherent criticism of the way in which these guys over here are abusing democracy, if hon. members on my right would stop trying to use something which deserves a lot of public attention for sheer political purposes. That is what is going on. Because you lump that issue in with a whole bunch of others and go about western Canada in particular stirring up a kind of hysteria about these things, you do a disservice to the very issues that you want to get at. That is all I am saying. If you want to debate with me about that, that is fine, but do not just shout.

S.O. 26

• (0100)

What happened with the Alaska gas pipeline? Well, what happened was that the Liberals trusted the Americans and the Tories trusted the Liberals.

Some hon. Members: Never. Never.

Mr. Blaikie: That is what happened with the Alaska gas pipeline.

An hon. Member: You voted with them.

Mr. Blaikie: They voted with them. The Tories should at least have the decency to say that at this point it looks as if they may have made a bad judgment. As to us in the NDP, it looks as if we may have made a good judgment. But we may yet be wrong. We hope to be wrong, because we want that pipeline to be built.

But the Tories could at least have the intellectual honesty to say, "Hey, you know, we thought that these guarantees were strong enough, that we were willing to vote for the prebuild, and now it seems they weren't." But they do not have the honesty to get up and do that.

An hon. Member: They won't.

Mr. Blaikie: Madam Speaker, when it comes to the Alsands project—

An hon. Member: Are you for it or against?

Mr. Blaikie: When it comes to the Alsands project, I think it may well be the case that had it proceeded some time ago, either as a private enterprise or a public enterprise, it would have had a better chance of being economically viable. I do not think anyone would argue with that. Part of the problem, it seems to me, Madam Speaker, is that the Liberal government is trying to play both sides of the fence in the public versus private debate in this country when it comes to energy.

An hon. Member: That is your game.

Mr. Blaikie: What it does, Madam Speaker, is that it ends up doing neither very well. It ends up postponing things because it cannot find out just how to play both sides of the fence all at once. I think that has been a very harmful strategy. It has done harm to these two megaprojects, whether one likes them or does not like them, and it has done a lot of other harm.

I say, Madam Speaker, that at the point at which the private corporations were unable or unwilling to do it, even given the concessions provided to them by the governments involved, it would be wise to re-evaluate the economic viability of these projects. That seems to me to be the first order of business once you notice that corporations like this are unwilling to go ahead, given the provisions which were provided for them by the various governments. I do not think there is anything that hon. members would contest in that particular observation.

I think this is an opportunity, however unfortunate, to rethink the expectations that we all put into megaprojects and into the development of our resources as the singular way in which we wish to bring health back to the Canadian economy.

We in the NDP have been criticized for not really caring about megaprojects—and we make no apologies, Madam Speaker, for not having a dogmatic position on megaprojects. I think the Progressive Conservatives have a dogmatic position when it comes to megaprojects, and that position is that they will have megaprojects at any cost.

Some hon. Members: That is not right.

Mr. Blaikie: That is what we hear coming forward from the Progressive Conservative Party, and I think that is a form of dogmatism.

An hon. Member: With a Conservative government, they would have been financially viable.

Mr. Blaikie: Our position is quite clear, it seems to me, Madam Speaker. We thought that if Alsands was to go ahead, with substantial public money involved, then such support should have meant equivalent equity in the project for the Canadian people.

An hon. Member: It did.

Mr. Blaikie: That is all. But we do not think that the collapse of Alsands is the end of the world, and I do not think anybody here really thinks that either. It is not the end of the world, but it should be the end of the Liberals.

Some hon. Members: Hear, hear!

Mr. Blaikie: That is what the collapse of the megaprojects should be. It should be the end of the Liberals, because it is they who have put all of their eggs in that one basket, and it is they who have led the Canadian people to believe that these projects were the answer to all of our problems. And they are not.

I remember as well as anyone else, even though I was not a member of the House at the time, Alastair Gillespie on the National News pointing out all of the megaprojects as if Nirvana was just around the corner once we laid some pipe in the Mackenzie Valley. Canadians have come to know that that just is not the case. It is about time the Liberals caught up with them.

These projects, Madam Speaker, would have created many jobs—and it is a sad thing for all of those Canadians who have lost job opportunities because of the collapse of these projects. But unemployment in this country is not just related to the collapse of these projects; it is related to the fact that we do not have an economic strategy which tries to develop our manufacturing sector; we do not have an economic strategy which tries to negotiate with multinationals jobs for markets; and it is related to the fact that we do not have an economic strategy which looks beyond the "quick-fix" of megaprojects for job creation.

We need in this country, Madam Speaker, to develop an economy in which people have long-term sustainable employment, and in terms of energy development, this means looking beyond the ideology of megaprojects—which I think in some respects all political parties in this country share—looking beyond the ideology of megaprojects to the long-term sustainable development of renewable energy sources, alternative and appropriate technologies, and conservation.

That, Madam Speaker, is where the future lies, whether we are willing to admit it or not at this point in time. I heard a Liberal member this afternoon say, "Just think what we could do with all of the money that the government was willing to spend on Alsands if we put it into conservation." He said that the money that the government was willing to spend on Alsands would be better spent on the development of jobs that will not disappear but which will continue into a meaningful future. I wish that that were the kind of thing that this government would actually consider doing. But I think the member this afternoon was just being frivolous.

As I said in a speech I made on energy in this House just a couple of weeks ago, I think that the fight between the Liberals and the Conservatives on this is a family fight—

Some hon. Members: Oh, oh!

Mr. Parker: They represent the same people.

An hon. Member: Be original. We have heard that before.

Mr. Blaikie: Let me finish. It is a family fight within a certain energy model. I have already admitted that—and I think hon. members have to acknowledge this—that, to a certain extent, all of us are bound by a certain energy model, a model that has preoccupied our vision for some time now. But I like to think that we in the NDP are moving ahead of this model and thinking about alternatives. All of us, Madam Speaker, have to rethink our approach to megaprojects. We have to think of the harm that so many of them in the past—and so many of them in the future, if we do not rethink our way of doing them—the harm that they have done to the environment, the harm that they have done to our future, and the harm that they have done to our view of human life, for that matter. By this I mean that too often the debate in this House about energy centers exclusively on how we can look after ourselves. We do not—

The Acting Speaker (Miss Nicholson): I am sorry to interrupt the hon. member, but the time allotted to him has expired.

Some hon. Members: Hear, hear!

The Acting Speaker (Miss Nicholson): He may continue only with the unanimous consent of the House.

Some hon. Members: Agreed.

The Acting Speaker (Miss Nicholson): The hon. member for Edmonton-Strathcona (Mr. Kilgour) on a point of order.

Mr. Kilgour: Madam Speaker, I am your twin. You should know Edmonton-Strathcona, with respect, because you are twinned to my riding.

An hon. Member: I bet she has never been there.

An hon. Member: What is your point of order?

Mr. Kilgour: How long does the member intend to speak if we give him an extension?

Some hon. Members: Go on.

The Acting Speaker (Miss Nicholson): There is no unanimous consent.

An hon. Member: We did not ask those who preceded him how long they would be in the event of an extension. Go ahead.

Mr. Blaikie: Madam Speaker, I think I have unanimous consent.

Some hon. Members: Agreed.

Mr. Blaikie: I was about to say that we do not think enough in a global context—or, for that matter, in the context of the future. We think only of ourselves, and we encourage the Canadian people to think only of themselves and of their short-term interests as far as energy is concerned.

I know this is a difficult thing for all politicians to do, because we all have to face an election every four years—or sometimes more often than that. It is difficult to go to the Canadian people and say, "Listen, we have some very difficult and also ethical problems when it comes to the development of energy in this country and in the world." But I think it is something that we have to do. Nevertheless, if there is to be a transition to a different energy future, people will have to be protected, especially those who can least afford whatever the expenses of the transition are to be. Higher prices—

An hon. Member: That was a Tory policy. It was defeated by you, fellows.

Mr. Blaikie: I am getting to that. Higher prices right now represent the only transition. The Liberals have done nothing to shelter those who are hit the hardest. In this respect, conceptually, the Tory energy tax credit was a good thing.

An hon. Member: But you voted against it.

Mr. Blaikie: I give you that. I do not think that it would have been enough by itself, but it was not a bad idea. It was not a bad idea, Mr. Speaker.

An hon. Member: What about 18 cents—it was not a bad thing. It would have been better than 78 cents.

Mr. Blaikie: Madam Speaker, we have to move beyond an energy strategy centred on trying to squeeze out the last bit of non-renewable energy before we get serious about renewable energy and conservation. It is self-defeating and irresponsible to continue in this way. I think Canadians are way ahead of all

of us on this, and I think it is about time that we started to tell them some of the difficult truths. I think they are prepared to listen.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Madam Speaker, I am happy that I am able to participate in a small way in this debate, but it is rather saddening that we even have to have this debate. It seems to me that—I am very pleased to see that we now have four Liberals in the House. For most of this evening we had none and then we had one, and now there are three. Unfortunately, there has not been a cabinet minister here all evening.

I think it is sad that we have to have this debate. The governing party has put all of its eggs in one basket. As they have dribbled away parts of our economy left, right and center, they have always said, "But wait, here come the megaprojects. That will pick up the slack."

And now, with a flush, down the toilet go the megaprojects.

The hon. member for Winnipeg-Birds Hill (Mr. Blaikie) had some interesting comments to make. They might have been valid. I particularly liked the one in which he indicated that Progressive Conservative Party members only fight against orders in council which they do not like. I have never heard of anyone fighting against orders in council which they like, even in his party.

• (0115)

The hon. member has said that our party is convinced on megaprojects whereas his party—granted not the NDP in Alberta—is dead against megaprojects. The hon. member for Mission-Port Moody (Mr. Rose) spoke in the negative about megaprojects.

I do not think it can be said that the Conservative Party is in favour of megaprojects just for the sake of megaprojects. They have to be profitable megaprojects. They must have a return.

One thing that has to be taken into consideration is the number of jobs they provide, the energy that will be provided to the country so that we do not have to depend upon foreign sources. Some of these megaprojects would have been nice had they gone ahead rather than just depended on hope and prayer, as we must now.

It is interesting to note that the megaprojects were outlined so well by Mr. Robert Blair of Nova Corporation and Shirley Carr, vice-president of the CLC, in their documented paper of the 40 megaprojects that will take place in Canada.

At the time it was said that it was a classic example of how the labour movement and the capitalist entrepreneurs could work together to define what the projects would be. There was a lot of hope pinned on those. It is sad now to see that the first, second, third and fourth of those projects are going down the tube. The reason is government greed on taxation, wanting more money to try to fill its depleted coffers because it has spent so much money foolishly in this country.

We should point out the history of Canada and the way we have treated our oil industry over the years. It has really been pathetic.

Let us talk about Imperial Oil. My friends of the Liberal party west, the little pink rump of the big red machine, always knock Imperial Oil. Imperial Oil started out as a Canadian company. It drilled its first well in Petrolia back in 1888. It was a Canadian company. Under the Liberals, it was sold to the Americans in 1937.

British American Oil Company was another integrated Canadian-owned oil company. It was sold under the Liberals in 1947. It subsequently changed its name to Gulf in 1964, again under the Liberals.

The third integrated Canadian oil company, White Rose, Canadian Oil Company, was sold under the Liberals in 1965 to Shell. Subsequent to that, they allowed Supertest to go to BP in 1970. The list goes on.

We had a Canadian oil company. The reason Standard New Jersey picked up Imperial is that they then marketed the name "Imperial" in all the Commonwealth countries around the world. It is still using that word. They took that name from a Canadian oil company which the Liberals allowed to be sold to foreigners.

In 1979, Alastair Gillespie, the previous energy minister, was so anxious that he ran to Venezuela through the Canadian Commercial Corporation to buy more oil for PetroCan. He went to Mexico and signed contracts for heavy oil, not the light isthmus crude which the eastern refineries need.

The Canadian refineries in eastern Canada cannot use this oil. It has to be converted. Now there is talk of $100 million just to convert this oil which, unfortunately, we are contracted into by the Liberal administration of the time. The list of Mr. Gillespie indicates that megaprojects were going to supply some 70,000 direct jobs in Canada and 255,000 indirect jobs in Canada, over 320,000 jobs. At a time when we have 1.5 million unemployed under a similar Liberal administration, would it not be nice to have some of those 320,000 jobs?

Those jobs were to include the Dempster pipeline, 6,000 direct jobs and 26,000 indirect jobs. It was cancelled. The Alaska highway gas pipeline, 13,000 direct jobs and 55,000 indirect jobs, is delayed. The Polar gas project was cancelled. Tennaco LNG project was cancelled. The Alsands project was cancelled. The Syncrude expansion was cancelled. The Cold Lake project was cancelled. The oil storage project in Wabanex was cancelled.

The megaprojects, which were so important to previous Liberal governments, raised the hopes of Canadians. There was to be something for us in the way of jobs and energy self-sufficiency. That has all been lost through the mismanagement of the economy by the present government and by the lack of respect for people with initiative, Canadians who want to invest. We find small Canadian companies formed in Alberta and British Columbia, some on the Toronto Stock Exchange. Their major investment is in Oklahoma, Louisiana and Texas.

That is where they are going to search for oil. They are taking Canadian rigs with them.

The Canadian government fooled the Canadian people deceitfully in the election of 1979-80. They said they would have budgetary restraint. We have had $14 billion deficits every year since. They said they would lower interest rates. The hon. member for Windsor West (Mr. Gray) pledged that he would quit his job if they did not lower interest rates. Interest rates have gone up and he has not quit his job.

They said they would have lower prices than the 18 cents that the NDP voted for. We now have increases of 78 cents in taxes, not 18 cents. They said they would renew employment, encourage Canadians to expand job opportunities in this country. Instead of having six months of declining unemployment, as we had with the Clark administration, we have had unemployment go up. We now have almost 1.5 million unemployed in this country. They said we would have oil self-sufficiency. Now we are told we are not going to have oil self-sufficiency unless, through hope and prayer, they can bring in Hibernia, Beaufort and a number of other projects which we do not have the technological skills to bring onstream.

This government has failed this country and the people of this country with their interest rate policy, their employment policy. All they have done is to create unemployment. They have failed this country and the people of this country with their program of restraint. They have failed at reducing the deficits and they have failed in bringing us oil self-sufficiency. We have been waiting. Now we find everything has gone, all the hope we had with the announcement that Alsands and the Alaska pipeline are cancelled, delayed or postponed.

It is unfortunate that we are going to lose tens of thousands of jobs. It is important to note that it is not just jobs in Alberta and the Yukon, British Columbia or Saskatchewan. Fifty per cent of those jobs will be in the provinces of Ontario and Quebec.

The Minister of Indian Affairs and Northern Development (Mr. Munro) and the hon. member for Hamilton West (Mr. Hudecki) are supporting a government which will cost thousands of jobs to the underemployed steel companies in Hamilton such as Stelco and Dofasco. They sit quiet. They do not participate. Yet they will vote in support of something that will cost their area thousands of jobs.

We have had a debate which has gone on very long. It has been important for the Canadian public to try to understand how much they have been deceived. We in Canada have been deceived. The present administration has deceived us with regard to interest rates, unemployment, restraint, reduced deficits and oil self-sufficiency. They have deceived us on megaprojects. They have not negotiated in good faith.

They have not left anything for the private sector in the way of return until, perhaps, far too late. They have killed the projects. In a sort of macabre way, it is like an Alfred Hitchcock movie. Picture a scene in which members of the cabinet come in darkness because there is no light in the cabinet. They are standing around like zombies, staring at the cadavre on the operating table. The pathologist is dissecting the cadaver, which is the National Energy Program. Behind the zombies are those who are even more dead. They are the skeletons, the backbenchers, who just sit there silently as the operation goes on.

The death of Alsands and the postponement of the Alaska highway gas pipeline have indeed been a sad blow. I hope the people of Canada come to realize they have been deceived. I hope they come to understand that we have lost thousands of job opportunities. Indeed, it has been unfortunate that this debate has been necessary. It really is sad that Canada has lost all these opportunities.

This is a country which has every reason to have every hope. We have all the potential in the world. Properly managed, we would not have to cancel the megaprojects. We would have those thousands of jobs. That would mean fewer people on unemployment insurance and fewer people on welfare. There would be more Canadians with a sense of self-satisfaction because they were working to enhance our country.

Mr. Nielsen: Madam Speaker—

An hon. Member: We could sure use some rest.

Mr. Nielsen: Perhaps the hon. gentleman might think differently after he hears what I have to say. I have an offer to make to members which I think will be difficult if not impossible to refuse. We have now been debating for 38 and a half hours an urgent situation. I believe it is time, and we might find general disposition, that the debate be concluded.

If the members on the government side and in the New Democratic Party are disposed to agree unanimously that I wind up the debate, we are prepared to do that. In other words, I will be the last speaker in the debate. If there is a disposition in the House and if the House were accordingly to make such an order, I would be prepared to speak now.

The Acting Speaker (Miss Nicholson): Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Cousineau: Madam Speaker, I do not think the hon. member needs unanimous consent. If he is the last speaker, he is the last speaker as far as the orders of the day are concerned.

Mr. Nielsen: Madam Speaker, let me point out on my point of order that Standing Order 26 provides that so long as a member rises to speak in the debate, he must be heard. There is no limit to the debate. I am suggesting to the House that if there is a disposition to wind up the debate now, if consent is given that I be the last speaker and that there be no further speakers, and if that is made an order of the House, we are prepared to stop the debate at this point.

• (0130)

Mr. Prud'homme: I do not want to speak for my colleagues who may or may not come into the Chamber, but I doubt that

there will be other speakers from this side. I cannot speak for the other party, but I think the hon. member for Yukon (Mr. Nielsen) needs unanimous consent. The Standing Orders indicate that as long as an hon. member is seeking the floor, he may be heard. I do not think my colleagues will make me lose face if I say that I do not think there will be any speakers on this side of the House. I do not know why the hon. member is seeking the unanimous consent of the House, but I will listen to the comments he makes.

Mr. Nielsen: Hon. members opposite might wish to discuss it among themselves, but I am making an offer to wind up the debate. I am attaching the suggestion to the offer that if the House is agreeable that I be the last speaker in the debate, we are prepared to stop it. If there is not unanimous consent, the hon. member for Don Valley West (Mr. Bosley) will carry on the debate. We have other speakers on this side who are prepared to do the same thing.

Mr. Dingwall: Would the hon. member for Yukon (Mr. Nielsen) indicate to the House how long he wishes to speak for?

Mr. Nielsen: I will speak for 20 minutes and then I am in the hands of the House.

The Acting Speaker (Miss Nicholson): The House has heard the suggestion of the hon. member for Yukon (Mr. Nielsen) to wind up the debate and that there will be no further speakers. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Prud'homme: No.

The Acting Speaker (Miss Nicholson): There is no unanimous consent?

Mr. Prud'homme: I distinctly said "no". I am sure there will be no further speakers from this side.

Mr. Dick: Be reasonable.

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have no notes prepared for my speech, but I have some very, very deep feelings with regard to this matter. The hon. member for Yukon (Mr. Nielsen) presented to my colleagues across the House and on my left a very reasonable proposition. I assure the House that there are many hon. members behind me who are willing to participate in the debate. This is just about the same time I came into the House two nights ago and sat through until morning. Thus, I have an early start tonight and, if my voice holds out, I am quite prepared to stay a lot longer.

The majority of the speakers we have heard so far have driven home with great clarity the problems the National Energy Program has caused in this great land of ours.

I wish I had the eloquence to deliver with the same passion and the same emotion the points made by the hon. member for Calgary South (Mr. Thomson) when, at about 5.30 in the morning two days ago, he rose in his place and in a voice charged with emotion told everyone listening exactly what was wrong with the National Energy Program. I do not have his eloquence; I will not try to repeat his words. I recall shortly thereafter how the hon. member for Hamilton-Wentworth (Mr. Scott) pointed out to hon. members in the House at that time that it was not just Alberta which was being hurt by the machinations of government. Rather, he listed a number of firms in his riding and clearly gave indication of the harm which was being done to them.

Were I to take a moment, I could give an equal number of firms in Prince Edward-Hastings which are also being hurt, simply because this stubborn block-headed government does not want to deal honestly with Canadians. I could deal with firms throughout the entire province of Ontario. I have the singular honour of representing the caucus of Ontario when we meet, and I can say that every hon. member from Ontario on the Conservative side of the House could refer to instances wherein firms have been hurt by the actions of the government.

I should like to refer to one example. Earlier this year the uncaring government gave away to a firm in Japan something in the order of 380,000 to 400,000 man-days of work which could have been performed by a firm in the city of Belleville, which is in my riding and has been my home for the past 30-odd years. Over the last three or four days, in meetings of the Standing Committee on Transport, I have placed upon the table irrefutable evidence, which was not once properly refuted by the chairman of the National Harbours Board who was a witness before the committee. He did not refute the fact that technically, competitively and promptly a Canadian firm could have provided the necessary equipment for the Ridley Coal handling facility. I proved, to the satisfaction of all who sat on the committee—but perhaps not to the satisfaction of the chairman of the National Harbours Board—that this Canadian company could have built these units. This firm has built 20 to 25 of these units throughout the world. It is presently completing one slightly south of the Ridley terminals in British Columbia. It is completing four in South Africa and is bidding competitively on others in South America. Recently it provided a similar piece of equipment to Korea, in competition with its cheap labour and its policies. In fact, I proved that its bid was technically and in other ways superior, yet the callous, uncaring government opposite awarded the contract to a firm from Japan, taking away jobs from Canadians.

I should like to relate a few facts. Had the job been allotted to the Canadian company, it would have been 96.5 per cent Canadian in production and 100 per cent Canadian in engineering. The Japanese company indicated that it will provide 52.8 per cent Canadian content, but that same Japanese company promised two years ago to provide something over 60 per cent Canadian content in the Burrard floating dry dock which was supplied to Vancouver harbour. This firm has not spent a single red cent or even a yen in Canada on that project. I do not know why we should believe that it will at this time. In fact, I suspect that there is not a snowball's chance that it will

spend that amount of money in Canada this time. I would like to go into a little more detail on that particular project, but I do not think it is necessary.

The Minister of Transport (Mr. Pepin) is a reasonable individual. I think he has been completely misled by his staff and his public servants, because he stood in the House and said that the whole project would be some 85 per cent Canadian, and the remaining bid on that project went overseas to Europe. Less than a week ago another part of the same project, a contract worth over $7 million in steel pipe, was given to Japan. I am sure the hon. member for Hamilton-Wentworth would agree that the Steel Company of Canada could manufacture steel pipe of a nature which will carry the highest pressures in gas and oil. I am sure he will agree that it should have had a chance to bid on this, but the specifications for the pipe were purposely made in such a way that no Canadian company could bid on it. Is it not surprising that the specifications for the pipe just happened to be exactly the same specifications as that which could be provided by the firm in Japan?

As a result another $7-odd million worth of work, which could have gone to Canadians, went to this Japanese firm. This work will be paid for by Canadians. It will be paid for by the taxes of Madam Speaker, by my taxes and, more importantly, the taxes of millions of Canadians. I have nothing against the Japanese. They are a fine and industrious people, but had the project been in Japan, no Canadian would have been given an opportunity to bid on it, never mind supply it or supply it at a higher price. This is what is happening with our uncaring government. The government cares little about Canadians. It takes the taxes of Canadians and spends them in a prolific, wanton and cavalier manner.

As I was entering the chamber this evening, I heard the hon. member for Etobicoke Centre (Mr. Wilson) very completely covering the subject concerning the architect from Vancouver who, not on the choice of those who were put in the position of choosing the architect for the new Canadian embassy in Washington, but because he was a friend of the Prime Minister (Mr. Trudeau), was chosen for the job. I suppose I must say, "Thank God, at least he was not Japanese; at least he is a Canadian." Perhaps that is some consolation, but it gives an idea of the way in which the government treats Canadians with disregard.

I am sure a number of my colleagues wish to speak in this debate tonight. I have used up just about all my time, but before returning to my seat, I suggest to hon. members opposite that there are many, many more members who want to participate. After all, it is only 1.45 in the morning. We could continue through the remainder of the night until dawn tomorrow. A number of my colleagues and I sat through the night and saw the sun rise Wednesday morning; I suppose we could sit through until the sun rises on Friday morning. Perhaps in so doing we might get across a message to the unfeeling government that we are no longer prepared to be walked over, stomped on or to have our Canada, this Canada we love so much, trampled into the ground by a government which has lost all sense of care, of dignity and of reality.

Some hon. Members: Hear, hear!

• (0145)

Mr. John Bosley (Don Valley West): Madam Speaker, I participated this afternoon in a seminar on parliamentary reform, and one subject discussed at length was why this institution does not work in representing Canadians. It is a subject which can be discussed for hours, but if I needed an example I could not have provided a better one than that which occurred approximately 15 minutes ago. That is the kind of tragedy which sees members opposite assuming that the issue of an emergency debate on the economic future of our people is one with which you play parliamentary games.

Last night and again tonight the members opposite have shown that it does not matter if $50 billion of investment goes down the drain. It does not matter if an energy program destroys the economic future of an entire region. It does not matter if my province loses every day because of programs which led to the collapse of Alsands. It does not matter to members opposite if that causes lay-offs numbering in the thousands. I suppose if you sit here all the time under the bright lights where you do not feel an energy shortage, where you just cannot have any feeling for the problem in a place as insulated as this environment, you can and do lose a sense of what is happening on the streets. I think perhaps this has happened to a number of members opposite.

The collapse of these projects is important because they represented what the government said was a way out of the economic malaise confronting Canada. In good times we could afford the loss of a project, even one as big as this one, but in bad times we cannot afford the loss of any projects. What do you say to a young student who comes in to your office, having been laid off from a company which closed because it makes products related to oil development, and now has no work? This student spent the last six months educating himself to become a computer programmer in a school which has the greatest single track record for placing students in jobs after graduation. How do you respond when he says he was laid off because of the collapse of these energy projects? He went to the best school he could go to and he cannot find work after being on the streets for eight weeks. There is no work, even for those who have taken the time and trouble to help themselves and Canada. All this because we have a government which plays parliamentary games during what has been the longest emergency debate in this House.

Madam Speaker, I am advised by way of a note that there has been an agreement in this matter. Therefore, Madam Speaker, I thank you for allowing me to contribute for even a few minutes.

Hon. Erik Nielsen (Yukon): Madam Speaker, there have been discussions which will enable the Chair to consider the provisions of Standing Order 26(13) when I have concluded my remarks.

S.O. 26

Mr. Prud'homme: Madam Speaker, since I do not have the book—

The Acting Speaker (Miss Nicholson): Order, please. Will the hon. member please state his point of order briefly?

Mr. Prud'homme: Exactly. The hon. member for Yukon stated that at the end of his remarks you may read Standing Order 26(13). Unfortunately I do not have my book here, and knowing how able the gentleman is—

The Acting Speaker (Miss Nicholson): That is not a point of order. I would appreciate it if the hon. member would resume his seat.

Mr. Prud'homme: Madam Speaker, I am sorry, on the point of order—

The Acting Speaker (Miss Nicholson): I do not recognize the hon. member on a point of order. I would appreciate it if he took his seat. If the hon. member wishes to consult the rule book, I am sure the Table would be pleased to accommodate him.

Mr. Prud'homme: Madam Speaker, I am on a point of order!

The Acting Speaker (Miss Nicholson): If I recognize the hon. member on a point of order, I would be happy if he would state it briefly.

Mr. Prud'homme: I say again that the hon. member for Yukon is asking you to put to the House Standing Order 26(13) once he finishes his remarks. I do not have the book here, and if I go to the Table, he will already have started his speech. You understand what I am trying to say? The hon. member asked for unanimous consent a moment ago, and I want to know—

Mr. Kempling: You have it upside down, Marcel.

Mr. Prud'homme: I therefore agree that he can speak, Madam Speaker.

Mr. Nielsen: I think perhaps we are all getting a little bit weary, Madam Speaker.

As I started to say, the tragic truth is that no matter what motion comes before the House from this side, regardless of the terms in which it is couched, they all add up to one single sentiment expressing the deepest feelings of Canadians from coast to coast. That feeling can be summed up in the words: this government must go!

Some hon. Members: Hear, hear!

Mr. Nielsen: That is what Canadians are saying from coast to coast, and that is a summation of every motion which will be forthcoming from this side of the House until that event, which Canadians from all walks of life are longing for, takes place.

Some hon. Members: Hear, hear!

Mr. Nielsen: Canadians want the removal of the most incompetent, arrogant, isolated, and the most power-hungry government in modern history. The latest example is Alsands, a $15 billion project which would have provided some 50,000 jobs. The shelving of the Alaska highway gas pipeline deprives the economy of a further $40 billion.

I want to stop here for a moment because all but one of the NDP members sitting here today were not in this House when that measure wended its way through the committee and House process.

Mr. Rose: All of them.

Mr. Nielsen: No, all of them were not. The member who just interjected was here, but the others were not. The NDP position in committee and all stages in the House was one of ferocious opposition to that pipeline. I am going back not to the prebuild, but back to the very inception of the pipeline itself. They ferociously opposed that bill in all its stages, accusing the Liberal government of the day of a huge sell-out, likening it to the 1956 pipeline and accusing the government of selling out to the Texas barons and so on. So they cannot change their position now. They cannot say they were for the original pipeline concept, because they were not. Well, there was one, the executive assistant to the leader of the NDP at that time. He is now the leader of the Opposition in Yukon, Mr. Penikett. He is for the pipeline, always has been, a position diametrically opposed to his federal colleagues.

Mr. Rose: So are we, with guarantees.

Mr. Nielsen: The gentleman says he is for it now.

Mr. Rose: With guarantees.

Mr. Nielsen: But not when it was going through the committee and through the House. His party's position at the federal level is diametrically opposed to that of the NDP Leader in Yukon, who happens to be the national president of the hon. member's party. It seems to me you fellows should get your act together.

Last Tuesday the Minister of Finance (Mr. MacEachen), in an unwanted burst of frankness, used the word "collapsed" with respect to these projects. That was exactly the right word. It was not the project alone which collapsed, but confidence in the government, which in turn brought about a collapse of the project. It was not the decision of the private sector. The uncertain and erratic financial policy of the government brought about internationally and in Canada a climate of uneasiness in which investors were unwilling to continue. The bottom line was that trust and confidence in the government and its policies was found wanting, and it is the government which must bear the responsibility for those disastrous policies which have created that disastrous and deteriorating economic climate and for failing to produce alternative policies when their hopes in the megaprojects came tottering down.

While the major responsibility is that of the government, that does not detract from the nauseating and hypocritical

performance put on this week by the NDP. From the beginning their attitude has brought opposition to Alsands on the grounds that it was a giveaway to private industry. I do not think there is anyone in this House who has not observed what we fliers call doing a 180 as the NDP tactics changed here last week. Purely coincidentally, of course, it followed immediately upon the results of the Saskatchewan election.

Some hon. Members: Hear, hear!

Mr. Rose: What about the Manitoba election?

Mr. Nielsen: It is interesting to note, Madam Speaker, that what was previously in their words a corporate giveaway has now become a matter of life and death to the Canadian economy simply because the leader of the NDP—who coincidentally happens to be the vice-chairman of the Socialist International—sees some political mileage to be gained. The NDP energy critic, the hon. Member for Vancouver-Kingsway (Mr. Waddell) has fought these projects throughout his career, from the time he has been in this House until today. He even has a suit pending in court in the province of British Columbia to stop the pipeline from going ahead.

• (0200)

Mr. Blaikie: The prebuild.

An hon. Member: Shame on you!

Mr. Nielsen: Stop the prebuild. If you stop the prebuild, you stop the pipeline. And then he gets up and cries his crocodile tears about the poor pipeline not going ahead. What utter hypocrisy!

Mr. Blaikie: Tell us something new.

Mr. Nielsen: I have no complaint against his opposing the project, nor against any member of his party opposing those projects. But what we have a right to complain about, now that the projects have been wiped out because of the procrastination and ineptness of the government, is members of that party rising in this House and claiming that they were for the projects all along. They cannot do that and still retain any credibility whatsoever.

On November 26, at page 5109 of *Hansard*, the energy critic of the NDP, the member for Vancouver-Kingsway criticized the government for what he called "overbuilding pipelines". That may have been justified or it may not have been, but it is the height of hypocrisy, for those who charged two years ago that pipelines were being overbuilt, to now claim that those same pipelines are so vitally necessary.

We have sat here and listened for a week now to this 180-degree turn in the tactical direction of the NDP, and I think it is about time to expose some of this hypocrisy, and hopefully force the members over there to display some honesty in this House when looking at the history of these projects.

What did the member for Vancouver-Kingsway say in that debate on November 21, 1980? At page 4955 of the *Hansard*, he said this:

> We would get even more money by developing the tar sands under public ownership. The large multinational companies want a 15 to 20 per cent profit out of the tar sands, and the minister is prepared to allow them to receive that.

Mr. Blaikie: That is true.

Mr. Nielsen: Certainly. That is what he said. That is true. That is what he said. But he was not saying it with any approval; he was saying it because he opposed the government's actions at that time. As an alternative, the member for Vancouver-Kingsway suggested setting up energy alternative programs at the local level.

Well, perhaps now the minister, if he ever comes back, will be more receptive to that proposal. Nevertheless, the truth is, Madam Speaker, that the NDP has been against these projects from the start, and they cannot now have it both ways and act as though they were supporting them all along. To do so would be the height—the pure height—of socialist hypocrisy. Mind you, I must say that it is in keeping with socialist tactics.

An hon. Member: Right on.

Mr. Nielsen: I have no objection to the NDP attacking the government, Madam Speaker. That is what opposition parties are for. But at least let it be on grounds that are open and honest. Let the NDP not take credit or political gain out of the collapse of projects to which they have been opposed from the start.

An hon. Member: Right on.

Mr. Blaikie: You are sounding more like Marc Lalonde all the time.

Mr. Nielsen: They are the real tar babies in this whole scenario, and they expect to come out smelling like roses. But I can tell you—

Mr. Rose: I will. I cannot avoid it.

Mr. Nielsen: I can tell you, notwithstanding the name "Rose", that is not what they will come out smelling like. A rose by any other name is as sweet.

The member was asking me to get to our position. Our position is quite different. We maintained, on both the tar sands development and the pipeline development, that they were necessary in order to bring about self-sufficiency. And that is still our position.

Some hon. Members: Hear, hear!

Mr. Nielsen: The abrupt deterioration of the situation with the announcement of the backing off of the oil companies means that self-sufficiency is a long way off and we are once again, because of the blundering of this action-prone government, entirely subject to the mercy of OPEC.

Our position now is that the government must go back and do everything it possibly can to bring these projects back onstream—and with respect to the pipeline, that is possible, given proper diplomatic discussions with the United States.

This government must seek the best engineering advice, and they must co-operate with the Government of Alberta and the private oil companies. They must work to bring about a situation where Alsands oil can come onstream within a few years at prices that are competitive in the world market. That was our policy, as outlined in the Crosbie budget.

Some hon. Members: Hear, hear!

Mr. Nielsen: That is exactly what we have done, and by now both the Alsands and the Alaska gas pipeline projects, as well as Cold Lake and Judy Creek, would have been well down the road. That they are not so is because no one trusts the economic or fiscal logic of this government—

An hon. Member: Except the NDP.

Mr. Nielsen: Yes, except the NDP, recently. That they are not is because no one trusts the economic or fiscal logic of this government—a government which is now so isolated from events that its economic policy is in ruins and tatters at its feet. They are reduced to something like the Chinese five-year plan for making iron ingots in the backyard.

The tragedy of this government is that it is destitute of ideas, devoid of principles, incapable of dealing with problems on their merits, or proposing solutions that will be acceptable to those involved. There will be no such thing as a co-operative atmosphere between the government and the private sector while these rascals are over there.

The seriousness of the Alsands cancellation to the economy cannot be overestimated. If investor confidence was at a low ebb, it has now dropped completely out of sight. This project would have given Canada access to over 100 billion barrels of oil—one third of the proven reserves of the Middle East. It would have brought self-sufficiency within our reach, and provided thousands upon thousands of jobs.

It was killed by the budget, killed by high interest rates, killed by the iniquitous nationalization policies of this government, supported by the NDP.

The architects of these tragedies, of these disasters, are the Prime Minister (Mr. Trudeau), the Minister of Finance and the Minister of Energy, Mines and Resources (Mr. Lalonde). Make no mistake—

An hon. Member: The three Canadian destroyers.

Mr. Nielsen: "The three Canadian destroyers." Make no mistake: it is a disaster of a magnitude from which Canada will not soon recover.

If there is to be a recovery, it cannot be achieved by a government that is so moribund it is not even aware that its time has run out. The cancellation of Alsands is all the more serious since the latest figures show a deliberate drop in OPEC production in the first quarter of this year. Saudi Arabia, OPEC's largest producer, has reduced production by 1.5 million barrels a day.

Alsands was to be the linchpin of economic recovery in this country. It still could be—but not under this government. Now that the linchpin has gone and the Alaska pipeline has been virtually shelved for the foreseeable future, where do we go? What happens to the great paper program put together by the Meach Lake mugs—the minister from the other place, the former minister of FIRA, who has had his powers removed, the travelling minister, salesman Sam from Cornwall? They put together a program to usher in a new heaven and a new earth. The pot of gold at the end of the rainbow turns out to be a crock—

An hon. Member: Don't say it.

Mr. Nielsen: It turns out to be a crock of broken promises, shades of broken promises from the last election, Madam Speaker.

I will not weary sensitive ears—ears already wearied by this lengthy debate—by recalling all of those promises, now broken. They would fill many crocks. The list is almost endless. But on the energy question there was one about cheap oil, and I want members to listen to this statement by the Prime Minister, as quoted in a *Globe and Mail* questionnaire during the last election campaign:

> As far as non-conventional oils are concerned—that's the tar sands, the frontier oils and the enhanced production wells—we would have an incentive pricing scheme which would make sure that it is profitable to private and public enterprise to look for and exploit that oil.

That is what he said. Well, that has not materialized, and they are not prepared to look for it and to exploit it. Somewhere along the line, the Prime Minister got sidetracked on other matters—

An hon. Member: Double track.

Mr. Nielsen: Double track. He forgot that promise, along with a lot of others. The Minister of Finance was one of the architects of this great economic program, one that never got off the runway. This was going to make up for all of the defects of the budget. People would be so lost in admiration of Phase I and Phase II of the megaprojects that they would forget the budget disaster. Now that Phase I has gone down the drain, what about Phase II? If Phase II was built on Phase I and if Phase I has evaporated, where does Phase II come in?

We are now entering the pie-in-the-sky phase of Liberal self-delusion.

The minister of employment is going around saying—in spite of the budget, in spite of Alsands, in spite of the postponement of the pipeline, in spite of Cold Lake, interest rates, and all of the rest of the Liberal house of horrors—that he is still in the business of creating jobs. How ridiculous! The only jobs that he or his moribund colleagues in the cabinet have created are the jobs they opened up for their friends in government—and there are plenty more of those. Here is the minister of unemployment—pardon the slip—under whose administration the rate of unemployment has gone up by 50 per cent, saying repeatedly in the House that he is creating jobs.

I challenge that minister to show us where his policies have created a single permanent long-term job that would not have existed in any case without the government's intervention.

An hon. Member: In the UIC offices.

Mr. Nielsen: While they have not created any jobs, they have been instrumental in wiping out virtually thousands of jobs, the loss of Alsands—50,000 jobs immediately, and more later; the postponement of the pipeline—the loss of an equal number, and more later. Both of these reversals are the direct result of the crisis of confidence in the government's economic policies, brought about by the flight of capital from this country. Surely even this government must realize that the National Energy Program has been the most destructive force in Canada's economic life. It has utterly destroyed investor confidence. It is the product of theorists removed from the realities of the marketplace. Its genesis was ideological and destructive—capacity unlimited.

We are going through a crisis of confidence that can only be solved by the removal of this government.

Some hon. Members: Election. Election.

Mr. Nielsen: That crisis was brought about by the mismanagement of the economy inherent in the budget and by the minister's evasive and surreptitious tinkering since that time. Several months after the budget the minister has still not called his budget resolutions for consideration and discussion by this House.

An hon. Member: Shame!

Mr. Nielsen: That failure represents, Madam Speaker, a vote of non-confidence by the minister in his own budget.

An hon. Member: Right on.

Mr. Nielsen: The Minister of Finance has been flying trial balloons, suggesting that he is dallying with the possibility of bringing in wage and price controls. This is, of course, an admission that the government has failed dismally to overcome inflation. In fact, the one consistent and unvarying policy of this government has been failure, and that is—

The Acting Speaker (Miss Nicholson): I am sorry to interrupt the hon. gentleman, but the time allotted to him has expired. He may continue only if there is unanimous consent.

Some hon. Members: Agreed.

An hon. Member: No.

The Acting Speaker (Miss Nicholson): Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

The Acting Speaker (Miss Nicholson): There is no unanimous consent.

[*Translation*]

In accordance with the provisions of Standing Order 26(13), I am satisfied that debate has now been concluded.

I declare the motion carried.

Accordingly, this House stands adjourned until eleven o'clock this morning, pursuant to Standing Order 2(1).

At 2:15 a.m., the House adjourned, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 7, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

TRIBUTE TO STAFF FOR PERFORMANCE DURING EXTENDED EMERGENCY DEBATE—MOTION UNDER S.O. 43

Hon. Erik Nielsen (Yukon): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion which would cure an omission last night. The motion is seconded by the hon. member for Nepean-Carleton (Mr. Baker). I move:

That this House extends its most grateful thanks to all members of the House of Commons staff, officers at the Table, particularly the Hansard reporters, protective staff and all other staff who performed so unselfishly and willingly during the extended hours of the emergency debate which has been concluded.

Madam Speaker: I am sure they all feel that is their duty, but I am sure the House will want to show its appreciation by its applause.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, seasonally adjusted, the number of unemployed in April was 1,135,000. Unadjusted, the number would be well over 1.25 million, an increase of 0.6 per cent from March. The new rate is 9.6 per cent, the highest since the depression. Employment in manufacturing reached its lowest level since 1978. There has been a decrease of 23,000. There were 17,000 fewer jobs in transportation, communications and utilities. The number of jobs in primary industries other than agriculture is down 16,000. I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Prime Minister and Minister of Finance take constructive and drastic measures to get Canadians back to work and to reverse the staggering upward trend in unemployment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

HOUSE OF COMMONS

EXTRA COMPENSATION FOR STAFF WHO WORKED DURING EXTENDED EMERGENCY DEBATE—MOTION UNDER S.O. 43

Mr. Simon de Jong (Regina East): Madam Speaker, I also rise under the provisions of Standing Order 43. Since the House of Commons remained in session through the night of May 4, 1982, requiring many of the employees of the House to stay well beyond normal hours of work, whereas the House was in session until 2 a.m. today, May 7, and whereas on December 19, 1980, the House unanimously passed a motion moved by the hon. member for Winnipeg North Centre (Mr. Knowles) to pay extra financial compensation to the House of Commons staff who remained on duty through the night of December 18, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker) and the hon. member for Don Valley East (Mr. Smith):

That this House directs the House of Commons administration to pay extra compensation to all those employees of Parliament who worked through the night of May 4 and who worked extra hours yesterday and that the members express their appreciation to the staff of the House for their dedication.

Madam Speaker: I must tell hon. members that the pay structure of the House of Commons provides for that, but perhaps the House wants to vote that motion. Does the House agree to this motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

MINISTER OF STATE (MINES)

MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, while the performance of the Minister of State for Mines (Mrs. Erola) is still not quite as impressive as that of her boss, the Minister of Energy, Mines and Resources (Mr. Lalonde), who in one week destroyed $60 billion worth of new investment and 100,000 jobs, she has, however, run up quite a record with lay-offs in the mineral industry being at an all-time high and with three quarters of all mining companies losing money. I therefore move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

That the Minister of State for Mines emulate even more the Minister of Energy, Mines and Resources if she ever wants to win the Liberal-NDP prize for industrial destruction.

Madam Speaker: Is there unanimous consent for this motion?

S.O. 43

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1110)

NATIONAL FOREST WEEK

COUNTY OF SIMCOE DESIGNATED 1982 FORESTRY CAPITAL OF CANADA—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, this week is National Forest Week. In recognition of the 60 years that Simcoe County has been diligently involved in good forestry management, the Canadian Forestry Association has designated the County of Simcoe as the forestry capital of Canada for 1982. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the House recognize the importance of ongoing forestry management and the excellent example set by the people and officials of Simcoe County in the area of good forestry planning and practice.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH

SMOKING IN COMMITTEE ROOMS ON PARLIAMENT HILL—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the recent report of the Surgeon General of the United States indicating that cigarette smoking is clearly identified as the chief preventable cause of death in our society, that non-smokers may suffer ill effects from smoke, and that non-smokers should "avoid being in smoke-filled rooms", I move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That steps be taken by appropriate authorities to provide a clean air environment in the small committee rooms of Parliament Hill.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

ROUMANIA—DENIAL OF VISA TO CANADIAN JOURNALIST—MOTION UNDER S.O. 43

Mr. Harvie Andre (Calgary Centre): Madam Speaker, this morning the Governor General departed for a State visit to Roumania with a delegation including Canadian journalists. One journalist, Mr. Tom Kennedy of the *Calgary Sun*, was originally scheduled to be part of that delegation, but was denied a visa by the Romanian authorities. Indeed, the Roumanian embassy has not returned his passport, thus preventing him from joining the Governor General in West Germany. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the Secretary of State for External Affairs protest to the Roumanian ambassador against this discriminatory treatment of a Canadian citizen and demand that they return Mr. Kennedy's passport forthwith, and further, that this House expresses its displeasure at the fact that the Roumanian government has, in essence, decided which journalists are fit to report on the Governor General's State visit to Roumania.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

CALL FOR HALTING OF URANIUM SHIPMENTS TO ARGENTINA—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, since the Republic of Argentina still has not signed international nuclear non-proliferation treaties, and whereas it was revealed that the International Atomic Energy Agency warned the Canadian government as long ago as the mid-seventies that there exists no way to guarantee that countries like Argentina will live up to our bilateral nuclear safeguards, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That Canada immediately suspend any shipments of Canadian uranium to Argentina and cease work on the nearly completed Candu reactor in that country until such time as acceptable monitoring devices are developed to ensure that a Canadian reactor is not used to make an Argentinian nuclear bomb.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FREEDOM OF INFORMATION

CALL FOR EXPEDITED PASSAGE OF BILL C-43—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, under Standing Order 43 I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That this House notes with anger that Australia has beaten Canada as the first commonwealth country to have a freedom of information bill put through Parliament and that now the separatist government of Quebec appears more committed to openness in government than the federalists in Ottawa, and that this House urges the government to expedite consideration and completion of Bill C-43.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

DELAY IN PAYMENT OF FUNDS TO CONNE RIVER BAND IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the federal government has not even begun to meet its obligations to the Indians of Newfoundland by registering them and making programs available to them. Instead, it gives a grant to the province of Newfoundland which is meant to be used for the benefit of native people. Due to a stand-off between the two governments over administration costs and a refusal by the Newfoundland government to permit Indian participation in discussions about the fund, the Newfoundland government is withholding all funds from the Conne River Indian band. As a result, all band staff are being laid off as of today. I move, seconded by the hon. member for Churchill (Mr. Murphy):

• (1115)

That the Minister of Indian Affairs and Northern Development honour his obligations and correct this deplorable situation by, first, finding ways to make money directly available to the Conne River Indians as he has promised and, second, immediately registering the Indian people of Newfoundland, as four different Ministers of Indian Affairs have promised.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN UNEMPLOYMENT—REQUEST THAT BUDGET BE WITHDRAWN

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. The minister must have been shocked this morning by the stunning increase in the unemployment levels. They have increased a full 40 per cent since April last year. That demonstrates in very real human terms the need for changed policies on the part of the government. People losing their jobs today are being excommunicated from our economic system because very few other people are hiring.

Because so many of the causes for unemployment can be attributed directly to government policies, and since one of the government policies is the minister's budget, would the minister tell this House why he persists in refusing to withdraw that budget when that budget increased taxes and destroyed job-creating investment incentives? It is obvious that government policies are contributing to the very high level of unemployment today.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first, the hon. member has suggested that we are shocked at the unemployment figures. I must say that I am greatly disturbed at the new statistics that have been released today. I believe the statistics indicate how deep the recession has become. Last August, if the hon. member recalls, Canada had the lowest unemployment it had experienced in five years. Since August, because of the recession, we have had increasing unemployment.

The hon. member then goes on to say that the reason for all of this is the November budget and that the solution is the withdrawal of the budget.

Mr. Stevens: That would help.

Mr. MacEachen: That is, of course, an utterly simplistic approach to the nature of the economic problem that we are facing, not only in Canada but throughout the world, because as unemployment rates in Canada are accelerating they are, at the same time, accelerating in every developed country in the world.

Mr. Kempling: That is not true.

Mr. MacEachen: With the exception of Japan.

Mr. Andre: Germany and the United Kingdom.

Mr. MacEachen: This indicates a very deep-seated recession that is gripping not only Canada but every developed country. Therefore, if I thought that withdrawing the budget—and that is the suggestion of the hon. member—would solve the unemployment problem in Canada, West Germany, the United Kingdom and France, I would be the first person to do it, but I

believe the hon. member has a very simplistic approach to the economic problems of the country.

Mr. Wilson: I am going to show to the minister, Madam Speaker, that there are three policy areas that can be changed. I am not saying that one is the sole cause of it, that is the minister's simplistic way of evading the answer. But he knows two studies were released just in the past week which show that the Canadian economy is still going straight down, whereas other economies in the world have turned. That is the fundamental difference between Canada and other countries.

I did have a question for the Minister of Energy, Mines and Resources. I hope he will soon be in the House so that I can ask it.

* * *

• (1120)

FOREIGN INVESTMENT REVIEW AGENCY

EFFECT ON FOREIGN INVESTMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I will address my second supplementary question to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. He knows that many lives are being disrupted by the high level of unemployment today. One of the reasons—again, one of the reasons—is the record outflow of capital from this country. Part of that record outflow of capital is caused by his administration of the Foreign Investment Review Agency which is creating an obstruction to foreign capital coming into Canada. Why is the minister trying to continue to make the Foreign Investment Review Agency an obstruction to investment when that investment can create jobs which are badly needed in this country?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the premise of the hon. member's question is completely wrong. The agency does not create obstruction to investment which brings jobs to Canada. Its purpose is to achieve a good deal for the investor and the Canadian economy. I am surprised the hon. member is objecting to this when that type of activity is what we need to create jobs. He opposes that.

Mr. Wilson: The continued bluster of the minister does not fool anyone in the country. People know that capital is not coming into Canada and that capital would create jobs here.

* * *

ENERGY

PROVISION OF DRILLING INCENTIVES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the third area of government policy I wish to deal with is energy. The Minister of Energy, Mines and Resources' energy policy has resulted in rigs leaving the country, a sharp drop in investment activity by the oil industry, the cancellation of the Alsands project, Judy Creek and the Cold Lake project, and a reduction, in a broad way, in an industry which had been extremely healthy prior to his coming into office. Would the minister make some concessions in his policy to encourage drilling activity in the conventional areas of western Canada, and will he be changing the 25 per cent back-in to avoid Hibernia and other frontier projects experiencing the same fate which has just happened to Alsands?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have indicated before that the government is carefully monitoring the state of the oil and gas industry. We have taken note of the substantial reduction in royalties which the government of Alberta granted last month under the agreement of last September, and that the government was analysing the situation to determine whether any further steps were required.

We have made changes since last fall. Indeed, we have indicated a great deal of flexibility. Obviously, we have made some changes in the past and we will make some in the future to take into account the reality.

I want to draw to the attention of the hon. member, however, that drilling activity in 1982 in Alberta, in other western provinces and in the Canada lands will be up significantly compared to last year. Even last year, drilling for oil in Alberta was higher than it was in 1980, which was a record year. Therefore I draw to the attention of the hon. member that what we need is more oil, and activity does take place in that regard. Announcements have already been made of exploration worth several hundreds of millions of dollars in the Canada lands. I expect more will be announced very shortly, indeed.

Mr. Epp: Do you really believe that?

* * *

COMMUNICATIONS

PRIORITY SOUGHT FOR CANADIAN PAY-TV USERS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Communications. One of the reasons why we have unemployment in Canada is that the government cannot get its act together between the various departments. While the minister is trying to promote cultural industries, the Minister of Finance is removing incentives in his budget. While the minister and the CRTC are trying to promote pay television in Canada, Telesat, which is an agency half owned by the government, is actively selling satellite capacity to the Americans. We now have a situation under Telesat current planning where Canadian Pay-TV users would be forced to wait six to eight months for a second satellite in order to supply American contracts. What assurance does the minister propose to make to ensure that Canadian Pay-TV

users will have priority on the Canadian satellite system over the Americans?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I think I am on record as indicating my very strong support for having the Canadian Pay-TV system as soon as possible. As far as the Telesat question is concerned if there is indeed excess capacity it is in the best interests of Telesat and Canada that this excess capacity be sold to enable Telesat to earn revenues from that excess capacity.

Before a final decision is made as to who will have access to those satellite channels, there is a two-step process. First, there must be an indication by the CRTC that it is indeed satisfied that there are sufficient satellite channels available for Canadian purposes; second, that matter must be ratified by the cabinet which, of course, is most interested in seeing that a sufficient number of satellite channels are available for Canadian purposes.

• (1125)

USE OF ANIK C-3 SATELLITE

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also directed to the Minister of Communication, who did not give the assurance I sought that Canadian Pay-TV users would have priority access to the satellite system. I would like to refer him to the letter sent by Telesat to some of the Canadian Pay-TV licensees in which Telesat refers to firm, committed contracts to sell Anik-C services to American users.

As I mentioned to the minister in committee, I am particularly concerned about the fact that Anik C-3, which will be launched on the first commercial operation of the shuttle next November, was originally designed and tilted to bring service to northern Canada and parts of mid-Canada, but Telesat is currently planning to tilt the satellite south so that it will service American users, not Canadian users. Since the minister's own senior deputy, his assistant deputy minister, is a member and director of Telesat, how could he allow this state of affairs, and why does he not correct it?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I think that what is of prime interest to us is ensuring that Canadians have access to a wide range of TV programming no matter where they live in the country. I think the hon. member would agree with me that the CanCom satellite signals which have been made available to every part of the country, now bringing four additional television signals and very soon six to seven new radio signals, have meant a great deal of progress.

On the subject of my not answering the first part of the hon. member's question relating to Pay-TV entrepreneurs, who are not presently guaranteed access, I should like to say that Telesat would like to have formal guarantees from those Pay-TV companies that they will indeed pick up these signals. However, as I indicated, there is a two-step process to ensure that primary and preferential use is given to Canadian companies. The first step is via the CRTC, which has a mandate to examine the over-all requirements of Canadians, and the second step is a final decision by cabinet. So, these contracts between Telesat and U.S. entrepreneurs will not become definitive until this two-part process has been completed.

* * *

THE ECONOMY

INCREASE IN UNEMPLOYMENT—REQUEST FOR RESIGNATION OF BANK OF CANADA GOVERNOR

Mr. Nelsen A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance. This morning he will know that, by official figures, we have one and a quarter million unemployed people. At this time of year, springtime, when more jobs should be available than at other times of the year, when it should be a time of growth, it is a time of decay. Over the last month 75,000 jobs have been lost. When will the minister stop being a cheer leader of Reaganomics, have the courage to ask for Mr. Bouey's resignation, and take steps to reduce these interest rates which are causing inflation in the country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in my view the hon. member is quite correct in stating that recovery is unlikely to take place—

Mr. Riis: Here!

Mr. MacEachen: —until there is a reduction in interest rates. The obstacle to recovery at the moment, not only in Canada but also in other countries, is the very high interest rate structure which exists, mainly fuelled or powered by the monetary policy of the United States. I believe that until progress is made in reducing those interest rates, recovery will not take place. The first step, of course, is an easing in the monetary restraint in the United States where currently, despite a very weak economy, despite the fact that this morning statistics in the United States indicate an unemployment rate of 9.4 per cent, totalling 10.3 million people, despite a weak economy—

Mr. Stevens: Tell us about their inflation.

Mr. MacEachen: —despite its very high unemployment levels—

Mr. Stevens: Tell us about their inflation.

Mr. MacEachen: —real interest rates are at an historically high level. The key to world recovery at the present time, for the United States and for other countries, is a change in the monetary policy that is being pursued in the United States.

• (1130)

PLIGHT OF UNEMPLOYED

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, is the minister saying we can do nothing here in Canada, that

it is impossible for us to take independent action, unlike a number of other western nations?

I want to remind the minister of this. He refers to the figures in the United States. By reading StatsCanada Information this morning we find that 754,000 Canadians have given up looking for work and do not appear in today's statistics of the officially unemployed. That boosts the figure virtually up to two million unemployed. On the boards across Canada there is only one job available for every 357 unemployed. What advice does the minister have for the nearly two million people who presently are seeking work? What advice does he have for them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member stated that other countries apart from the United States have responsibilities as well. I agree 100 per cent with the hon. member, and within our own possibilities we are doing everything possible to ease the burden of unemployment. But with the existence of the current monetary policy in the United States and the very high real interest rates, despite great slack in the economy, despite 10.3 million unemployed, there are limits to what other countries can do.

I believe that France is an example in this case. They attempted to ease their monetary policy, they attempted to ease their fiscal policy, but they had, in my opinion, to backtrack, with the result that the Minister of Finance in France, in the face of the monetary policy existing in the United States, had to raise short-term interest rates over 20 per cent, in order to protect the value of the French franc. So the hon. member is right in saying there are some things we can do. But the key solution at the present time does not rest with France or Canada. The key solution rests with the main economic partner we all have, and that is the United States of America.

Some hon. Members: Hear, hear!

ENTRY OF YOUTH TO LABOUR MARKET

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question to the minister asked what advice did he have for the jobless in this country, the two million people seeking work. He did not answer that question.

I want to add another group which has been overlooked today, that is, the hundreds of thousands of young people who, in the next number of weeks, are coming on the job market. They will be seeking employment challenges for the first time in their lives, coming from the universities and colleges and high schools across the country. They will not have to face the challenge of employment, they will have to face the challenge of unemployment. Their dreams and hopes are being dashed.

I would ask the minister very precisely what advice does he give these hundreds of thousands of young people who will be seeking meaningful work for the first time, who want to contribute to the economy of Canada, but who will be unable to do so because of the particular monetary policy and fiscal policy of the government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I disagree totally with the hon. member's diagnosis of the problem. He has failed to understand the source of our difficulties. He has failed to understand the way out of our difficulties. Every proposal that has been put forward by the New Democratic Party in this session of Parliament, if implemented, would make the problem worse for Canada and for the young people to whom he suggest that I give advice.

Some hon. Members: Oh, oh!

Mr. MacEachen: Madam Speaker, the job of the Minister of Finance is to administer an economic policy.

Mr. Nielsen: When are you going to start?

Mr. MacEachen: And to explain that policy to the people of Canada as well as he can. My advice, if the hon. member wants me to give advice, and this will be the first and last time I will take him up on that kind of question, my advice to the young people of Canada would be to ignore the nostrums that are being proposed by the New Democratic Party.

Some hon. Members: Hear, hear!

Mr. Nielsen: Liberal times are tough times.

* * *

THE ARTS

APPLEBAUM-HÉBERT COMMISSION RECOMMENDATIONS—OPPORTUNITY FOR RESPONDING

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Minister of Communications. Last night, in a speech before the Canadian Conference of the Arts, he attempted to lay at rest the fears that some have, that the minister intends to be the architect of cultural policy and not the Applebaum-Hébert Commission. He suggested, Madam Speaker, that one should not be concerned about the fact that there are study groups already working in advance of the recommendations because there would be time at the end of the consultation and input provided one responded quickly.

Would the minister now tell the House and those who want to respond to Applebaum-Hébert, who want to believe in this process, how much time will be allowed after publication of the recommendations? What forum will be available for comment, will it be the parliamentary committee, will it be briefs to the minister, how long, and what method is open to those people who believe deeply that the Applebaum-Hébert process is essential? What forum will they have and how long will they have to make their presentations?

Hon. Francis Fox (Minister of Communications): Madam Speaker, in my speech last night I indicated that, from my

point of view, the main role of government in general in the field of arts and culture was to try to establish a climate for creativity. That indeed is the proper role of government in that area, not one of trying to direct or to be involved in the creative arts themselves. I also indicated that we will be looking forward to the report which will be forthcoming shortly, within the next few months, from the Applebaum-Hébert committee. Out of this report, of course, will flow a number of actions on the part of the government. For instance, I think that the report in some cases will give rise to legislation. Obviously, there will be a good deal of time available for debate and to make representations in front of parliamentary committees.

Other matters, I suspect, will call upon the government for immediate action in certain areas. Actually, we have taken that immediate action in some areas of immediate concern, like the clarification of the National Gallery position.

What I did indicate to the group last night was that I was not interested in going from one review committee, that is, the Applebaum-Hébert committee, to another forum which would repeat the Applebaum-Hébert process. I encouraged all people interested in the arts in the country to be ready to respond to the report of the Applebaum-Hébert committee as soon as possible after that document is published. I expect that there will be a month or two available to them to respond.

DRAFTING OF BROADCASTING POLICY

Mr. John Bosley (Don Valley West): Madam Speaker, if they want to respond they would feel better about responding if they can believe that the decisions as to what the policy will be have not already been taken. Therefore, let me ask this supplementary, Madam Speaker.

With regard to that essential concept of our culture policy, which is the broadcasting policy, last night the minister said that the development of the broadcasting policy will wait on the publication of the Applebaum-Hébert report; and yet to the committee on his estimates, Madam Speaker, he indicated that a broadcasting policy was effectively already finished. Could the minister tell the House, and those who are worried about this issue, and who want to make submissions, which is true?

Will broadcasting policy wait on the Applebaum-Hebert process so that those who want to comment can, or is it a fact, as the minister already suggested in committee, that the policy is already drafted, already ready to go, and that the minister now is simply saying that we are waiting for the Applebaum-Hébert report simply for form's sake?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I have never suggested in any forum that all the T's are crossed and all the I's are dotted on the broadcasting policy. I indicated that the department has indeed set up a number of working groups in order to be able to respond to Applebaum-Hébert as quickly as possible. The whole question of copyright is one example. The whole question of copyright is, to my mind, an extremely important area. We are hoping we can indeed establish that kind of climate for creativity.

Broadcasting is another area of primary importance for this country because of its effect on the culture of Canadians and the perception by Canadians of themselves. We have done a good deal of work on that. Obviously I have given a great deal of thought to this over the past few months. However, I have also indicated that I do not want to come out with a definitive broadcasting policy until the Applebaum-Hébert committee has made its report. On the other hand—

Madam Speaker: Order, order.

An hon. Member: The lights are out.

* * *

SEARCH AND RESCUE

TAX EXEMPTION SOUGHT FOR WEST COAST HELICOPTER

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Revenue. Over a year ago, as the minister will be aware, the Coast Mountain Air Rescue Society of British Columbia, which is a volunteer group, at its own expense brought in a helicopter for rescue purposes. Since that time they have been trying to get the minister's department to find some way to give an exemption on the tax, or else to change the law so that an exemption can be given. I want to ask the minister whether he is prepared to change the law so an exemption can be given and so that this ridiculous situation does not continue any longer.

• (1140)

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the hon. member knows it is not within my responsibility to change the law. We have looked at that particular case. I have examined it a number of times and found we have gone as far as we can with regard to responding to the needs of that particular organization. I recognize that it does a valuable job, but I am afraid under the present circumstances we have gone as far as we can in responding to it.

Mr. Fraser: Madam Speaker, the answer the minister has given is the reason Canadians are so fed up with this government. The minister says he cannot change the law. Who in blazes can? His government has a majority.

POSITION OF MINISTER

Hon. John A. Fraser (Vancouver South): Madam Speaker, the minister can recommend to cabinet that the law be changed; does he have the guts to do that, or will he just go down in history as a timid and useless minister who did nothing until somebody else came along and pushed him?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, at one time the hon. member was part of a government which had every opportunity to change the law

while it was in power. The hon. member did not take that opportunity in relation to this matter either.

I have corresponded and had communication with the society in question and with Members of Parliament, and we are trying to respond as well as we can to that particular circumstance, but we are bound by the laws which presently exist.

Mr. Fraser: You are not responding at all.

LOSS OF FISHING VESSEL OFF WEST COAST—REASONS FOR ABANDONING SEARCH

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today is for the Minister of Transport, and it is also on the search and rescue theme. Some time ago a fishing vessel by the name of the *Ramsay Isle* disappeared off the west coast of British Columbia. On February 28 a search was mounted by the combined forces of the Coast Guard and the Department of National Defence. The search was eventually abandoned on about March 6. Eight weeks later four bodies were found in a lifeboat, and indications were those people may have died of starvation off the north end of Port Hardy. Is the minister able to cast any light on the situation as to why a search was abandoned when people were in fact still in the water in lifeboats?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I did indeed look into that case with the same question in mind, and the answer I got was that the search and rescue operation proceeded in the normal way. Six days were spent at it. Debris was found in the water. After a while, not finding any bodies or survivors, the operation ended, as these operations usually do, in due course. A few months later, two or three bodies were found in a raft a good number of miles—I cannot remember how many, but a surprisingly long distance away—from the place where the accident had taken place. This apparently surprised everybody. The coroner is having an inquest into the matter, and I presume we will learn more about what happened.

"MAYDAY" SIGNAL

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the situation which seems to be developing with respect to search and rescue facilities is incredible, when we consider cases like the *Hudson Transport*, the *Ocean Ranger*, and numerous others. An interesting part of search and rescue is the element of communications. The indication from officials of the minister's department is that there was no Mayday sent out in this case. Now other sources indicate that in fact there were two Mayday broadcasts from that vessel. Is it possible for the minister to indicate whether that is the fact, and why is there a discrepancy in terms of the information we have?

Hon. Jean-Luc Pepin (Minister of Transport): No, Madam Speaker, I am not aware of the Mayday aspect of this rescue operation, but I will find out and report.

VIA RAIL

DELAY IN LUMP-SUM PAYMENTS TO EMPLOYEES

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I have a question for the Minister of Transport. As the minister knows, November 15, 1981 was the cut-off date for CN and CP employees to sign the special agreement for those affected by the VIA Rail reductions. Within this agreement it says that from November 15, when an employee reaches age 55, he is eligible for a lump-sum payment. Many employees are eligible for this payment. However, there have been delays in CN's and CP's paying out this money. In those cases where payment has been delayed no accrued interest has gone to the employees. CN and CP are saying they refuse to pay this interest because of government policy.

I wonder if the minister would explain to the House and, more particularly, to those employees who have been so adversely affected because of losing this money, what exactly is the rationale in CN's and CP's not paying this interest to their former workers.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will try. I thank my hon. friend for reminding the House of the fair way in which the government is treating employees affected by VIA cuts. He is aware that $30 million has been assigned to that purpose, and lump-sum payments are but one of the methods which are being used.

The way it goes is this: an employee receives his lump-sum payment from the railways: if there is a delay in establishing the amount to which he is entitled, it could be at that stage. The railways then make a claim to the Department of Transport, and the Department of Transport pays the sum claimed by the railways. My surveillance of the system has not been such that I know how many days it takes for my department to pay the railways after a claim has been made, but I will find out and, if it is abnormal, I will try to remedy the situation.

Mr. Blaikie: It is about three and a half months.

* * *

BANKRUPTCIES

POSITION OF PURCHASERS OF INSURANCE FROM COMPANIES PLACED IN RECEIVERSHIP

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of State for Finance. I am sure the minister knows that a number of general insurance companies operating in Canada have recently faced liquidation and gone into receivership. This has left those who were insured without protection. What steps is the minister going to take to ensure that those who purchase insurance will be protected and not exposed to large liability claims in the event their insurance companies should go into bankruptcy?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am very concerned about the situation created by the fact that some general insurance companies had difficulties during the last few months which led some of them to bankruptcy.

Because of that situation, I have asked the Superintendent of Insurance to review closely the present legislation and, taking into account the reasons for these bankruptcies and these financial difficulties, to make recommendations to me for amendments to the legislation. As the Superintendent told the standing committee last week, he is about to present such recommendations to me in order to ensure the best possible situation for this type of institution.

[*English*]

Mr. Mazankowski: Madam Speaker, I am pleased the minister is concerned, but I am sure he is aware that there must be many Canadians who live under a false sense of security, because there is the potential of their insurance companies going bankrupt.

REQUEST THAT PURCHASERS BE TREATED AS PREFERRED CREDITORS

Hon. Don Mazankowski (Vegreville): Madam Speaker, when the minister is contemplating any changes in legislation or regulations, will he ensure that steps will be taken so that claimants will have first priority in relation to settlements in the event insurance companies are liquidated?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, as I have just said, I have not yet received the Superintendent's recommendations. Obviously I share the hon. member's concern. The basis of the legislation as it relates to insurance companies is to protect policy holders and to ensure the financial soundness of the institutions for that purpose. Madam Speaker, I want to assure the hon. member as well as all members of the House that the Superintendent will be recommending some changes to the legislation in the light of that very objective.

* * *

• (1150)

[*English*]

TRADE

FEDERAL-PROVINCIAL JOINT INITIATIVES

Mr. Bill Kempling (Burlington): Madam Speaker, I have a question for the Minister of State for International Trade. Is the minister planning any joint-trade initiatives with the provinces in a further effort to stimulate industry and help reduce unemployment?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, at present we are formulating plans for a federal-provincial conference of trade ministers scheduled, if I am not mistaken, for June 21. As you know, I am in constant communication with my provincial counterparts, and I think that this meeting will provide for constructive discussions on our joint pursuit of export opportunities around the world.

MINISTERIAL DIRECTIVE

Mr. Bill Kempling (Burlington): Madam Speaker, can the minister explain to the House why, on March 4, 1982, his department issued an instruction to our trade offices in the U.S. entitled "Provincial Ministerial Involvement in Trade Promotion Events", which reads:

> Minister Lumley has directed that under no circumstances should any provincial minister be invited to or directly informed about trade promotion events carried out at our posts without his prior approval. The minister attaches considerable importance to this directive—

Some hon. Members: Shame!

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I am sure that if the hon. member contacted some of his colleagues who were ministers of the Crown, they would verify the fact that a responsible minister likes to be notified of any tentative federal promotions prior to a provincial minister, just in case the promotion did proceed or was not in the best interest of Canada as a whole as opposed to one particular province.

Some hon. Members: Oh, oh!

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AIR CANADA

IMPORTATION OF GERMAN WINE

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is for the Minister of Transport. Can he tell the House why Air Canada is the largest Canadian importer of German wine?

Some hon. Members: Oh, oh!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I know my hon. friend is aware that ministers do not run Crown corporations.

Mr. Stevens: Who does?

Mr. Pepin: I thought Air Canada was using Canadian wines; I do, and I do not see why it should not. I will gently bring my view to the attention of the president of Air Canada.

Oral Questions

TRADE

SALE OF CANADIAN WINE ON FOREIGN AIRLINES

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my supplementary is to the Minister of Industry, Trade and Commerce. People who travel abroad tell me it is very difficult to obtain Canadian wine on foreign airlines. Can the minister tell me why this is so?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have an excellent wine industry in British Columbia, Ontario and other parts of Canada. We are working actively to promote acceptance of Canadian wines, both in Canada and foreign markets. In conjunction with my colleague, the Minister of State for International Trade, I will be very happy to increase our efforts to have more Canadian wine served on all airlines flying in and out of Canada.

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AIR TRANSPORT

FUEL COSTS OF CANADIAN CARRIERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, in his earlier answer the Minister of Finance mentioned that Japan was the only country which had a better rate of employment. Small wonder when the Minister of Transport keeps giving them jobs.

My question is to the Minister of Transport. Last May the federal government arbitrarily increased the price of fuel used by air carriers on international flights. The increase was reversed earlier this year when it was proven that the government, as usual, blew it by contravening bilateral agreements. The government is now once again insisting on penalizing Canadian carriers by increasing fuel costs in a manner which may also be illegal. Why does the government continue to penalize the air travel industry, Canadian carriers in particular, and when will it show some support for Canadian industry any Canadian industry?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the question is really so broad that I do not know where the emphasis is. If the hon. member is again emphasizing procurement abroad, as is his right, I compliment him on the fact that he has stayed on my back for a number of months on that subject. I mean that very sincerely, because it helps me to ensure every effort is made to procure in Canada.

The two instances he refers to, the purchase of two stacker-reclaimers and the purchase of pipe for the Port of Prince Rupert, are really an exception to the rule. The hon. Member has heard the chairman of the National Harbours Board, I understand, explaining at length in committee why the decisions were made. Again, the policy of this government is to procure in Canada wherever possible, and in the two instances referred to that attempt was made.

INCREASED COSTS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, this time the emphasis was on why the government insists on increasing the cost of fuel, particularly to Canadian carriers, and asking them to pay falsely high prices when other carriers are getting off scotfree?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, obviously it will take too long to enumerate the advantages that carriers have in Canada, but in this particular instance they can procure fuel in Canada at a lower price.

Mr. Ellis: No, they cannot.

Mr. Nielsen: It is the other way around.

Mr. Pepin: The reference is to the fact that because of international agreements foreign carriers coming into Canada were compensated for the money they had paid, and Canadian carriers were not. I regret that very much. I wish everyone had been compensated.

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INDUSTRY

FOOTWEAR—REQUEST THAT IMPORT QUOTAS BE REINSTATED

Mr. Derek Blackburn (Brant): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce and has to do with the dying Canadian footwear industry, the total demise of which the Canadian government is making every effort to bring about. In view of the fact that three of his colleagues, all from Quebec where most of that industry is located, are prepared to demonstrate along with the union on Parliament Hill on June 8, to force the government to bring back the quota system, and in view of the fact the minister refuses to listen to any advice from this side of the House as to rejuvenating that industry, will the minister reinstate those quotas so that the 6,200 workers out of 20,000 now on lay-off can go back to work and the 20,000 will not be laid off permanently?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the premise of my hon. friend's question, that we are trying to bring about the demise of the Canadian footwear industry, is completely incorrect. We are working to modernize and upgrade the industry, for which purpose we have created a special $17-million fund to be administered by the Canadian Industrial Renewal Board. We have continued the quota on imports of non-leather footwear and added to it with respect to canvas footwear, which was not the case before. We have received the views of the industry and members on our side of the House with respect to the way the industry is faring under current economic conditions. We are actively reviewing those representations at the cabinet level.

Mr. Nielsen: This is a recorded announcement.

Mr. Gray: The industry is of significance not only in Quebec, but also in Ontario, and I hope to be able to announce the results of the cabinet review before too long.

GOVERNMENT POLICY

Mr. Derek Blackburn (Brant): Madam Speaker, the minister knows that in this respect he does not have a foot to stand on, because he refuses to reinstate the quota system. In view of the fact that unless it is reinstated there will not be enough time to modernize the industry before the Canadian market is flooded with temporarily cheaper imported footwear, will the minister reinstate the quota and when will he reannounce that reinstatement?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, our policy on the footwear industry was a matter of cabinet decision after a detailed study of the situation, on the basis of the anti-dumping tribunal report. The cabinet is currently reviewing the present state of the industry in the light of most recent information, and any decision will be that of cabinet and announced as soon as our review is completed.

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THE CHARTER OF RIGHTS

CONSTITUTIONALITY OF PETROLEUM INCENTIVES PROGRAM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the Minister of Energy, Mines and Resources give a categorical assurance that the Petroleum Incentives Program does not violate any aspect of the Canadian Charter of Rights?

• (1200)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the Department of Justice that drafted the regulations has examined these issues as is done with every bill to make sure that it does not conflict with the Charter of Rights. It came to the conclusion that that is not the case.

CONSTITUTIONALITY OF FOREIGN INVESTMENT REVIEW AGENCY ACT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the Minister of Industry, Trade and Commerce give us a categorical assurance that the Foreign Investment Review Agency Act does not violate any aspect of the Canadian Charter of Rights?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we are seeking the advice of the Department of Justice on this matter. Certainly as far as any information or advice that I have received so far is concerned, there is no conflict, but we are looking into the matter further.

CONSTITUTIONALITY OF FEDERAL COURT ACT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the Minister of Justice give us a categorical assurance that Section 41(2) of the Federal Court Act does not violate any aspect of the Canadian Charter of Rights?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have a Charter of Rights and we are passing laws. Everyone knows that when we pass laws they have to be measured against the Charter of Rights. If the House does not agree about the meaning, then the courts will have to render a decision. But the Charter is there and we pass legislation. The Charter of Rights precedes the legislation. I am not here to give legal advice. The hon. member should know that the Charter of Rights is now part of the Constitution and is the number one law in Canada.

STUDY OF STATUTES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, will the Minister of Justice tell us whether he has established a task force to see which of the laws of Canada are in violation of the Canadian Charter of Rights? If he has established such a task force, will he give us a commitment now that all the results of that task force will be made public in the House of Commons?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have asked my department to look at all the laws of Canada to make sure that the laws that have been passed in this House of Commons reflect the Charter of Rights that we passed and entrenched in the Constitution. The work is not over yet. When it is over, I will act accordingly.

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PETITION

MR. JELINEK—LEATHER SHOE IMPORT QUOTAS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and thirty-fifth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Halton (Mr. Jelinek) on Thursday, May 6, 1982,

and finds that it meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. LAWRENCE—UNEMPLOYMENT IN AUTOMOTIVE INDUSTRY

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I ask leave of the House to lay upon the Table a petition, prepared on their own initiative and on their own time and signed by some 900 citizens of Canada, who are plant employees of General Motors of Canada Limited at Oshawa, Ontario.

They are gravely concerned about the loss of employment in the automotive industry resulting from the importation of foreign manufactured vehicles, and they desperately request Parliament to rectify this either by an import quota on foreign vehicles or a Canadian content law.

This is especially pertinent today with the announcement that 1.25 million Canadians are out of work.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,809, 2,811, 2,814, 2,815, 2,820, 2,824, 2,831, 2,837, 2,845, 2,846, 2,853, 2,859, 2,860, 2,866, 2,876, 2,877, 2,878, 2,886, 2,904, 2,905, 2,906, 2,917, 2,920, 2,921, 2,927, 2,931, 2,940, 2,970, 2,972, 2,980 and 2,984.

[*Text*]

EDUCATIONAL LEAVE COSTS

Question No. 2,809—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Agriculture at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $458,856 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. E. F. Whelan (Minister of Agriculture): 1. (a) and (b) Treasury Board Policy: Chapter 110 subchapter 5 of the Personnel Management Manual—Conditions governing education, training and development, including subsidization.

2. It is 0.2 per cent.

3. (a) to (c) None.

4. Four per cent.

Question No. 2,811—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Communications for the Canadian Radio-Television and Telecommunications Commission at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $23,697 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Canadian Radio-Television and Telecommunications Commission as follows:

1. The basic guideline used to determine CRTC policy for education leave is the Personnel Management Manual, Chapter 110, subchapter 5, with some variations being covered in some collective agreements:

(a)(i)(ii)(iii) Education leave with pay, travel expenses and tuition are authorized under P.M.M. 110-5, section 11, 12; with the rationale being that, "payment of expenses for . . . " "Education of employees is to be proportional to the benefit the Department expects to derive from the expenditure of public funds."

(b) The rationale utilized by the CRTC for skills acquisition is to meet departmental needs. Employees may be encouraged to participate in education activities that will contribute to the improvement of their performance and organizational productivity.

2, 3 and 4. Nil.

Question No. 2,814—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Energy, Mines and Resources at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $63,927 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. (a) and (b) Decisions concerning education leave are made by senior departmental managers and are based on Treasury Board policy: chapter 110 subchapter 5 of

the Personnel Management Manual—conditions governing education, training and development, including subsidization.

2. Approximately 25 per cent of educational leave requests result from acquisition of new equipment; about 50 per cent from changing technology and new program requirements; and about 25 per cent from the need for professional growth.

3. (a) to (c). None.

4. Only one employee who has taken educational leave in the past three years has left the public service; one other has died.

Question No. 2,815—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Energy, Mines and Resources for the National Energy Board at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): National Energy Board reports as follows: 1. (a) and (b) Treasury Board Policy: Chapter 110 subchapter 5 of the Personnel Management Manual—conditions governing education, training and development, including subsidization.

2, 3 and 4. Nil.

Question No. 2,820—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Fisheries and Oceans at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $454,946 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): 1. (a): The guidelines used to determine which employees should obtain educational leave and whether such employees should be granted: (i) leave with pay; (ii) travel expenses; (iii) payment for tuition, are set out by Treasury Board and are quoted in the Personnel Management Manual, section 110-5.

The departmental norm has been to grant educational leave without pay but with allowances in lieu of half pay, except in the following cases: hydrographers who are covered by a special Treasury Board minute; employees completing a doctorate degree in specialization directly related to fisheries and/or oceans; and ships' officers for obtaining technical certification or professional upgrading.

Fisheries and Oceans have set up a departmental training and development committee composed of the deputy minister, assistant deputy ministers, director of personnel and manager of training and development to ensure that the purpose of the leave and financial assistance are in line with the department's needs, objectives and goals, and to approve educational leave requests for periods of three months or more. Educational leave requests for periods of less than three months are either approved by a regional training and development committee or by a regional director general. These requests would normally be related to technical certification or professional upgrading as in the case of ships personnel.

(b): The above type of screening also ensures that the skills and knowledge acquired through educational leave are to the benefit of the department and used on a permanent basis. It is important to note that the majority of employees granted educational leave belong to occupational groups of which the department is a prime user or unique employer in the public service (e.g. hydrographers, ships' officers).

2. Nil.

3. (a), (b) and (c): Nil.

4. Approximately 8 per cent of the employees (all ships' officers) granted leave in the past three years (1978-79, 1979-80, 1980-81) have subsequently left the public service.

Question No. 2,824—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Justice at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $136,613 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Please refer to Treasury Board Policy, Personnel Management Manual, Chapter 110-5, "Conditions governing education, training and development, including subsidization".

2. Nil.

3. (a), (b), (c) Nil.

4. One employee out of ten granted leave left the public service in the past three years, therefore 10 per cent.

Question No. 2,831—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Public Works at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain

educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $65,230 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. (a) (i) (ii) (iii) and (b). The Guidelines are Treasury Board Personnel Management Manual 110-5, sections 11-14; Education Leave Policy; Public Works Canada Departmental Directive 7/79.

2. Nil.

3. (a) Nil. (b) Nil. (c) 100 per cent.

4. Nil.

Question No. 2,837—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of the Solicitor General for Correctional Services at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $191,186 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned: 1. The guidelines that were used are contained in the following two documents: "Developmental Leave Policy" for the Correctional Service of Canada and Treasury Board's Personnel Management Manual, chapter 110-5—conditions governing education, training and subsidization.

2, 3 and 4. Nil.

HOSPITALITY SERVICES

Question No. 2,845—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Communications at page 32.4, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) how does the department account for the 21 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $54,576 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) members of provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the answer to the above question is as follows: (a) The increase in hospitality expenses from 1978-79 to 1979-80 is due to increased national and international marketing efforts on several major technological projects as well as general price increases.

(b) The department did not enter into contracts over $2,000 for the purpose of extending hospitality.

(c) The department follows the hospitality policy as set out in chapter 360 of Treasury Board Canada's Administrative Policy Manual.

(d) The department accounting system was not designed to summarize the recipients of hospitality into the 12 mentioned categories.

Question No. 2,846—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Energy, Mines and Resources for the Atomic Energy Control Board at page 32.8, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) how does the department account for the increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $532 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Atomic Energy Control Board reports as follows: (a) There was a decrease of $1,328 in hospitality services from 1978-79 to 1979-80 rather than an increase in expenditure. The apparent discrepancy in reporting occurred when the task of preparing public accounts was transferred from the Department of Supply and Services at AECB and AECB categorized this item separately from other miscellaneous services.

(b) No contract was valued at more than $2,000.

(c) Yes, guidelines are used to determine when AECB will pay for hospitality. These guidelines are as follows:

(i) when discussions on official matters are held with persons who are not government employees. (In exceptional circumstances, this may include interviews with persons who are being considered for recruitment by the board);

(ii) on the occasion of visits by persons who are members of national or international organizations which are involved in activities related to those of the board;

(iii) when a service is rendered without remuneration by a person who is not a government employee;

(iv) on the occasion of a major or prestigious ceremony attended by foreign dignitaries or distinguished persons from the private sector; and

(v) on occasion, for employees who are participating in planning or technical meetings involving non-public servants to which hospitality is extended.

(d) (i) 83 per cent, (ii) 4 per cent, (iii) 0 per cent, (iv) 0 per cent, (v) 0 per cent, (vi) 0 per cent, (vii) 0 per cent, (viii) 0 per cent, (ix) 0 per cent, (x) 0 per cent, (xi) 0 per cent, (xii) 13 per cent.

Question No. 2,853—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the taxation program at page 32.24, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $7,815 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. William Rompkey (Minister of National Revenue): (a) Amount includes hospitality extended to special guests and the general public at the official ceremonies for new taxation centre; to the members of an advisory committee to the department on tax administration; to visiting officials from other tax administrations; to representatives of industry and business; and to participants at departmental conferences.

(b) Nil.

(c) Yes; Treasury Board directive on hospitality (ch. 360 Administrative Policy Manual).

(d) Departmental records are not maintained in a way that would make it possible to provide this information.

Question No. 2,859—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the correctional services program at page 32.35, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value of more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $51,677 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant-Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

(a) Hospitality cost over $2,000 was incurred at only one function in the fiscal year 1979/80, which was the American Correctional Association Canada Night reception in Philadelphia, Pennsylvania, U.S.A. on August 22, 1979. Cost: $5,950.85.

(b) Hospitality claims are settled in accordance with the Treasury Board Administrative Policy Manual, chapter 360.

(c) Information is not readily available.

Question No. 2,860—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the departmental program at page 32.34, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value of more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $26,783 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant-Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Bob Kaplan (Solicitor General): (a) Hotel Nova Scotian ("Canadian Congress on the Prevention of Crime" conference), $3,481.51. Justice Canada ("Ministers Responsible for Criminal Justice" conference)—shared 50 per cent with Justice Canada, $3,047.53.

(b) Yes—Treasury Board Administrative Policy Manual (chapter 360).

		%
(c)	(i)	8.8
	(ii)	1.7
	(iii)	19.2
	(iv)	—
	(v)	—
	(vi)	—
	(vii)	—
	(viii)	—
	(ix)	.1
	(x)	.1
	(xi)	—
	(xii)	70.1
		100

Question No. 2,866—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Industry, Trade and Commerce under the trade and industrial program at page 32.16, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality, including posts abroad (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $2,265,855 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories (d) what percentage of the $2,265,855 was used for hospitality (i) outside (ii) inside Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

(a) Individual payments made of a value more than $2,000 which related to single events were as follows: Caracas Hilton,

Caracas, Venezuela, $2,305.30, Plaza Club, Houston, Texas, $2,644.24, Hotel Intercontinental, Paris, France, $2,988.11, André Canonica Restaurant, Geneva, Switzerland, $6,036.72, DM Restaurant Corp, New York, N.Y., $8,234.35, Buenos Aires Sheraton Hotel, Buenos Aires, Argentina, $4,036.32, Red Carpet Catering Service Inc., Portland, Oregon, $3,059.54, the Engineering Society of Detroit, Detroit, Michigan, $2,219.21, Laval University, Quebec, P.Q., $2,449.05, Hotel Beau Rivage, Geneva, Switzerland, $4,025.28, Interhotel Am Ring, Leipzig, German Democratic Republic, $2,103.37, Winnipeg Convention Centre, Winnipeg, Man. $3,303.25, Parliamentary Restaurant, Ottawa, Ont., $4,182.42, L'auberge de la Chaudière, Hull, P.Q., $5,026.95, Le Cercle Universitaire, Ottawa, Ont., $2,045.94, The Toronto Hilton, Toronto, Ontario, $14,845.24.

(b) Treasury Board Hospitality Directive March 1, 1977. Treasury Board Circular No. 1977-3. Foreign Service Hospitality Directive TB No. 694890 dated February 12, 1970. Heads of Posts Directive TB No. 692275 dated October 2, 1969.

(c) This information is not readily available from our accounting records.

(d) (i) Eighty-six per cent. This percentage reflects only the costs incurred under the Foreign Service Hospitality Directive by the various posts abroad.

(ii) Fourteen per cent. This percentage reflects all other hospitality expenditures authorized by headquarters. Our accounting records do not readily allow a breakdown of hospitality costs incurred inside or outside Canada, except as described in (d) (i).

Question No. 2,876—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Justice under the Administration of Federal Judicial Affairs Program for the Canadian Judicial Council at page 32.18, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (d) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (e) of the $8,064 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): (a) Aside from inflationary factors, the increase in hospitality was due to a change in reporting requirements. Previously hospitality was included in standard object 12, miscellaneous services.

(b) Type of Hospitality	(c) Amount Paid for each Service
(i) Coffee (Appeal Court Seminar)	$ 53
(ii) Lunch (Appellate Court Seminar)	$ 417
(iii) Dinner (Superior Court Seminar) Coffee Lunch	$2,013
(iv) Reception (County Court Seminar)	$2,968
(v) Dinner and reception (New Federally Judges Seminar)	$2,613
Total	$8,064

No contracts were signed for any of the hospitality services.

(d) Treasury Board hospitality guidelines are followed and minister's approval given for hospitality over $1,000.

(e) No such statistics are available.

PHOTO SERVICES

Question No. 2,877—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development under the Northern Affairs Program at page 32.16, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to photo service except motion pictures (a) how does the department explain the 738 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The increase in expenditure for the Northern Affairs Program is mainly due to the realignment of the chart of accounts in 1979-80. Some items which were coded separately under their own classification are now grouped with photo services except motion pictures.

(b) The services involved are purchase of photos including aerial and satellite photos, purchase and rental of film, micro filming services, development and reproduction of film, photographer's services.

(c) The recipients involved are Foto Blohm Associates $3,488; Campbell Reproduction $9,641; Canadian Government Photo Centre $26,325; Energy Mines and Resources $18,074; Film Service Alberta $2,828; Pat Morrow $3,000; National Film Board $4,070; Public Archives $11,752; Terra Surveys $13,305. The balance is miscellaneous items all under $2,000.

PROFESSIONAL AND SPECIAL SERVICES

Question No. 2,878—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Justice for the Commission for Federal Judicial Affairs at page 32.17 of Volume II of the Public Accounts of Canada 1979-80, with particular reference to miscellaneous services (a) how does the commission explain the 23 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): (a) With particular reference to miscellaneous services, there was no increase for this item over that for 1978-79.

(b) and (c) (i) To provide this information would require an inordinate amount of time and manpower.

(c) (ii) Miscellaneous Services—Contracts over $2,000: Federal Court of Canada—court attendants O. Brochu $2,802, J. Cavers $2,028, J. Cocker $2,773, L. Charron $2,340, R. Lauzon $2,109, A. Parker $2,340, J. Renaud $2,430.

Other Services; Newfoundland Exchequer Court $5,088, Ministère des Finances du Québec $4,016, Treasurer of Ontario $23,117, C. Sterling $4,427.

Canadian Judicial Council: Hon. Gerald Fauteux $10,000, Dr. George Curtis $4,000, S. Sadinsky $2,000, Canadian Institute for the Administration of Justice $7,920.

DPW—MISCELLANEOUS SERVICES

Question No. 2,886—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the accommodation program—operations and maintenance at page 32.28, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 1,990 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accounts	1978-79	1979-80
Other types of services	$ 2,083	$54,762
Exhibits design consulting services	12,259	9,881*
Protographic services	22,854	14,728*
Technical services	30,142	20,983*
Registration fees	11,705	8,379*
Sundries	2,083*	791*
	$79,043	$54,762

*Included above in other types of services.

The comparable figure for 1978-79 is $79,043 as compared to $54,762 which represents a decrease of $24,281 in 1979-80.

(c) Payments over $2,000 included the following:

Ken Desson Photographs, Ottawa, Ontario photographical services	$3,000
Canadian National, Ottawa, Ontario, technical services	$2,562
Fairhall & Moffett Ltd., Ottawa, Ontario, technical services	$4,944
Gibson & Sury Ltd., Arnprior, Ontario, technical services	$2,500
Gregoire, Courchesne & Bussières, Hull, Québec, technical services	$5,000
A.E. Lepage Investment & Professional Services Company, Vancouver, B.C., technical services	$3,022

Order Paper Questions

CORRECTIONAL SERVICES OF CANADA

Question No. 2,904—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the correctional services program at page 32.35, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other services—contracted personnel services (a) how does the department explain the 138 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

(a) The 138 per cent increase in expenditure for the item other services—contracted personnel services over fiscal year 1978/79 as recorded in Volume II of the 1979/80 Public Accounts of Canada is explained by the following factors:

(1) The CSC reduced its person-years in fiscal year 1979/80 by 255 over fiscal year 1978/79. Pending decisions on which services were to be reduced or eliminated, temporary help agencies were used when positions became vacant.

(2) On June 8, 1979, a temporary restraint program and staffing moratorium was announced by the government. The general objective of the staffing moratorium according to Treasury Board guidelines was: "Departments and agencies cease staffing actions for the time being, and attempt to cover off the duties of any vacant positions by internal secondments or rearrangements of duties, or other temporary measures, such as the use of acting pay or contracting with temporary help agencies."

(3) There were a number of organizational changes. At national headquarters the Offenders Program Branch was formed in October, 1978. There were numerous staffing processes for secretarial positions necessitating the usage of temporary help agencies. Furthermore the Offenders Program Branch was completing the Case Management Manual. (This provides for the co-ordinated management and administration of the inmate's sentence from the commencement date of his sentence to the date of expiry of the sentence imposed by the court.)

The executive secretary's branch was also newly created in 1979/80 and required a relatively high number of staffing actions thus calling for the use of temporary help agencies.

(4) In the Pacific region the employee turnover for 1979/80 averaged 16 per cent, pending the relocation of the regional headquarters offices in Vancouver to Abbotsford, approximately 12 employees sought and secured employment elsewhere. The region also faced an increase in administrative work because of the closure of British Columbia Penitentiary on May 10, 1980. The prairie region also experienced an increase in turnover rates of support staff particularly in the province of Alberta.

(b) See list below.

Payments over $2,000 for Contracted Office Personnel Services

Note: Those listed in the Public Accounts of Canada 1979/80 are also included.

Name of Contractee	Payment
Action Personnel Of Ottawa, Ont.	$ 3,576.62
B.C. Personnel, Vancouver, B.C.	3,125.90
Barbara's Office Personnel, Ottawa, Ont.	75,626.00
*Bradson Personnel Pool, Ottawa, Ont.	138,294.00
*Bradson Personnel Pool, Ottawa, Ont.	7,342.27
Burns Joyce Personnel, London, Ont.	9,895.02
H.V. Chapman, Ottawa, Ont.	3,170.36
Contempro Service Inc. Ottawa, Ont.	9,300.71
Dennis Sandy Personnel, Toronto, Ont.	13,954.60
Dot Personnel Services, Islington, Ont.	18,954.62
Drake Personnel, Ottawa, Ont.	4,232.92
Drake Personnel, Toronto, Ont.	12,363.41
Harrington Personnel, Ottawa, Ont.	184,032.00
Kelly Girl Service of Canada Ltd. Toronto, Ont.	16,387.16
Leading Edge, Kingston, Ont.	178,654.00
MacDonald & Brisson Personnel Services Ltd. Ottawa, Ont.	11,353.69
Manpower Services Ltd. Ottawa, Ont.	15,880.48
Manpower Temporary Help, Kingston, Ont.	24,523.80
Manpower Temporary Services, Saskatoon, Sask.	66,511.00
Manpower Temporary Services, Vancouver, B.C.	2,980.00
Miss Hall's Personnel Service, Ottawa, Ont.	3,397.02
Miss Stacey Temporary Office Services, Ottawa, Ont.	13,689.81
Office Assistance (Canada) Ltd. Edmonton, Alta.	2,590.35
Office Assistance (Canada) Ltd. Vancouver, B.C.	15,796.94
Office Overload, Calgary, Alta.	2,000.01
Office Overload, Moncton, N.B.	8,441.28
Office Overload, Montreal, P.Q.	6,947.59
Office Overload, Ottawa, Ont.	15,171.55
Office Overload, Toronto, Ont.	34,613.00
Office Overload, Vancouver, B.C.	45,288.00
Pollack Personnel, Ottawa, Ont.	7,005.24
Professional Personnel Consultants, Edmonton, Alta.	6,147.52
Prologic Systems Ltd. Ottawa, Ont.	4,584.32
Right Hand Employment Services, Edmonton, Alta.	5,523.61
Select Personnel, Langley, B.C.	13,380.40
Selective Placements (Ottawa) Ltd. Ottawa, Ont.	21,329.70
Service Secretariat Metro Enrg.	5,933.95
The 500 Selection Services, Edmonton, Alta.	142,031.00
The 500 Selection Services, Ottawa, Ont.	21,467.93
The Job Farm, Ottawa, Ont.	3,962.30
Total Employment Services, Ottawa, Ont.	20,572.46
Total Employment Services, Toronto, Ont.	9,840.40
Univers de la Femme, Montreal, P.Q.	2,681.00
Valley Steno Ltd. Abbotsford, B.C.	5,412.38
Victor (Canada) Ltd. Cambridge, Ont.	11,246.59
Xtra Personnel Ltd. Fredericton, N.B.	2,591.00

* In Public Accounts of Canada 1979/80, Brandon Personnel Service Ottawa, Ont. should read Bradson Personnel Pool, Ottawa, Ont.

DEPARTMENT OF SOLICITOR GENERAL—OTHER TYPES OF SERVICES

Question No. 2,905—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the correctional services program at page 32.36, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

(a) There are no increases in expenditures. The apparent increase over the previous year is due to a change in the layout in the public accounts reporting system through directive from the Receiver General of Canada. The items, as described in CSC's answer to parts (b) and (c), were listed under separate categories of their own in the 1978/79 Public Accounts of Canada. They have been consolidated under the new category "Other Types of Services" in the 1979/80 report.

(b) and (c): See list below.

For comparative purposes we have included the names and the amount of money paid for each type of service for fiscal years 1978/79 and 1979/80. These are as follows:

	1978/79	1979/80
Tuition—Educational Leave Program—78/79 figures may be found in Public Accounts of Canada report page 32.111 under Educational Services—Tuition Educational Leave Program	$ 7,031	$ 7,011
Health Care—Gynaecology and Obstetrics. There were no expenditures under this category in 78/79.	—	$ 4,070
Legal Services—CSC Employees—78/79 figures may be found in Public Accounts of Canada report page 32.113 under Legal Services—Employees	$44,395	$ 6,213
Veterinary Services—78/79 figures may be found in Public Accounts of Canada report page 32.113 under the category—Veterinary Services	$ 2,396	$ 2,764
Membership Fees—78/79 figures may be found in Public Accounts of Canada report page 32.114 under the category—Membership Fees	$18,857	$22,492
	$72,679	$42,550

In 1979/80 payments over $2,000 were made to the following: Cassel Brock in trust—$5,219.78 (legal services), St. Lawrence Veterinary—$2,237.50.

Question No. 2,906—**Mr. Clarke:**

With reference to the Professional and Special Services recorded by the Department of the Solicitor General under the departmental program at page 32.34, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other services (a) how does the department explain the 73 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Bob Kaplan (Solicitor General):

(a) The bulk of the increase was for: (i) summer and year round employment programs (youth) co-ordination; (ii) agreements with the provinces and municipalities for the temporary secondment of personnel.

(c) (i) $160,216
(ii) $219,239
(iii) $ 78,762
(iv) $129,623

Payments over $2,000

T. Palys	$ 5,000
E. Osborne	7,916
P. Smith	3,750
M. Schuh	2,813
L. Scanlon	8,900
G. Surprenant	13,019
J. Marton	13,028
National Council on Crime and Delinquency	13,980
D. Farrington	18,438
S. Witherden	4,444
H. Sim	3,105
D. Mead	3,960
S. Dunn	3,675
Company Consultants Ltd.	9,749
L. Berzins	2,950
T. Lajeunesse	10,700
P. Rolfe	5,230
K. Stringer	2,100
A. Teleban	5,500
C. Lavalee	11,760
D. Fischer	3,000
J. Auger	7,200
City of Vancouver	15,814
City of Calgary	10,601
Province of Saskatchewan	50,760
Province of Ontario	81,226
City of Ottawa	32,814
Centre de services sociaux de Montréal	28,025
P. Simon	12,075
M. Clarkson	7,895
M. D'Eer	4,725
D. Thornton	18,145
A. O'Neill	6,600
S. Lee	17,550
M. O'Kane	5,772
N. Chartrand	6,000
Vrlak Robinson Advertising	5,662
Secretary of State	2,009
York Mailings	2,229
Service de contrôle des nouvelles Radio-TV	6,486
D. Amyot	3,471
MacDonald and Brisson	9,405
J. Harvey	4,800
L. Lurette	3,975
E.A.C. Amy and Sons Limited	50,920
M. Laplante	3,000
M. Albrecht	4,620
P. Brousseau	4,512
Quality Language Service	3,000
S. Piccinin	2,100
International Simultaneous Translation Services	2,221
Supply and Services Canada	8,919
C. Dymond	10,044
E. Stoll	2,250

PHOTO SERVICE COSTS

Question No. 2,917—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the taxation program at page 32.24, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to photo service (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. William Rompkey (Minister of National Revenue): (a) Developing, enlarging and reducing photos for real estate appraisals. (b) $17,859; Canadian Government Photo Centre, $3,143.19; Polaroid (Toronto), $2,216.10.

TRAINING AND EDUCATIONAL SERVICES

Question No. 2,920—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Energy, Mines and Resources under the Atomic Energy Control Board at page 32.8, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and educational services (a) how does the Department account for the increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Atomic Energy Control Board reports as follows:

(a) There was a decrease of $23,883 in training and educational services from 1978-79 to 1979-80 rather than an increase in expenditure. This decrease is not apparent when examining the public accounts for the same reason given in part (a) of question No. 2,846.

(b) The decrease is attributable to a special management training course in public relations conducted by TSAR Inc. at Lac Ste. Marie, Quebec in 1978-79.

(c) No contract was valued at more than $2,000.

Question No. 2,921—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Energy, Mines and Resources under the Energy Program at page 32.7, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and educational services (a) how does the department account for the 14.4 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

(a) Expenditures for training and educational services in the energy program were $95,974.00 for 1978-79 and $102,798.00 for 1979-80. Therefore, there was an increase of only 7 per cent.

(b) These services include: the provision of instruction and facilities for the training of public servants by various public and private institutions; teachers and instructors' fees; reimbursement of tuition to employees for authorized training.

(c)	Harvard University tuition	$ 3,375.60
		$ 3,404.70
	National Research Council of Canada	$31,649.54
	Language Instrustors:	
	Elizabeth Bianchi	$ 4,511.35
	Linda Dupuis	$ 2,208.32
	Richard Ouellet	$ 4,188.00
	André Plourde	$ 3,560.00

Order Paper Questions

PHOTOGRAPHY SERVICES, EXCLUDING MOTION PICTURES

Question No. 2,927—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development at page 32.15, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to photography services except motion pictures (a) how does the department explain the 270 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The increase in expenditures for Indian and Inuit affairs is mainly due to amounts expended on photo displays and exhibits on tour; for example the Indian pavilion at Man and His World and Tradition & Change exhibits;

(b) The services involved are the purchase of photos, graphic art services, photographer services, development and reproduction of film;

(c) The recipients involved are Canadian Government Photo Centre, $38,058; Energy Mines and Resources, $4,200; and Via le Monde Canada Inc., $6,976. The balance is for miscellaneous items under $2,000.

PROFESSIONAL AND SPECIAL SERVICES

Question No. 2,931—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the correctional services program at page 32.34, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to educational services (a) how does the Department explain the 83 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000 (d) what services did the Scott Paper Company, New Glasgow, Nova Scotia provide?

Hon. Bob Kaplan (Solicitor General): (a) In so far as the Correctional Service of Canada is concerned, the increase of 83 per cent for the category educational services—outside staff training resources over fiscal years 1978/79 is actually an increase of 4.72 per cent and is explained by the following:

(i) Because of misinterpretation in line objects, certain payments in 1979/80 were coded in error under educational services—outside staff training resources as opposed to educational services—inmate and parolee training.

These were: Provincial Government—Finance, Halifax, N.S. $156,150; Scott Paper Company, New Glasgow, N.S. $69,073; Prince Albert Council on Alcohol & Drug Abuse $19,000; Saskatchewan Technical Institute $5,842.

(ii) The public accounts indicate an expenditure of $71,133 for Memramcook College in 1979/80 when in fact $28,188 of that amount was for the lease of the facility used for staff training and should not have been coded under outside staff training resources;

(iii) A contract with North American Guard Dog Ltd., Coquitlam, B.C., for $9,913 was coded incorrectly in 1979/80 against outside staff training resources. It should have been coded under staff training contracts as it was in the fiscal year 1978/79.

Therefore the actual expenditures for educational services—outside staff training resources, for the fiscal year 1979/80, is $222,818.

It must also be noted that in fiscal year 1978/79 payments to the Department of Education, Halifax for $20,608 and $48,966 for Scott Paper Co., Nova Scotia should have been attributed to inmate and parolee training as opposed to outside staff training resources, the actual expenditures for fiscal year 1978/79 being $212,769. Therefore the increase between fiscal years 1978/79 and 1979/80 for educational services is 4.72 per cent as opposed to 83 per cent. Steps have been taken to ensure that misinterpretation of line objects does not recur.

(b) The increase entailed services with the University of Winnipeg and St. Lawrence College in Kingston. The University of Winnipeg provided the following courses: two courses on "Inter-Personal Communications" were conducted November 6-8, 1979, and January 8-10, 1980; two courses on "Financial Management in the Correctional Service of Canada" were conducted; and one course on "Interviewing and Counselling Skills" for employees of Stony Mountain was conducted.

Whereas St. Lawrence College provided the following: two courses in business skills; twenty-five weeks of french language skill courses; six weeks of report writing; four telephone answering courses; and six weeks of oral communications training.

(c) List of payments over $2,000 made in 1979/80 for educational services—outside staff training resources:

College Ahuntsic—Montreal, Quebec	$ 2,400
Communicon Inc.—Montreal, Quebec	21,200
Le Centre d'organisation scientifique de l'Entreprise, Montreal, P.Q.	4,285
B. Dillon—Halifax, N.S.	2,216
Loyalist College—Belleville, Ontario	2,800
Management Training Centre—Halifax, N.S.	2,655
Memramcook College—St. Joseph, N.B.	42,945
N.S. Firefighters School—Waverley, N.S.	2,925
Public Service Commission—Ottawa, Ontario	4,662
St. Lawrence College—Kingston, Ontario	20,500
University of Manitoba—Winnipeg, Manitoba	2,311
University of Winnipeg—Winnipeg, Manitoba	26,825

(d) Scott Paper Co. provides instructional and training services for inmates in Shulie Lake Institution in the vocation of forest harvesting, machine operation and related trades and studies.

Question No. 2,940—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the correctional services program at page 32.35, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other services—contracted inmate maintenance (a) how does the department account for the 82 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned: (a) The apparent increase of 82 per cent in payments to the provinces from

1978/79 to 1979/80 is caused by retroactive payments in both years resulting from billings not having been previously submitted by the province or retroactive rate adjustments.

The following are totals of payments made during 1978/79, 1979/80 and 1980/81 for services provided in 1978/79 and 1979/80:

Province	Year service provided	
	1978/79 $	1979/80 $
Newfoundland	311,861	366,735
Nova Scotia	125,072	138,207
New Brunswick	10,335	8,903
Quebec	2,439,724	3,104,262
Ontario	307,916	279,276
Manitoba	123,043	127,535
Saskatchewan	83,365	77,872
Alberta	81,719	219,710
British Columbia	671,391	577,109
Northwest Territories	161,590	155,650
Yukon Territory	28,078	19,166
Total	4,344,094	5,074,425

The actual increase in total payments is thus 17 per cent. Changes from one year to the next are the result of increases in per diem rates and changes in the number of days paid.

(b) Payments to the provinces listed in the public accounts as "inmate maintenance contracted" are not made under a contract but are paid in accordance with two federal-provincial agreements, one for transfer of custody of federal and provincial inmates and the other for maintenance of parolees held in provincial institutions on suspension of parole.

In each case the Government of Canada agrees to reimburse the province for each day the federal inmate or parolee is confined in a provincial institution at a rate based on the operating cost of that institution. Payments for 1978/79 and 1979/80 to each province are listed in part (a) above.

UNINSURED LOSSES OF EQUIPMENT

Question No. 2,970—**Mr. Clarke:**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of Fisheries and Oceans in footnote No. 9 at page 13.4, Volume 1 of the 1979-80 Public Accounts of Canada, under what circumstances was the equipment lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

2. What use does the department make of the transit?

3. How does the department account for the balance in the amount of $661,895?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): 1. Between 5 p.m. November 2, 1978, and 7 a.m. November 3, 1978, at the construction site for the Puntledge River Hatchery, a break-in occurred. The trailer owned by Cana Construction and four-shed type buildings were entered by prying the locks off and breaking the door windows. The transit, owned by the Department of Fisheries and Oceans, as well as power tools and miscellaneous items belonging to Cana Construction were stolen. (a) Unknown; (b) No; (c) No; (d) No; (e) Yes. As Cana Construction was providing office space for the department, they were responsible for security at the site. They did change all of the locks and board up the windows with plywood to stop further entry. Cana did not feel it warranted hiring a full-time watchman due to the cost and time involved.

2. The transit was used for surveying sites and checking construction contracts.

3. (i) Grounding of *M.V. Keta*. On March 19, 1980 at 1645 hours, the fisheries research vessel, *M.V. Keta*, ran aground inside the entrance to Nitinat Lake. Ship division personnel had to fly to the site. The vessel was subsequently towed to the New Westminster repair depot for docking and hull inspection plus inspection of machinery and electrical systems.

Towing charges	$17,550.00
Air fare to site	277.60
Wire rope used in towing by Coast Guard	456.00
Electrical Repairs	444.00
	$18,727.60
(ii) Loss of equipment as a result of a fire at the Bedford Institute of Oceanography, Dartmouth, Nova Scotia	257,683.00
(iii) Equipment lost at sea—e.g. samplers, pingers, nets, acoustic releases, current meters	385,484.40

Question No. 2,972—**Mr. Clarke**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of National Revenue in footnote number 11 at page 13.4, Volume 1 of the 1979-80 Public Accounts of Canada, under what circumstances was the furniture lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

2. What use does the department make of the furniture?

3. How does the department account for the balance in the amount of $9,081?

Hon. William Rompkey (Minister of National Revenue): 1. Due to the lack of storage space, some old unserviceable surplus office furniture stored on the warehouse loading docks at the bridge and tunnel in Windsor, Ontario awaiting pick-up by the Crown Assets Disposal Corporation disappeared. (a) Unknown; (b) No; (c) No; (d) No; (e) Yes, an investigation was carried out, and tighter reporting controls, and ensurance of availability of secure storage space was implemented.

2. See reply to part 1 above.

3. The following is an accounting for the balance in the amount of $9,081: $2,761, loss of unserviceable furniture at Sarnia, Ontario in circumstances similar to the loss wich occurred at Windsor, Ontario; $2,237, loss of unserviceable drafting stools of negligible salvage value, awaiting pickup by Crown Assets Disposal Corporation, inadvertently destroyed when picked up by garbage disposal company; $4,083, a

physical inventory check, taken at time of move of Customs and Excise College from temporary accommodation in Ottawa to permanent college facility at Rigaud, Quebec, revealed furniture shortages to this value.

PHOTO SERVICES—MOTION PICTURES

Question No. 2,980—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State for the National Museums of Canada at page 32.33, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to photo services—motion pictures (a) what was the title and total cost of each film produced in the fiscal year 1979-80 (b) at what audience was each film aimed (c) what cost recovery is anticipated from the distribution of all the films?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): (a) In the fiscal year 1979-80 one film was co-produced by the National Gallery of Canada with the National Film Board entitled "A Québécois Rediscovered—Joseph Légaré—1795-1855". The total cost of co-producing this film was $45,115. (b) The film was aimed at a variety of audiences interested in Canadian art. (c) There is no cost recovery expected in so far as the National Museums of Canada is concerned as the co-production of this film is an extension of the National Gallery's regular public programming activities.

MOTION PICTURE PRODUCTION AND DISTRIBUTION

Question No. 2,984—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Fisheries and Oceans at page 32.12, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to motion picture production and distribution (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (c) at what audience were the motion pictures aimed (d) what was the total cost and title of each motion picture completed in the fiscal year 1979-80 (e) what cost recovery is anticipated from the distribution of all the motion pictures?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans):

(a) The types of services purchased were: (i) film processing and developing; (ii) purchase of satellite imagery; (iii) vertical serial photography; (iv) production and distribution of feature films; (v) production and distribution of filmstrips or film clips.

(b) (i) film processing and developing—$240,544.97
(Contracts over $2,000.00)

Mortifee Munshaw Ltd.	$ 6,593
Customcolor Ltd.	2,207
Canadian Government Photo Centre	26,314
National Film Board	50,913
Central Graphic Reproductions	5,992
Winnipeg Photo Ltd.	2,912
Reid Sweet Ltd.	5,943
Atlantic Photo Supply	2,700
Wambolt Waterfield	3,781
Steve Zeverling Photo	3,864

(ii)	purchase of satellite imagery	452.39
(iii)	vertical serial photography	312
(iv)	production and distribution of feature films— (Contracts over $2,000)	59,541.69
	National Film Board	57,249
	Atcom Communications	2,153
(v)	production and distribution or filmstrips of film clips (Contracts over $2,000)	31,399.62
	National Film Board	23,823
	Audio Visual East	4,245

(c) The films were aimed at fishermen, the fishing industry and the general public.

(d)	Atlantic Salmon Film	$28,079
	Handling & Transportation Systems	24,000
	Proper Sealing Procedures	23,000

(e) None.

[*English*]

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

Mr. Stevens: Madam Speaker, I rise once again to ask the parliamentary secretary why the government is refusing to answer question No. 2,042 which was asked in this House on on January 29, 1981. It simply asks for the total cost of the Prime Minister's December-January world tour of 1980-81. What is the total cost to the taxpayers of Canada of that tour?

We have repeatedly requested this information and the minister repeatedly says that he will look into it. Every time I ask where the answer is we hear that he is looking into it. I feel that if we do not get a satisfactory answer today this question should be dealt with as a matter of privilege in this House.

Mr. Smith: I am pleased that the hon. member has drawn this to my attention. I will be delighted to look into the preparation of this answer on his behalf.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—UNEMPLOYMENT

Hon. James A. McGrath (St. John's East) moved:

That this House, caring for the 1,200,000 Canadians now unemployed and the millions more worried about their jobs, recognizes that the National Energy Program and the budgets of October, 1980, and November, 1981, are largely responsible for this massive unemployment, and demands the resignations of the Minister of Energy, Mines and Resources and the Minister of Finance, and the introduction of a new energy policy and a new budget to create jobs, lower interest rates and restore hope and confidence to Canadians.

He said: Mr. Speaker, as we commence this debate on this important motion which is a part of our supply procedure and part of the traditional way that Parliament has of holding the government accountable, I note that there is not a single minister present in the House. Not one minister.

• (1210)

Mr. Mazankowski: Just like last night.

Mr. Wright: Not even the Minister of National Revenue (Mr. Rompkey) is here.

Mr. McGrath: One would expect that there would be at least one or two ministers who would have some responsibility in the area of economic affairs. But nobody is here. I see the Minister of Employment and Immigration (Mr. Axworthy) entering the chamber now.

Mr. Nielsen: He is the minister of unemployment, the great job creator.

Mr. McGrath: At least now we have one minister here. Whether or not he will get the message remains to be seen. You know, Mr. Speaker, that is really consistent with the attitude of this government. We all listened a few days ago to the Minister of Energy, Mines and Resources (Mr. Lalonde) who spoke in this House giving us the Liberal philosophy of government. I will paraphrase what he said: "The challenge of government is to rise above events." Another way of putting that is: "We do not have time to pay any attention to what is going on around us." The Liberals have other things to do. I would remind the government and I would remind the Minister of Energy, Mines and Resources if he were here, that the people of Canada want a government that is attentive to events and to what is going on around them and one that will do something about the situation.

Today we meet in a Parliament that is nasty and angry. Certainly I have not experienced anything like this Parliament in my 22 years in this House. I notice you are nodding your head as well, Mr. Speaker. There is a mood of nastiness and a mood of anger in this place. That is as it should be because that is a reflection of the mood of anger that is out there in the country. The country is frenzied; the country is angry, and well it should be.

We listened today to the Minister of Finance (Mr. MacEachen) replying to questions in response to the disastrous unemployment figures released today. He said to blame the problem on everything but his own budget and disastrous policies. This situation today is unprecedented since the great depression. Today in this country one in ten people are officially out of work. Today in this country the percentage of unemployed is in double digits. We have a rate of inflation that is hovering around 12 per cent, almost twice as much as the rate of inflation in the United States. We have an energy policy that is shattered, which will mean increased energy costs for this country. I will exacerbate the already serious inflationary situation. It will mean increased gasoline prices. It will mean increased home heating oil prices. These increases come from a government that committed itself two years ago to keeping energy prices down.

Mr. Nielsen: Below 14 cents.

Mr. McGrath: A commitment was made by the Prime Minister (Mr. Trudeau) to keep the excise tax on gasoline below 14 cents. Now we have increases in gasoline amounting to 75 cents. Most of that amount is directly attributable to increases in taxes by this government. The cost of home heating oil has gone up by 50 cents a gallon.

Mr. Nielsen: We did not even tax that.

Mr. McGrath: What do hon. members think of this statement?

> Your high interest rate policy would slow down the economy: it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in those sectors.
>
> It will put housing beyond the reach of most middle and lower-income Canadians. It will hurt small business, which depends on bank borrowing to operate. It will hurt farmers, who have the same dependency on bank borrowing and will add, therefore, to the cost of food.

How profound! I wish I had said that. The Minister of Industry, Trade and Commerce (Mr. Gray) uttered those words on October 30, 1979 when he was finance critic and was speaking before the Standing Committee on Finance, Trade and Economic Affairs. That is the same Minister of Industry, Trade and Commerce who made a commitment that if interest rates rose he would resign. He is still sitting in his place and uttering the empty rhetoric to which we have grown accustomed day after day after day.

The situation is desperate, Mr. Speaker. Directly as a consequence of the last two budgets of the Minister of Finance probably the biggest tragedy in this country today, in my opinion, is the plight of the young people of Canada who have no jobs and nowhere to turn.

Today we have a 9.6 per cent unemployment rate which translates itself into one in ten people out of work. Between April and July of this year we will have 650,000 young people between the ages of 15 and 24 looking for jobs. Many of them are students who face the prospect in September of higher tuition fees as a result of the scrapping of the established programs financing fund. They face higher tuition fees and no jobs, which means, of course, that many of them will not be able to go back to school. Many of them will continue to be on our unemployment rolls well into the winter. That is a tragedy of mammoth proportions, Mr. Speaker.

Why can we not do something for these young people? The bad news today is only one of a series that we have had in the last seven days. A couple of days ago the Conference Board of Canada released its findings and its forecast. It reported the following:

The decline in economic activity, which began mid-way through 1981 and is forecast to continue well into this year, represents the most severe setback suffered by Canada's economy since the early 1950s.

In other words, the situation is going to get worse. Can you imagine the situation getting worse? Today we have had an increase representing a 40 per cent rise in unemployment over this time last year.

If that were not enough, just a couple of days ago the housing start figures came out. What did we find there? We found a 40 per cent decline in housing starts over this time last year. That situation will get worse. The seasonally adjusted rate arising from these figures amounts to 142,000 starts. Yet CMHC indicates that from 1981 to 1986 we will need to maintain annual housing starts of 210,000 a year. That was providing the activity for the previous five years was at average norms, but it was well below average norms. Therefore, we will need more than 210,000 housing starts a year for the next five years just to catch up.

I cite these figures because you can directly relate the housing crisis to the problems facing young people. Not only do they not have jobs but if they get married they will have no place to live. What a tragedy for this country.

I mention housing because hon. members know, and the government should know, that it is probably the most labour intensive industry in the country. But no doubt we will hear the government say: "We have just made provision by way of the budget to provide interest free loans of up to $7,500 to build 30,000 rental units in the country." That is not enough. That is not my opinion, it is the opinion of the industry. They urgently need loans over $10,000 in metropolitan Toronto right now and they also need that much in metropolitan Vancouver. The 30,000 can be taken up in the two largest metropolitan areas of the country right now.

• (1220)

We also know that as a result of a decrease in supply and a concomitant increase in demand there will be further increases in the price of housing. The situation is going to get worse. It will get worse before it gets better. Yet the Minister of Finance stands behind that disastrous budget which he brought down in the House last fall.

Let us consider the consumer price index which is the measurement of the cost of living in this country. At this very moment in 1982, the cost of living in this country stands at 11.6 per cent. In the United States the consumer price index stands at 6.8 per cent, which is a substantial decline. How do you measure that performance in the United States against ours? When you talk about the consumer price index, you are talking about bread and butter, food for the table, a roof over your head.

Home heating oil is another commodity which Canadians basically need just to live. When measuring these basic necessities we must compare them to their performance in the United States. Not only is it fair to measure the government's performance against the performance of the United States, but we can also compare it to the performance of the previous government which we hear so much about these days.

Let us consider home heating oil. Under our budget, the annual tax on home heating oil would represent 19 cents a gallon, or $155 a year average. The annual tax on gasoline was equal to 39 cents a gallon, or $228 a year. We provided for an energy tax credit to protect home owners, fishermen and low-income earners. The total tax before that credit was $483. The total after the tax credit was $263.

Let us compare that to the budget of the Minister of Finance. Under his budget, the average annual tax on heating oil is $441 per year as opposed to $155 a year. The average annual tax on gasoline is $349 a year as opposed to $228 a year. The total tax before the energy tax credit is $790 per year. However, since there is no energy tax credit the total increase stays at $790 a year as opposed to $263 a year. Is there any wonder why the rate of inflation in Canada should be at the double digit rate and hovering around 12 per cent? These increases come from a government which campaigned on keeping price increases on gas and oil down. What total, complete and utter misrepresentation.

Where is the minister of energy? He was absent for most of the emergency debate and we obviously will not have the honour of his company today. The Minister of Finance is not in the House, nor is the Minister of State for Finance (Mr. Bussières). There is one minister present in the House who presumably will be replying on behalf of the government. We see by the economic forecast that the unemployment situation will get worse. As a result of the third piece of bad news which hit our country a week ago today, we now know that the energy situation will get considerably worse because of the government's energy policy. That energy policy, like the government's economic and fiscal policies, is in shatters. There is nothing left of them.

The government's energy policy was based entirely on the so-called megaprojects. Let us examine the collapse of the Alsands project, which God knows has been examined enough in the House during the past 35 hours of emergency debate—save for one unexpected interruption. The collapse of the Alsands project will mean the loss of 35,000 directly related jobs. Since these figures have to be added to the job loss represented in today's unemployment figures, it means, of course, that the unemployment statistics will be worse next month. The collapse of Alsands means a loss in direct investment of $13 billion. It means an addition of close to $12 billion in crude oil imports from the offshore. The spin-off effects from now until the end of the century would have amounted to over $400 billion.

I stated those figures for the record because we must relate what they mean to the average Canadian. To the average person in this country they mean further increases in the cost of gasoline at the pump. Paradoxically, this occurs at a time when world prices are decreasing. It will mean further increases in the cost of home heating oil—with no shelter of an energy tax credit—at a time when home heating oil prices in other parts of the world, including the United States, are going down. This will be the effect on the average Canadian.

Of course, these costs will filter all the way through the economy. Ultimately, it will mean higher food prices, added transportation costs and added production costs. If that is

added to the number of farm bankruptcies and the decline in our capacity to produce food, the result is an economic tragedy in this country of unprecedented proportions. We have seen nothing like it since the great depression. Indeed, there are areas of the country where the world recession is not relevant because those areas are, in fact, in a full scale depression.

There are one and a quarter million people officially unemployed in this country. What is not included in the number, however, is hidden unemployment or what I call the "hopeless unemployed." These are people who live in areas like Cape Breton and Newfoundland who have no prospects for employment in certain areas of that province and region. They are the hidden unemployed. If they are added to the official unemployment figures of today there are over one and a half million people in Canada looking for work but who have no job prospects.

As I have already indicated, the real tragedy is the dilemma faced by the our young people. Their prospects are very depressing. Students have no hope for summer employment and even if they are able to continue their education they face the prospect in September of increased tuition fees as a result of the budget of the Minister of Finance.

Young people who wish to get married must face the likelihood, in most major centres of the country, of zero vacancy rates. They will not even have an apartment to move into and will have to double up with their parents. Young couples who look to the future to achieve the traditional dream of Canadians to own a small part of Canada face the prospect of never owning a home in this country. The chance to own a home for the average Canadian is practically nil right now. What a mess, Mr. Speaker. To paraphrase an old election slogan, "Grit times are hard times".

Some hon. Members: Hear, hear!

• (1230)

Mr. McGrath: It is about time the people of Canada had some say in this matter, because if they were given the opportunity of having some say, my prediction is that the last vestige of dishonest Liberalism, the last Liberal government extant in this country today, would be wiped off the map of Canada.

Some hon. Members: Hear, hear!

Mr. McGrath: The great Liberal Party of this country would be on the verge of extinction and would have to look to the game laws of this country for protection, to quote the late Right Hon. John George Diefenbaker.

They have three options open to them, as I see it.

Mr. Nielsen: Go now, next week, or later.

Mr. McGrath: They have three options open to them, if they were to be honest—

Mr. Epp: Or tonight, or tomorrow.

Mr. McGrath: —with this House and with the people of Canada. First of all, the Minister of Finance could—

An hon. Member: Quit, resign and leave.

Mr. McGrath: —be honest with himself and admit that the budget was in shatters, was a disaster, and bring in a new budget. I suspect—indeed, we are told—that that will not happen, thus eliminating that option. But I throw it out again as a serious suggestion because we are all anxious to get this economy of ours back on the rails. That is the role of Parliament.

I have a second suggestion, and I throw this one out sincerely. It has been repeated time and again during the last 24 to 48 hours, during the 35 hours of emergency debate. The second suggestion would be for the Minister of Finance to resign.

Some hon. Members: Hear, hear!

Mr. Epp: Go, go!

Mr. McGrath: His resignation should be joined by that of the Minister of Energy, Mines and Resources, because if both hon. gentlemen were true to the traditions of the British parliamentary practice, one with a failed budget and one with a failed energy policy, they would have no other choice but to resign.

Some hon. Members: Hear, hear!

Mr. Nielsen: It should have happened long ago!

Mr. Fretz: Resign!

Mr. McGrath: The third option facing the government would be for all of its members to go.

Some hon. Members: Hear, hear!

Mr. McGrath: That is probably the best option, and I see the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) nodding. At least he should learn to count beyond 20 before he says another word in this House. But I throw that suggestion out as a serious option because the people of this country have shown, in poll after poll, that they have lost confidence in this government. They have no confidence in the leadership of the Prime Minister. All one has to do is to go to western Canada, to Saskatchewan or anywhere in this country, and one will find that the people have no confidence in the policies, these dishonest policies, I am sad to say, of the Minister of Finance.

One would expect the minister to have some social conscience, given his Saint Francis Xavier University background in the Coady tradition. Of course, the people have also lost confidence as a result of the disastrous, collapsed policies of the Minister of Energy, Mines and Resources. Given all of that, the people of Canada have no confidence in the energy policies, in the monetary and fiscal policies or in the leadership of the Prime Minister and they have said so in poll after poll.

If I can paraphrase one other historic figure, "In the name of God, go" and give the people of Canada a chance to react to what they have done. They cannot continue as a government—to paraphrase the Minister of Energy, Mines and Resources—to rise above events, because if they do, events will pass them by and they will be, as a party, forgotten in the process!

Some hon. Members: Hear, hear!

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker—

Mr. Nielsen: The "minister of unemployment"!

Mr. Axworthy: —I think we are all aware that this debate is being conducted at a very serious time in the fortunes of this country. There is no doubt that all of us on both sides of this House are deeply sorrowed by the grief which has been caused to those who are jobless. There is no doubt people on both sides of this House are searching in their minds and in their hearts to find some answers to those problems. The hon. member who just spoke has shown a tinge of self-righteousness in his attempt to portray that he is the only one who can speak for the people of Canada.

Mr. Baker (Nepean-Carleton): Let the people speak for themselves.

Mr. Axworthy: He showed a certain degree of pomposity when he said that he will represent their points of view.

Mr. Nielsen: You are the expert on pomposity.

Mr. Axworthy: There are many people on this side of the House who also feel very deeply about what has happened in the country. They set forth their ideas and points of view, but they do so in a different manner. I ask hon. members of the House to stop and reflect for a moment on what we have just heard. Did we hear one constructive idea?

Some hon. Members: No!

Mr. Dinsdale: Yes—resignation of the government.

Mr. Axworthy: Did we hear one proposal which would add one person to the job market?

An hon. Member: Absolutely none!

Mr. Nielsen: Yes, yes—resign!

Mr. Axworthy: Did we hear any suggestions with any positive direction or thrust? Oh, no.

Mr. Nielsen: Yes, resign!

Mr. Fretz: A new budget!

Mr. Axworthy: All we hear from the apostles of doom and gloom on the other side are policies of negativism. Oh, do they like trouble. They wallow in the pool of chaos. They stir the pot and they know that Canadians are mad and fighting. One reason is because the cause is clearly there. There is a group of people in this House who have a vested interest in doing nothing but churning up a sense of pessimism and fear, rather than looking at what is possible and considering the kind of direction and policy which Canadians as a whole should be following. They have nothing to offer, nothing to say; no solutions, no proposals.

An hon. Member: You are not listening!

Mr. Axworthy: Nothing they say is constructive. All they say is why does this minister or that minister not resign? That is not what the people of Canada are asking for.

Mr. Dinsdale: Oh yes, they are!

Mr. Axworthy: They are asking for answers which can be put into effect. That is the difference between the two sides of the House. That is the reason we are always over here and they are always over there.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Axworthy: Over the years, the people of Canada have ultimately seen that they can have confidence in the Liberal Party of Canada, which is prepared to look for answers—

Mr. Dinsdale: But you have blown it this time.

Mr. Axworthy: —tough as they may be, and does not simply churn the pot of trouble in order to conjure up frightened fantasies.

Mr. Dinsdale: Nonsense!

Mr. Axworthy: That is the difference between us. That is why the people of Canada expect far more than they are receiving from hon. members in the opposition. I frankly think the people are getting tired of this constant tirade, the bell ringings and the debates being held. All right, that is fair enough, that is what Parliament is for; but when do we hear from the opposition what it would do instead?

We hear of a budget which is three and a half years old. As Tories always do, they dwell in the past to find their answers. But when Canadians ask them where they stand, what do they get? They get a cacophony of different answers. Hon. members opposite make the Tower of Babel look like the Mormon Tabernacle choir. One hon. member says spend more money while another says spend less money. One says restrain while another says don't restrain. We do not know where they stand on anything. The reason is because they do not know either. They have never known. They do not have a policy or a program. They have nothing to offer this House.

An hon. Member: Hot air.

Mr. Axworthy: The hon. member for St. John's East (Mr. McGrath) had the audacity to berate this government for the initiatives we were taking. But when we ask where the hon.

member and his leader stand on the issues, what do we hear? We do not hear one word or a single proposition.

An hon. Member: They do not know.

Mr. Axworthy: We are engaging in the debate here because we want to find answers and because we do care. Because the hon. member has obviously ignored the kind of initiatives we are taking, I would like to show him how we care. Through the programs of my own department alone, and it is not the only one, we are presently servicing close to half a million Canadians through programs involving an expenditure of over $1.6 billion. We are servicing over 100,000 Canadians in direct job creation. Concerning new programs we signed our eleven hundredth work-sharing agreement affecting over 50,000 workers in this country.

Rather than having the enlisted co-operation of hon. members opposite to work with industries and workers in their communities to develop those kinds of programs, we get nothing but the apostles of negativism coming back. There is an answer that is of great effect and that in fact is being used in the hon. member's own province. But he walks oblivious to the reality; he is simply going to his witches' brew, trying to conjure up his particular potion of pessimism. Mr. Speaker, I do not think that is necessary any more.

• (1240)

We have put in place a number of programs to try to help the unemployed. Just recently we added some major restrictions on foreign workers coming in, to make sure that Canadians have first chance. We have introduced new programs under the unemployment insurance program, Section 38, which are providing opportunities to join, in co-operation with the provinces, in developing new job initiatives in forestry, mining and tourism. These proposals are coming from his own provincial government, but the hon. member is totally ignorant of and oblivious to it. Because they are not prepared to get down to work and share in it. There are job programs in fisheries in his own province that will provide hundreds of jobs for fishermen who are out of work. Again the hon. member is oblivious to and ignorant of that fact and reality. Mr. Speaker, we are not saying that that will solve the whole problem. Time and time again in this House we have said that it is a problem affecting every country in the world. And that is not passing the buck; it is trying to describe how we must be careful and deliberate in the policies that we put together, along with other countries, to try to find some way out of these very difficult times.

Instead, we have a resolution in front of us that says that all will be well if one minister would resign and if we throw the budget out and all the rest of it. If the Minister of Finance (Mr. MacEachen) resigned, would that help the unemployment rate in the United States which is now 9.4, or would it bring down interest rates set by the Federal Reserve Board? Will they say: "Oh well, the Canadian government has taken an initial major step, because the Tory opposition told them to do so, so we will bring our interest rates down"? What foolishness, Mr. Speaker! What nonsense, what silliness, we are receiving from the members of the opposition.

If we have to discuss our economic problems in real terms, then let us discuss them. Let us not have this infantile child's play that we hear continually from the members of the opposition, that somehow if only the Minister of Finance would resign, if we would throw out his budget, all would be right in the world. All of a sudden, Mr. Speaker, the sun would shine.

In the United Kingdom there is an unemployment rate of 12 per cent. There is a government there which the member opposite has extolled time and time again, saying that the Prime Minister, Margaret Thatcher, is the epitome of economic widsom. They have an unemployment rate of 12 per cent, yet hon. members opposite say it somehow would solve all our problems here and abroad if our Minister of Finance would resign.

When is the opposition going to be serious, Mr. Speaker? When are they going to treat these problems with the kind of serious thought they deserve and quit playing their game of sandbox politics? It is about time this Parliament got down to a serious discussion of unemployment, because it is a serious issue.

Some hon. Members: Hear, hear!

Mr. Axworthy: It is time they faced up to the kind of policy that we have put forward and which we are prepared to change and alter if we receive any kind of reasonable suggestion from members opposite.

An hon. Member: We never do, we never do.

Mr. Axworthy: What have we got so far, Mr. Speaker? Nothing of a serious or rational or intelligent nature. All we see is that banging of the shoe on the table and that wild rhetoric. The hon. member for St. John's East should read some economic papers and forget some of the rhetorical outbursts of evangelism. That is not what these times require.

Let us put forward the kind of strategy that we are dealing with; let us have a serious debate. Let us erase the kind of childishness we have been receiving from the first speaker and get down to serious debate. Let us talk about the real issues. Let us talk about the trinity of evil called inflation, interest rates and unemployment. They are interconnected and interdependent; they all affect one another.

We have said time and time again that if this country is to stabilize its economy, if it is to bring about the stimulus of growth, we must deal with the issue of inflation. We cannot deal with one problem in isolation from another. We must come to grips with the fact that as long as we have a high inflation rate we cannot bring our interest rates down, and if we cannot bring our interest rates down we cannot allow the private sector to stimulate the economy. That was the whole thrust of the Minister of Finance's budget. It was to provide fiscal and monetary restraint in this country, to try to get that inflation under control, on a decreasing scale, so that we can bring interest rates down.

We are as deeply concerned, Mr. Speaker, about the impact of high interest rates as anyone in this country, perhaps more, because we deal with it every day, not under the sort of poppycock opposition pressure that we hear three times a week—and then they go off and do the same sort of dance somewhere else. We are deeply concerned about the position. We have a strategy in place to try to bring the inflation rate down. Contrary to the NDP, we have not adopted the so-called Reaganomics to do it, because we have one thing that is different; we have maintained the full range of social programs, of unemployment insurance, to ensure that there is proper support and cushioning for those who are affected by these policies.

Some hon. Members: Hear, hear!

Mr. Axworthy: The member opposite from St. John's East tried to reach out and paint as black a picture as he possibly can, saying we are down in the depths of the great depression. He forgets that the great depression did not have a thing called the Unemployment Insurance Act, which provides up to $210 a week for people who are unemployed. It has provided the best, most effective and most reliable income support of any country in the world.

Some hon. Members: Hear, hear!

Mr. Axworthy: He totally ignores that. The Unemployment Insurance Act is doing what it was designed to do—provide a basic foundation for workers who are unemployed until the economy turns. It is a credit to this country that we have been able to maintain that system and use it effectively.

Not only are we providing income support, but we are also using the unemployment system in a developmental way to provide opportunities for workers who are unemployed to get new training during that period of time, to go back to work in forest management projects, something which is desperately needed in order to improve the productivity of our forest industry. So this government has tried to bring in not just a basic income support, but tried to use it in a creative way.

An hon. Member: It is sheer misery!

Mr. Axworthy: Ah, now we are hearing the classic shout, that there is sheer misery. I have an interesting proposition to make to the NDP members. Let them ask their own membership, their own workers, if they would like to follow the NDP proposal, which is to let people really become unemployed and not make any money and not go back to work. I do not believe in that kind of idea. I believe that Canadians want to work, that they want to be given the opportunity, that they want to be given the chance to work and to make more income. The NDP do not believe in that.

Mr. Deputy Speaker: The member for Brant (Mr. Blackburn) is rising on a point of order.

Mr. Blackburn: Would the minister entertain one short question?

Mr. Axworthy: I would prefer to hear the question after a short while.

In fact, Mr. Speaker, seeing the member for Brant (Mr. Blackburn) rise to his feet, I would only point out to him, when he is looking for answers, that his own community is a major beneficiary of a new program of this government called the Industrial Labour Adjustment Program. It has provided major industrial incentives for new industries to come into his community. It has provided additional subsidies for workers, new training, new mobility. In fact, Mr. Speaker, I have in my office a letter from the mayor of Brantford thanking me and this government for bringing in the ILAP program.

Some hon. Members: Hear, hear!

Mr. Axworthy: We need that kind of moral support at this time, rather than what we hear from the opposition that there is no strategy, that nothing has been done. I suggest to the member for St. John's East that he go and talk to the member for Brant and find out what has been done in his community to provide that alternative for workers in his constituency. Mr. Speaker, we have those programs in place.

We have also brought into place under the budget, Mr. Speaker, an economic development strategy which appears as a direction to develop the economy now and in the future and to provide jobs. We have heard time and time again about the failure of the megaprojects. Mr. Speaker, yes, the pipeline is postponed and the Alsands project is stopped. Did that really have something to do with the National Energy Program, or was it the international oil economy? If the hon. member for St. John's East used any logic at all, he would realize that the United States did not stop all its oil-shale projects because of the Canadian National Energy Program. The Americans stopped them for the same reason the major multinationals stopped Alsands. The reason was they could not get the price for oil they thought was necessary to develop the projects. That is why many alternative energy projects are being stopped around the world.

• (1250)

However, at the same time there are all kinds of other projects going on. We have the northeast coal project providing jobs for over 5,000 people and the expenditure of $1 billion. How did that project get started? It was started through an investment by this government. The Trans Quebec and Maritime Pipeline project employs close to 11,000 people at an expenditure of $800 million. Why are 11,000 people going to work? They are going to work because of an investment by this government.

In the major projects task force report there are 440 megaprojects which were measured by business, labour and government as being prospective during the next two decades. There have been two failures. All of a sudden hon. members opposite say the megaprojects are no more. There are tens of dozens of projects continuing.

Let me talk about the role the opposition plays in job creation in this country. Let me talk about the position taken

by the Conservative Party and the NDP on perhaps the single most critical investment in Canada in terms of its future growth, the modernization of our transportation system. It was quite clear that the growth in western Canada in terms of new export markets for potash, grain, sulphur and coal could not go ahead unless we had a new railway system. We had reached full capacity. The railways said they were not prepared to invest the tens of billions of dollars necessary to bring that project about when they were losing $600 million a year because they were not getting anywhere near a fair price for their service. It was quite clear that that project was the key which would unlock a number of new projects in processing, manufacturing and refining in western Canada and also create jobs in connection with new locomotives in London, steel rails in Sydney and railways cars in Montreal. These have an effect right across Canada. However, someone had to take a tough decision to bring the parties to the table and get them negotiating and showing good faith so that a $13 billion investment could be made to create tens of thousands of jobs across Canada. What was the position of the opposition? What has been the position of the Conservative Party and the New Democratic Party, those great prophets of "What can we do?" They are totally against it.

Mr. Kristiansen: Who pays the bill?

Mr. Axworthy: Since we are talking about who is for this and who is against it and about who is interested in creating growth and jobs in the country, I ask hon. members opposite to declare in this debate today their commitment to supporting the policy put forward by the Minister of Transport (Mr. Pepin), to supporting those negotiations and to ending the kind of foolish nonsense the allies of the NDP—the NFU and the Manitoba farm and labour federations—get into because they oppose progress, development and growth. They are living in the past. We ask hon. members to renounce that today and agree this is an important investment in the future of Canada which will create jobs for tens of thousands of Canadians.

Let Parliament today in a unified form—both sides of the House—support a policy which will provide major expansion across Canada. Do hon. members opposite have the courage to do that? Does the hon. member for St. John's East? Is he prepared to get his caucus to support a major megaproject so that we can bring that kind of growth on? The hon. member pleaded. He wanted something to happen. The Minister of Transport has put something on the table, but the biggest obstacle to that is the kind of political opposition we get from the Tories and the NDP, who are simply paying off their old debts by living in the past. We want to know when they are prepared to get behind major expansion projects and major growth projects. We want to know when they are prepared to begin co-operating during these difficult times and start creating jobs in this country, rather than simply coming forward on a platform of pessimism.

The hon. member for St. John's East says the Liberals are dishonest. I suggest there may be some reason not to trust his comments as well. There may be some reason to suggest there was a tinge of hypocrisy in the remarks of the hon. member for St. John's East, because if he really believed in what he said, rather than standing here berating us he would be working in his own caucus to get agreement and co-operation from his colleagues for something which will provide tens of thousands of jobs in the next year. There will not just be direct jobs in construction and manufacturing; there will also be an opportunity to open up a whole new export market. The hon. member for St. John's East wants a response. That is fair. Should he resign if he is not prepared to co-operate? Should we ask for his resignation because he is dishonest and hypocritical in not being prepared to take the kind of initiative on behalf of the people of Canada that is necessary?

In addition to that, in terms of an economic development strategy we have also put forward a number of initiatives in the area of science and technology in manufacturing. There has been a 20 per cent increase in funding for the National Science and Energy Research Councils for new manufacturing development. Seventy million dollars is going into new centres for microelectronics to aid and assist that fast-growing industry. Millions of dollars are going into the Telidon project, which is providing jobs in the high tech area. The Minister of Agriculture (Mr. Whelan) is working on an agri-food strategy, which will provide major support for research in agricultural processing and development. A major study is going on in the fisheries industry to provide for realignment and rationalization with respect to production.

In talking about the economy, let us talk about the statistics which came out yesterday. The hon. member for St. John's East was very anxious to pick and cull from the newspapers all the bad news he could find. Why did he not refer to the good news, which is that we have made the biggest sale of wheat to China in the history of Canada? It was announced yesterday that we have the largest trade surplus ever recorded in this country. That trade surplus is because of a major increase in the export of finished goods. Thirteen billion dollars in the first three months of 1982 is not a bad record. It is exports that will get this country into a better economic position, as long as we can take care of the other problems and as long as we can stay competitive economically and internationally. That means we have to be talking about wages, prices and investment. We have to get the inflation rate down if we are going to maintain our economic advantage.

My contention is that we have a strategy. It was put forward in the budget, both in terms of fiscal and monetary instruments. We have a strategy which relates to a major retraining of Canadians. Hon. members want to talk about productivity and future progress. We increased the training budget of this government by 15 per cent, to over a billion dollars. This will provide training for close to 275,000 Canadians. Hon. members talk about yong people. The best opportunity for a young person is to get the skills he or she will need for the jobs of the future. That is what this government is investing in, with absolutely no help from hon. members opposite.

I will put another proposition to the hon. member for St. John's East, who is so anxious to get things going. Let him go

back to his caucus and ask if they will agree to a one-day debate on our national training policy so that we can get it through and get the job of training hundreds of thousands of Canadians done. The problem is that the opposition holds up measures like the new national training program which we have not been able to bring forward. If the hon. member wants to be constructive and helpful, let him go to his caucus and ask them to give us the opportunity to bring that training bill forward. Then we will help 250,000 young people. We will help them get work and get the skills they need.

That is what we want in this difficult time. We do not want the wall of conflict which has been thrown up. What we need is willingness to co-operate, to develop constructive solutions and to come forward with ideas. We are prepared to listen to hon. members opposite because we do not pretend we have all the answers. However, at the same time we do not think we are faced with the panorama of destruction we hear about constantly. We hear no solutions and no constructive ideas or alternatives.

It is time for Members of Parliament on both sides to work together with the private sector to come up with solutions. Then the people of Canada would not be angry. They would be able to believe again not just in government but in the entire Parliament.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2.00 p.m.

[*English*]

Mr. Derek Blackburn (Brant): Mr. Speaker, I welcome the opportunity to lead off for my party this afternoon in the debate on the motion proposed by the hon. member for St. John's East (Mr. McGrath).

Before I begin I should like to say that even though I have a great deal of respect for the hon. member in whose name the motion appears, as I sat listening for 30 minutes this morning trying to find a Conservative alternative in his speech regarding an energy strategy or an employment strategy or an industrial strategy, I was disappointed.

I am afraid this is the story of the Conservatives in opposition these days. They want to bash the government, as we do, and they want to be extremely critical. Unfortunately, however, they are critical in a negative way day after day. They do not offer any positive, alternative proposal. That is the major problem with that party. We are not getting a positive response from the Conservatives. I strongly suspect the reason for this is that their leader and their spokesperson on finance have agreed that high interest rates are the only way to bring down inflation. And that is the government's policy. The critic of the Progressive Conservative Party on finance has stated openly outside this House that he agrees with supply side monetarist Reaganomics. In that way they have preempted themselves from any positive alternatives to any Liberal program or non-program at this time.

I was also shocked when the Minister of Employment and Immigration (Mr. Axworthy) intervened before lunchtime and said at the beginning of his speech, and I wrote his words down, "We are all saddened by the grief that is caused to those who are jobless."

I honestly do not understand how the minister who is chiefly responsible for employment, and indeed unemployment in this country, can be so callous in his opening remarks on such serious matters as employment, an industrial strategy and an energy strategy.

In the past few days we have seen the almost total collapse of the major economic thrust of the government, that is, the resource-based capital intensive megaprojects. They have not all gone but certainly the cornerstone has gone. We anticipate that many other megaprojects are not only in jeopardy but may fail as well.

The main reason for this is high interest rates and lower world prices for oil caused by a world glut which the government should have seen and addressed well over a year ago. There is no excuse for putting all the economic eggs in one basket which all of a sudden has a huge hole in it. This has only added to the misery of the 1.2 million Canadians, 9.6 per cent of the work force, who today find themselves jobless. It is a very sad state of affairs.

What makes it tragic is that this recession is a planned recession. It has not come about as a result of normal market forces. The marketplace has not caused this recession. It has come about, first of all, because government has deliberately planned and executed a policy of high interest rates, cuts in public services, cuts for wealthy corporations and wealthy individuals, which in turn have led to massive lay-offs, plant shutdowns and demands for wage rollbacks.

I think it is absolutely unforgivable that government policy today should pit one worker against another; they are bidding each other down to get the lowest paying job in order to keep their heads above water. That is what their fathers had to do during the great depression of the 1930s. Today in many communities across the country we find workers bidding against each other and losing many of the benefits of collective agreements arrived at through negotiation in the sixties and seventies, only to end up competing with each other in a job that pays them less at the end of every week.

As far as I am concerned, that is totally inexcusable. Canada and this government is on a crusade against inflation where jobs are mere cannon fodder. Workers' economic security is the number one casualty. Workers are blamed for inflation—the worker's belt must be tightened, the Prime Minister (Mr.

Trudeau) has said. In the last five and a half years the wages of workers have fallen behind and today the average worker is $39.19 per week behind where he was in 1976. Yet the Prime Minister says public sector employees, and by implication private sector employees, must tighten their belts for his errors and the errors of the Minister of Finance (Mr. MacEachen). That is the way it has always been with the Liberals, and it is absolutely despicable as far as I am concerned.

• (1410)

Wages do not cause industrial lay-offs. Just two weeks ago about 4,000 chief executive officers across Canada were polled, and 75 per cent of them said it was not labour unit costs which were causing lay-offs or shutdowns, it was high interest rates and the cost of borrowing money. So it is a planned recession, Mr. Speaker.

I would like to present our option; unlike the Conservatives, we have one. We are not saying it is perfect or will put Canadians back to work in a few days, but at least we have given it thought for several months, analysed it, and we think in the long term it will work. But, like all long-term policies, we have to begin yesterday.

We just cannot afford to drift any further into economic chaos and social distress. The NDP economic strategy is based on a number of key elements, including a historic commitment to Canadianization of our economy through the use of all the tools at our disposal—public enterprise, joint public-private ventures, co-operative ownership and private ownership. Second, the widening of public ownership in the resource sectors; and third, a commitment to require multinational corporations in Canada to provide jobs here which match the level of their access to our markets.

The first two elements are well-known and need no specific elaboration here. The third requires some expansion because it has received attention in recent discussions of our new employment option.

The insistence that multinationals not have free access to our market is of crucial importance in a period of deep recession. This is especially true in the hard-hit manufacturing sector where 308,000 jobs have been lost in the last six months. The weakness of employment in the manufacturing sector is far more severe than it has to be in relation to the size of our market. In 1981 our trade and manufacturing deficit reached a record $21 billion. That deficit cost us 200,000 production jobs and tens of thousands more in the service sector. Even though Statistics Canada has, to date, failed to produce figures on exactly how much of the manufacturing deficit has been caused by multinationals, other studies tell us it is a very high proportion. Foreign-owned corporations account for 57 per cent of Canadian manufacturing. Those firms are concerned first and foremost with their global balance sheets, not with their contribution to Canadian economic wellbeing. Such firms have a marked tendency to import technology, production machinery, parts and components from their head offices. Especially since the recent GATT agreement has lowered tariff protection to very low levels, multinational manufacturing firms have had a tendency to shift their production out of Canada to plants in their country of origin.

Without fully understanding it we are now involved in a life or death war of non-tariff barriers to protect our manufacturing employment. Our competitors in the United States, Japan and western Europe are using government policies to maximize their domestic employment. Alone among the major industrialized nations of the world Canada has failed to take serious steps to do this. It is disgusting, embarrassing, and it is Liberal policy. The result is de-industrialization. That does not refer to the temporary loss of jobs in manufacturing as a result of recession; it refers to the shifting of jobs out of Canada by multinationals to their country of origin while the multinational retains or even increases its market share in Canada. De-industrialization reduces our industries to warehouse-assembly operations. It threatens our very survival as an individual and independent industrial nation. Let me cite the results of two of the studies which confirm this analysis.

A study of U.S. multinational corporations produced by the U.S. Senate in February, 1973, detailed the behaviour of U.S. firms abroad. The study examined the trends in employment and manufacturing in U.S.-owned multinational corporations in seven countries: Canada, the United Kingdom, Belgium-Luxembourg, France, West Germany, Mexico and Brazil. Between 1966 and 1970 U.S. multinationals increased their share of manufacturing employment in those seven countries by an average of 25 per cent. The only country in which there was a decrease in the proportion of manufacturing workers employed by U.S. multinationals was Canada. This decrease was not an indication of lessening U.S. control of our economy; it occurred at the same time as they increased their share of manufactured goods sold in the Canadian market.

Evaluating the evidence, Mr. Speaker, the Senate study concluded that U.S. multinationals had a marked negative impact on Canadian manufacturing employment between 1966 and 1970, the reverse of the pattern in every other country. U.S. firms, while increasing their dominance of the market, were cutting back their relative share of employment. This can best be explained by the growing tendency of U.S. firms to import parts and components manufactured by their U.S. operations into Canadian branch plants for final assembly and sale.

The fact that U.S. manufacturing firms displace jobs in the long run was acknowledged in the study, which concluded that a key role of U.S. multinationals has been to foster the sale of parts and components manufactured in the U.S. to branch plants abroad. We are reaping the whirlwind of that U.S. policy which has resulted in massive lay-offs in many foreign-owned or U.S. branch plants across Canada.

The study estimated, Mr. Speaker, that this role far outweighed the importance of imports to the U.S. from foreign operations of U.S. multinationals. The net gain to the U.S. was placed at 500,000 jobs. Although the study did not break down this job figure in terms of the countries negatively affected, Canada most certainly topped the list. This is so because

Canada is the site of about 25 per cent of all direct U.S. investment abroad. It is further evidenced in light of this study's conclusion that Canada was the only country in which relative employment in U.S. multinational manufacturing firms was dropping.

The second study examined the behaviour of U.S. and Canadian-owned firms in manufacturing in Ontario for the period 1966 to 1972. It concluded that over that period U.S. establishments created only one-third as many new jobs as Canadian-owned firms relative to their size. It was again clear that the reason for the difference in performance was not a shift in market control to Canadian firms; rather it was the tendency of American firms to pass on the bulk of their increased activity in Canada to their American plants. The phenomenal growth in our trade deficit in manufactured products from $2.5 billion to $21 billion in just over a decade is the result.

Our long-term answer to this problem must be to Canadianize the manufacturing sector. In the middle range, however, we must recognize that multinationals will play a key role in our manufacturing for years to come. At a time when the bottom has fallen out of our manufacturing economy it would be economic nonsense to advocate a sudden shift from foreign to Canadian ownership of manufacturing.

• (1420)

If, then, the multinationals will be with us for some time to come, we have to get tough with them. We cannot allow them to dominate our market without paying for it by providing us with our fair share of jobs. In the NDP's new employment option, we have argued that Canada must insist that foreign manufacturing firms in the transportation equipment and machinery sectors, both massively foreign owned, must produce in Canada as much in value as Canadians consume of their products. They can do this by producing for both our domestic market and our export market, and by purchasing parts and components from Canadian suppliers. But they can no longer cause a huge trade deficit and cost Canadians tens of thousands of jobs as they are presently doing.

There are three possible situations with respect to manufacturing and multinationals in Canada. First, a situation in which foreign firms dominate the market and supply it from production facilities in their countries of origin. This is the situation in the Third World. It is characterized by massive trade deficits and high unemployment. Second, a situation in which foreign firms are required to produce as much in value in the host country as citizens in that country consume of their products. Third, a situation in which industry is owned and controlled by the citizens of the country in which it is located.

Clearly situation three is preferable to situations one and two. This option must be the long-term goal. In the present circumstances, however, Canada is located—and this is a shameful situation—somewhere between situation one and situation two for 60 per cent of our manufacturing, and we are sliding in the wrong direction.

While advocating growth in the share of our market that is satisfied through domestically-owned firms, we must also hold the multinationals to the provision of our fair share of jobs for the proportion of the market which they enjoy. I would like to say that in our judgment this is a workable option and alternative. In this debate today we have put forward a positive alternative to the government. I hope that some day the Conservatives will put their brains together and also come up with some kind of positive alternative.

Mr. McKenzie: At least we have some brains.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I welcome this opportunity to participate in this debate on the motion put forward by my colleague and good friend from St. John's East (Mr. McGrath). His motion is a very timely one. It brings attention to the unemployment situation in this country, the massive lay-offs and the high interest rate problems. The unemployment statistics shattered everyone when we received news of them upon waking up this morning, having left the House at around 2.30 a.m.

I hope my friend, the hon. member for Brant (Mr. Blackburn), will stay in the House to hear what I have to say because I, too, have some proposals to put before the House to help the conditions Canada is facing today.

I would like to thank the hon. member for Thunder Bay-Atikokan (Mr. McRae) for his courtesy in allowing me to speak out of turn because I have another commitment.

Before I get into the positive end of things, I want to take a look at what is happening in Canada today and speak about the problems as I see them. Two of the major problems we have can be summed up very simply. Canada has a Minister of Finance (Mr. MacEachen) and a Minister of Energy, Mines and Resources (Mr. Lalonde) who are stubborn and have an unbending attitude toward the business community and the energy industry.

Let me put an example before the House. The Minister of Finance likes to say that he has been discussing his budget with the business community and that the business community is in favour of what he is doing. However, let me read from an article in the latest edition of *Maclean's* magazine dated May 10, 1982:

> To add to the Liberals' dilemma, the November budget is still sending shock waves through an edgy business community. Although MacEachen crisscrossed the nation last month to hold private talks with business leaders, participants report that he still refused to admit that his tax change proposals are riddled with major flaws. Businessmen were forced to devote the major portion of most meetings to arguments about the budget. MacEachen, in turn, reacted to the criticism with obstinate fury, apparently convinced that businessmen are deliberately plotting against him.

I met with representatives of the business community as recently as yesterday at noon. They reported that they are not supporting the actions of the Minister of Finance. I see the minister's parliamentary secretary shaking his head, negatively as usual. The business leaders reported that the Minister of Finance is not doing the right thing. They have made concrete proposals to the government, but instead of accepting them, co-operating and sitting down with Canada's business leaders,

the minister is fighting them. He is fighting the labour movement as well. In effect he is saying: "I am right; I am not going to co-operate with you". That is what is happening.

Business leaders in Canada are depressed. They are trying to make things work. They are trying to provide jobs. They are trying to create wealth for the people of Canada. But every time they turn around, they are slapped in the face by the Minister of Finance.

There are some startling statistics before us which this government cannot deny. For instance, 12 out of every 100 small businesses went bankrupt in the last four months. That is a terrible situation. Sixty-two per cent of businesses surveyed who are members of the Chamber of Commerce are putting their venture capital outside the country because they do not trust this government. They do not know what next will be changed. They cannot plan from one month to the next, let alone from one year to the next. These are the problems causing this massive unemployment that we see today. It is the uncertainty that people see and because of that the business community just cannot invest.

Next we have the Minister of Energy, Mines and Resources. What a classic! He has great political power in Quebec. No one gets a nomination and no one can run for the Liberal Party unless he says so. Once I knew about that, I understood why all the members from the province of Quebec who sit in the back rows sit there and bow to him every time he comes into the House. They do not dare stand up and speak against him. I am surprised the hon. member for Hamilton West (Mr. Hudecki) does not stand up and blast the minister of energy.

Mr. Baker (Nepean-Carleton): He is one of the mufflers.

Mr. McDermid: Think about the number of jobs that have been lost at Stelco as a result of the minister's bumbling in the energy field in Canada. The hon. member for Hamilton West should be up on his feet condemning the minister because jobs have been lost in Hamilton as a result of what the minister of energy has been doing.

Mr. Baker (Nepean-Carleton): What about SYSCO?

Mr. McDermid: On television the other night we saw the minister of energy visiting Texas. He was striding along the streets of Houston looking at the tall buildings. He had meetings with oilmen. Do you know what he said to them, Mr. Speaker? He was saying "Come up to Canada and invest. We want your money. We want you to invest your money in the energy field in Canada." But do you know what he says in the House to Canadians watching him on national television? He says "We are going to Canadianize the industry". I say to the minister that he cannot have it both ways. This is a typical double standard.

Mr. Fisher: Give us an alternative.

Mr. McDermid: Just hang in there and I will.

I come next to a speech given by William P. Wilder to the Harvard Business School Canadian Conference. His topic was politics, oil and economics in the early 1980s. In part his address reads:

> The incredible fact is that Canada has faithfully promised the other members of the International Energy Agency that it will put its energy house in order and move to reduce its demand for imported crude oil.

Mr. Cullen: We have done that—7 per cent.

Mr. McDermid: You have done that? But the numbers are increasing, Mr. Speaker. The numbers of imported barrels will continue to increase. I see the former minister of employment and immigration across the way. He is over there saying, "Thank goodness the Prime Minister booted me out of cabinet; I would not want to be in that hot seat now."

• (1430)

Mr. Cullen: He did not boot me out; he did not take me in.

Mr. McDermid: I made a statement the other day in committee that I wish he were back in that particular portfolio.

Mr. Cullen: Mr. Speaker, I rise on a point of order. I know the hon. member would not intentionally, or in any other way, mislead the House. I was not booted out of cabinet; I was not asked back in.

Mr. McDermid: That is a point well taken. I thank the hon. member for Sarnia-Lambton (Mr. Cullen) for drawing that to my attention.

We could talk about the negatives for a very long period of time. I do not think there is any question that the ragtag bunch who are running the country has given us enough ammunition that an individual member could speak for hours in the House on the damage they have done to Canada. But let us talk about some positive things. The very first thing we would do if we were in government would be to withdraw the budget of the Minister of Finance. That would be the very first and the most positive thing which could be done in the country.

Mr. Fisher: What perks did you lose?

Mr. McDermid: I did not lose any. I have been asked by the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance (Mr. Fisher) what perks I lost. I did not lose any perks; I did not have any perks to lose. The parliamentary secretary should know better; I have absolutely no perks at all which the budget affects.

If we were in government there would be at least four major changes in economic direction. First, we would reward the risk-takers and encourage investment. That would be the minimum first step, because awarding risk-taking and encouraging investment is the only way to create permanent jobs in Canada. Most of the tax incentives in the system should remain, because if they go the investors go. We have seen it happen. The statistics show the outpouring of capital from the country and jobs are lost to Canadians; we have seen that as well. I am not saying that there is not abuse in the system because there

is abuse in any system. That must be eliminated. But incentive must remain as a central part of the Canadian tax system and it is not provided in the budget.

Second, we would help the worst victims of high interest rates. The government took the Small Business Development Bond, which was for farmers and small businessmen, and gutted and destroyed it. They said, "If you are going bankrupt, if you are in financial difficulties, or if you are going down the tube, we will lend you money." They do not bother to help the productive small businessman who is hanging in there, creating jobs and trying to get ahead. He cannot obtain any help at all.

Our mortgage property tax credit would have been helping people to the tune of $125 per month right now, which would have effectively reduced interest rates by about 3.5 per cent to 4 per cent. Our energy tax credit program would have been helping those people who are not making much more than the average family income overcome the high energy costs which exist. Such programs are possible if the national government cares about keeping alive Canadians who want to work and build a stake in Canada.

Third, we would apply restraint with the same vigour we did when we were in government. Heaven knows this must happen; it just has to happen. We cannot have three cabinet ministers flying in formation to Winnipeg in their jets. We cannot have a courier bringing a newspaper from Quebec to the tune of $40 when we can walk down to the Chateau Laurier to pick it up. These kinds of abuse must stop.

I could give example after example. Advocacy advertising must stop. They should quit blowing their own horn. I do not mind them informing Canadians of their programs, not at all, but they should quit blowing their own horn with fancy billboards which do not say a thing. They do not contain any information; they do not inform the public whatsoever.

We would give highest priority to getting on with energy projects which guarantee self-sufficiency. I worry when I see the government and the private sector, because the Minister of Finance does not give any kind of encouragement to the business community, backing off these projects. We have an oil glut; everyone talks about the great glut and the fact that we can obtain cheaper oil and everything else. With the way things are in the Middle East, and with the way the government before us made a commitment to the major trading partners that it would develop our resources and let those who did not have them use resources available elsewhere—and the Prime Minister (Mr. Trudeau) made that commitment in 1978 to the world; of course he has been known to break commitments now and then—I am fearful when we do not develop what we have in the country. One day we could be right back in the same position we were in in 1975, that is, buying imported oil while ours is sitting here. When we do that, we fool the people in the gallery and young people who need jobs when they finish school. We are fooling them if we say that we will go to Saudi Arabia, Venezuela and Mexico to purchase oil because it is cheap. This creates jobs only in those countries, and that is what is being done today.

Also our party would ensure that the automobile industry, both assemblers and autoparts manufacturers, becomes healthy again. We must encourage those who wish to sell in Canada to have Canadian content in those projects, and we must encourage investment in the automobile industry. I am sure the hon. member for Sarnia-Lambton would not object to a Toyota or Honda plant in Sarnia. I would not object to one in Brampton as long as it provided Canadians jobs and improved Canadian productivity.

Another thing which should happen is that tax system changes should be announced and public input should be allowed before the changes are implemented. This must happen in the country, and we are committed to doing it. If we were in government, a commitment on economic initiatives would be made with business for a set period of time so that uncertainties will not exist as they do today. The Minister of Finance changes the rules of the game almost monthly. How in heaven's name can business operate without knowing what is coming down the road? The country was built by people who took risks. It was helped to grow by national governments which encouraged individuals that to build was the way to make the nation grow. We must return to that system, and the sooner the better.

Our party is committed to a national recovery program. We are not only committed, we will do it, and we challenge the government to listen to the people of Canada calling for an election. They want one and they want one desperately. I challenge the government to give it to them and allow Canadians to make up their minds who they want to govern them.

The present government does not have a mandate to do what it is doing. I have never heard a Liberal opponent stand on a platform and say, "I will raise the price of gas 80 cents per gallon." I refer to the advertisement of the Minister of Finance which appeared in the January 23, 1980 edition of *The Scotia Sun*. It was during the election campaign and read:

> Because Allan J. MacEachen and the Liberal Party spoke up for you, gas prices came down in December. Vote Liberal and the price will stay down.

• (1440)

That is what the ad said. The Minister of Finance did not even have enough nerve to put in a picture of a Petro-Canada station; he had a picture of a Texaco station. The ad says, "Vote Liberal and the price will stay down". How does he expect the Canadian people to believe him when he campaigned in that manner? After he said that to these people they were alarmed and did not want to be faced with an 18-cent increase. They said they would vote for the Minister of Finance because he would keep the price down. That is nonsense.

I will close with this thought, Mr. Speaker. Ottawa today is governing against the traditions of Canada and against the nature of Canada, the interests of Canada and the wishes of Canada. My colleagues are committed to work and build this country and allow the private sector to create permanent jobs

so young people will have a future in Canada. I want to tell you right now Mr. Speaker, that all we need is a chance.

It is time for this government to step aside because of its dismal failure over the last two years. This government has broken all of its election promises with the exception of one. That exception is the $35 a month extra it gave to the old age pensioners. That is the only promise it has kept since the last campaign.

It is time the Prime Minister went to see the Governor General across the road from 24 Sussex to say; "Your Honour, I have been here for 14 years, my crew is tired and they are burnt out. The Minister of Transport"—who I see sitting over there—"is tired and wants a rest. I would like you to dissolve Parliament and give the people of Canada an opportunity to elect a government that will set us back on the track of economic and social recovery in this world."

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I found the remarks of the hon. member for Brampton-Georgetown (Mr. McDermid) rather interesting. Unlike his colleagues, he at least made some suggestions as to how the situation might be improved.

I think the debate during the last couple of weeks has been very negative. Very few positive suggestions have been made. I will try not to be negative when commenting on his suggestions because some were very good. However, one element to his proposals is missing and without it we will have the same basic situation in Canada as exists in the United States. In other words, his recipe sounds very much like Reaganomics.

The hon. member began by accusing the Minister of Finance (Mr. MacEachen) of not listening to the business community. He suggested that if he listened to the business community he would find out what he should do. What I find confusing about that suggestion is that the Minister of Finance has listened to the business community. It has told him for the last two years that high interest rates are the prescription for eliminating inflation. That is what the business community and the Chamber of Commerce said to the minister last June. They said, "We must have high interest rates to defeat inflation."

I suggest that the hon. member was not listening to the business community during the last two weeks when the president of the Bank of Montreal, Mr. Mulholland, said that high interest rates are ruining the economy and we must get down to a 12 per cent interest rate. These are the concerns which the business community is talking about and this is what the cabinet and the Minister of Finance are beginning to examine.

Another suggestion was that the budget should be removed as a first step. I admit that the budget does create some problems for the business community, but I have talked to many businessmen during the last six months and they have told me that if it were not for high interest rates the budget would not concern them. They said that the key problem is the cost of money in Canada.

The Minister of Finance is in a very difficult position when he listens to the business community and other groups who say the only way to solve inflation, which they believe to be the number one problem, is to reduce the supply of money, which would increase interest rates, slow down the economy and result in a deflationary effect. This may very well be happening to some extent. In fact, the chairman of the Canadian Bankers' Association, for instance, is saying today that inflation rates are probably only 8 per cent rather than 10½ per cent because we are using the wrong index. In any event, the point I want to make is that the suggestion by the hon. member that the budget is the key issue I do not believe is correct.

In the United States, President Reagan has talked about risk-takers. He has cut taxes in the United States to encourage risk-takers. But the United States is in a real recession and it is bringing the rest of the world down with it. The hon. member discussed relief to those who need it most. The American tax system has been revised many times in the last year in order to give relief to certain areas, but it has still not solved the problem.

The hon. member talked about cutting government spending. There are methods for cutting government spending, but not to any substantial degree. President Reagan has done this but what has happened to the American economy? High interest rates are making it almost impossible for the American economy to move ahead. We are in the same position since the Canadian economy is so dependent on the American economy.

I suggest to the hon. member that if the Tory party does not understand the principle that this is a basic problem which must be faced, then they have no business suggesting that the Prime Minister (Mr. Trudeau) should ask the Governor General to call an election. They have no alternative to offer. They have exactly the same to offer as Mr. Reagan proposed for the United States. We see what effect that has had on the world economy.

I would like to discuss in a more analytical way how our country can proceed. It is time we examined our situation seriously. First, I think we must understand some of the problems that are inherent in a high interest rate policy. One detrimental effect of high interest rates is that they are indiscriminate. I think we learn to live with inflation to some extent—although we should not take it for granted—and have come to accept and deal with perhaps a 1 per cent per month increase in inflation. We wither receive more pay or we cut back somewhat on our expenses.

As I said, one of the difficulties with inflation is that it does not creep up at 1 per cent or 2 per cent for everyone. For some people inflation increases by 40 per cent or 50 per cent per month while others are not affected for another five years, depending on their financial situation. This situation relates to the business community, the public as well as home owners. It is what I refer to as the indiscriminate effect.

Another aspect of high interest rates is that they tend to be very inflationary. Governor Bouey may deny that by saying that interest rates are only marginally inflationary. While it is difficult to produce figures to prove him wrong, I can produce one set of figures which would give me some reason to believe

that he may very well be wrong. If one takes the base year 1975 and compares it to 1981, it cost Canadians something in the order of $12 billion more than it would have if the currency had remained at the same value as it was in 1975. Our currency having been devalued by approximately 19 per cent, it cost Canadians $12 billion more last year for imports. Also, the difference in interest rates in 1981 as compared to 1975 has cost Canadians $23 billion, which is almost double. In other words, the inflationary effect has been double the effect of the devaluation in the currency. This is a very serious inflationary effect.

Another adverse effect concerns the slowing down of the economy which creates future supply problems. For example, apartment buildings are not being built at a sufficient rate and when interest rates come down we will have some added inflationary effects. Farmers, for instance, who have difficulty maintaining their stock and selling them off at this particular point will cause extreme inflationary effects later on. I have to weigh these problems against the effects of high interest rates.

• (1450)

There is no question but that high inflation is a very serious problem. The argument is not whether we should go after high inflation, but how we should go after it. The government is faced with two possibilities. I think the minister is very seriously looking at these possibilities, as is the government as a whole. The first one deals with the impact which can be made when the Prime Minister goes to the summit along with the Minister of Finance and so on. There can be an impact because it does seem that in this interconnected world, particularly in a country which is as close to the United States as we are, it is very important that our economic policies and American economic policies be roughly on course, since we import perhaps a quarter of everything we use in this country and we export to the same extent and perhaps more than that. So there is a relationship which must be held. Therefore, what happens to the American economy is tremendously important to what is happening to the Canadian economy.

In my own community of Thunder Bay, where we ship 85 per cent or 90 per cent of all of the pulp and paper from our mills to the United States, what the Canadian government does is not really that terribly important. It is what the American economy does that makes Thunder Bay a prosperous community or an unprosperous community. We are not a prosperous community at this particular time simply because the American economy is in a very serious state of affairs.

Let us look at the American economy for a minute because I want to keep referring to our interest rates and American interest rates. The American economy is in a fairly good position in terms of inflation. I do not quite know its present rate, but it looks as though it might have been anywhere around 3 per cent in the last quarter. It may be lower than that. There are some seasonal considerations, but I think we can refer to a 3 per cent or 4 per cent inflation rate.

We have been told by economists from all over that there is a very close relationship between the inflation rate and the interest rate, that the two are parallel. Basically speaking, the bank prime rate tends to be one, two or three percentage points above the inflation rate over a long period of time. I do not deny this. I have done some work myself and I am sure that is the situation. However, in the United States there is a situation in which the bank prime rate is 16.5 per cent to 17 per cent with an inflation rate of 3 per cent to 4 per cent. So, one is referring to a real interest rate—that is, the prime minus the inflation rate—of 12 per cent. That is four times the norm, the historic norm being 3 per cent.

One can look back to the early fifties and the pattern was there, anywhere from zero per cent to 3 per cent. All of a sudden, the rate is 12 per cent, an increase of four times. In Canada it is probably only about 6 per cent because I would say our inflation rate is 10 per cent or 11 per cent. However, I think an argument can be made that it is only about 8 per cent at this particular point. Therefore, the real rate of interest is six or seven points above, or about double what it should be, historically speaking. If our interest rates are at 8 per cent, then they are nearly triple what they should be.

Therefore, we have this problem and we are beginning to wonder why, if inflation rates start coming down, the interest rates do not come down. The answer must be found in some kind of an analysis of this situation, and there are a number of factors to be considered. One of the major factors in the United States is that the American government will have a deficit of $120 billion, $130 billion or $140 billion. Now, one could say that is no larger, on a ten-to-one ratio, than our deficit, and that is true. It is not any larger on a ten-to-one ratio than our deficit, but it has about double the impact on the United States that it has on Canada simply because the U.S. savings rate is about half the Canadian savings rate. So as a percentage of savings, a $120 billion, a $130 billion or a $140 billion deficit has double the impact it would have on Canada, where we have double the savings. So it is very important to understand that. That deficit will be caused mainly by cutting taxes and introducing the kind of tax incentives to which the hon. members across the aisle are referring, and also by tremendous increases in defence spending. This is one major factor.

Another factor which we as Canadians should be looking at very carefully is the very large demand on the capital market by corporations, many of them large corporations, which are having a great deal of financial difficulty because of the slowness of the economy. They have had to put some real stress on capital markets in order to survive. The amount of borrowing is very large. This is borrowing which would not have occurred if interest rates were lower and the economy were moving faster. These are two very major factors which relate to the capital markets in the United States and in Canada. I do not think that we as Canadians can possibly move in a very substantial way unless we take the factors which are affecting the American economy into consideration.

I mentioned earlier that we had to deal with two points: one, we must go to the summit and present a very united front against Reaganomics, along with the other six countries. There

is a lot of support coming from many elements in the United States, including large segments of the Republican party which feel exactly the same way as we do about this problem. So pressure has been brought to bear on the United States government to get interest rates down and to implement some of the proposals, including cutting the budget, removing some of the defence costs and so on, so that the budget deficit can be brought considerably lower than $100 billion. That is a very important step.

I am sure that our government will take that step but, failing to receive the kind of reaction we want from the American government, then I think we as a government must start winging it alone very soon, this summer or early in the fall. I do not advocate this as a good direction but one which may be necessary if we are to achieve some kind of growth and stimulus in our economy and remove some of the very serious problems that the present economic situation is causing.

I suggest the government take a look at one piece of literature which has come out in the last week, an article in the *Financial Times* of April 15. The *Financial Times* commissioned Data Resources, Informetrica Ltd. and the Conference Board of Canada, all three, to see what could happen if the Canadian dollar were allowed to fall to 75 cents. The results from all three were quite remarkable. Roughly speaking, what these three sources have told us is that, in one form or another, we can expect bank prime rates to drop four or five percentage points. We can expect 100,000 new jobs to be created. We can expect some added inflation, perhaps 2 per cent or 3 per cent. This would occur over a fairly short period of time, particularly if this step were taken quickly rather than slowly. These are some of the things that these very informed sources have considered.

I have asked the government to allow, and I know the Minister of Finance is taking a very close look at the possibility of allowing, the dollar to sink to the level of 75 cents U.S., with the idea that we could end up with a 12 per cent interest rate. If hon. members do not believe me, I would ask them to go back and take a good look at this article, because it was a well done study by three reliable economic groups, with good economic models, and they have come up with results which are pretty well parallel. They took different approaches but this is basically what they found.

Mr. Baker (Nepean-Carleton): Does the minister agree with that?

Mr. McRae: The minister and everyone has seen it and we are very carefully considering it.

Mr. Baker (Nepean-Carleton): Oh!

Mr. McRae: I think it is time that everyone in the House started to look at it instead of doing things based on the way Reagan is doing things.

Mr. Baker (Nepean-Carleton): Does he agree with you on the Cruise missile?

• (1500)

Mr. McRae: I would close by saying that a sound policy for this government, which has not been suggested by the opposite side, is to work very hard at the summit to get the American government to do something seriously about the real interest rate which is 12 per cent in the United States, to move in this direction and give some relief for the rest of the world, first of all. And, second, we should take a look at an independent course if that does not work.

If we do not get the response that we and other countries and all kinds of American economists and businessmen and Republicans and Democrats have suggested—if we do not get that response, then we ourselves have to move independently, and I suggest we take a really good look and lower the dollar to about 75 cents, letting it float at this level, increasing the money supply to some extent. I would hope the effect of that would be to lower interest rates as these three studies seem to indicate, to get the rate down to about the 12 per cent level. That would be a tremendous stimulus to the economy and do far more for us than anything which has been suggested from the other side.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I am very glad to have an opportunity to take part in this debate on an opposition motion this afternoon. I think the motion reflects the incoherent and inconsistent stance of the Conservative Opposition in the House and the Progressive Conservative Party in general. At the beginning of this week, they requested an emergency debate on the abandonment of the Alsands project. It took them four days to realize that it was an urgent matter. The decision on the Alsands project was announced last Friday, and it was not until Tuesday that they decided to present a request in the House for an emergency debate. And after they asked for this urgent and important debate, they showed once more that they do not know how to count, because they managed to get themselves into a situation where they did not have a quorum in the House Wednesday evening. The next day the government had to present a motion to allow continuation of a debate which the Progressive Conservatives had stopped through their absence.

[*English*]

The Acting Speaker (Mr. Blaker): The hon. member for St. John's East (Mr. McGrath) on a point of order.

Mr. McGrath: Mr. Speaker, I do not believe the Minister of Energy, Mines and Resources (Mr. Lalonde) should be allowed to mislead the House. *Votes and Proceedings* clearly shows that there were 21 members present in the House when the quorum was called.

Mr. Baker (Nepean-Carleton): The minister shouldn't question it; it is on the record.

Mr. McGrath: Those who cannot count sit on that side of the House, specifically the Parliamentary Secretary to the government House leader (Mr. Smith).

Mr. Baker (Nepean-Carleton): Here we go again.

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for St. John's East (Mr. McGrath) is in effect, as I understand it, disputing the count of those hon. members who were present the other evening when the quorum was called. I know that there is some sensitivity on the subject. Before we hear other hon. members, I will, from the position of the Chair, simply indicate that the number of signatures in the book is not necessarily related to the number of individual members who were in the House at the time. I was here, and I think the hon. member would be wise indeed to accept the decision of the occupant of the Chair at that time. Otherwise, it is going to be extremely difficult to do business.

Mr. Baker (Nepean-Carleton): Hear, hear! Get on with your speech.

An hon. Member: What about *Votes and Proceedings*?

The Acting Speaker (Mr. Blaker): I hear an hon. member asking about the *Votes and Proceedings*. I indicate to the hon. member that I was present at the time. I know the number of members who were in the House and it was less than 20, and there was not a quorum. I now recognize the hon. Minister of Energy, Mines and Resources (Mr. Lalonde).

[*Translation*]

Mr. Lalonde: Mr. Speaker, in the statement he made just now, the hon. Progressive Conservative member has shown once again the inconsistence and incoherence of the Progressive Conservatives. I was saying that they showed they did not know how to count when they failed to make sure there were enough members in the House to have a quorum during the emergency debate. Today, the House is considering an opposition motion requesting the resignation of the Minister of Finance (Mr. MacEachen) and the Minister of Energy, Mines and Resources, and clearly this is a question that should be important to the Progressive Conservative Party. However, it is strange, Mr. Speaker, that this Opposition motion is so important that the Progressive Conservatives are not even asking for a vote.

They want the Minister of Finance and the Minister of Energy, Mines and Resources to resign, but they do not want to get into a situation where they would have to vote on the question. They are prepared to have a debate today on this bit of wishful thinking, but they are not prepared to ask the House to vote on the question. Earlier this week I said that the cow that moos the most gives the least milk. Well, I just heard one mooing on the opposite side, and it probably is one of the best specimens of this kind of animal we know so well.

If we look at our economic and energy policies, it is easy to understand why the Progressive Conservative party is not asking for a vote on this motion today. The reason is quite simple: they have no alternative solutions, either for energy or for economic problem. Should my hon. colleagues opposite be reluctant to take my word for it, and before my hon. colleague for Esquimalt-Saanich (Mr. Munro) loses his temper, claiming I have no proof, I would refer him to an article published this week on May 4 in *La Presse*, in which the Leader of the Opposition had given an interview. The article was signed by Alain Dubuc and a partial quote from page 3 reads as follows:

> In an interview he gave yesterday to a group of reporters from *La Presse*, the Leader of the Opposition, Joe Clark, made the most astounding and disarming statement ever made by an opposition leader, when he acknowledged that his party had found no alternative to the Bank of Canada's economic policy.

And here we have a quote from what was said by the Leader of the Opposition.

> We have looked for alternatives to the government's policies, but we have found none, he acknowledged.

Another quote.

> Today, I have no better solution.

That is the Progressive Conservative record on economic policy and on energy policy. We know, Mr. Speaker, and it is even worse, because we know what they did and what they tried to do when they were in power for a few months. This week, we listened for hours to their complaints, their criticisms, their insults and their interruptions during the debate; but solutions? Not a sign. The other side is capable only of creating obstruction and criticizing, but it can never come up with positive and constructive proposals. Conversely, I should like to point out that in the energy sector, this government has implemented some very important measures during the past two years it has been in power.

With respect to energy security, Mr. Speaker, I would like to mention that despite the abandonment of the Alsands project, Canada today is in a far more comfortable situation as far as energy security is concerned than it was when the present government came to power in 1980. I wish to emphasize that on the Alsands project we had the best possible cooperation from the government of Alberta, and both governments made a joint offer to the private sector companies involved which even the companies had to admit was very generous. However, for reasons of their own, the companies decided they could not take a chance on such a large-scale project at this time. Incidentally, during the same week, in the United States where there is no program similar to the Canadian one, during that same week, Exxon, the biggest multinational in the world, abandoned a project in which the company had already invested $1 billion, and also at the same time, the promoters of the Alaska pipeline project decided to postpone the project for two years. Throughout our negotiations, the government of Alberta and the Government of Canada have said that there was a limit to the demands that

could be made on Canadian consumers and taxpayers for the purpose of operating or building a project. If we exceeded those limits, we would be acting irresponsibly in spending the Canadian taxpayers' money. In fact, both the government of Alberta and the Government of Canada have acted responsibly in this regard, and once again, the long-drawn-out complaints of the official opposition are no substitute for the responsible policies required in these circumstances.

• (1510)

I said we would succeed, and that our energy security, particularly as far as oil is concerned, is in better shape today than it was when the Progressive Conservatives were defeated, thank God and thank the voters in February 1980. When the Leader of the Official Opposition attended the summit meeting in Tokyo as Prime Minister, he promised to maintain crude oil imports at 600,000 barrels per day or less. Actually, we are going to do a lot better. In 1981, we imported only 509,000 barrels of oil per day, which is well under the maximum set by the Leader of the Official Opposition at the time. In 1985, we shall be importing less than 300,000 barrels per day. How are we going to do this? Well, by increasing production of Canadian oil. It is interesting to note that this year, for the first time in almost a decade, the Canadian Petroleum Association was able to announce an increase in Canada's oil reserves over the previous years. Before, every year, Canada's oil reserves had been diminishing. This year, for the first time, our reserves have increased, according to the figures of the Canadian Petroleum Association.

Other ways of achieving energy security, in addition to increasing reserves and production, are to reduce oil consumption through conservation and replacement of oil by other forms of energy. In fact, our off-oil program implemented not quite a year ago to encourage Canadians to substitute other forms of energy for oil, especially for home-heating, has already produced remarkable results. This is in addition to our insulation program. Our off-oil program provides grants of $800 per household to change heating systems. Our home insulation program is paying up to $500 per household. And what are the results of all this? Well, in 1981, consumption of crude oil in Canada dropped by 7 per cent. Consumption of heating oil has dropped by 17 per cent and that of heavy fuel oil by 13 per cent over the same period.

These results are facts, and between 1980 and the end of 1982, oil consumption in Canada is expected to drop by almost 15 per cent. These figures are authentic and well-known, and they demonstrate the success of our policy to reduce oil consumption while at the same time increasing reserves for the future. In fact, a few weeks ago we announced an extension of the home insulation program, so that now, all homes built before 1971 will be eligible for the insulation program and thus for the $500 grant provided by law. This will add more than one million homes to the list of those eligible for these grants, and, directly or indirectly, we will create about 20,000 jobs this year, if consumers are willing to make use of the program and benefit from energy savings. That is, consumers who are willing to make use of the program, as more than a million have already done during the last two years, will save on their energy bills or at least these bills will increase very little, even if the price of energy continues to rise substantially over the next four or five years. Conservation is still the best way to ensure self-sufficiency for Canada in coming years.

And if the members opposite doubt the effectiveness of our policy in this regard, I would ask them to refer to a report of the International Energy Agency, which includes all the industrialized countries except France. This agency stated the following:

> Until now, only a few countries have developed specific policies to promote oil replacement. With its oil replacement program launched in October 1980, Canada is the only OECD country to have set up a full and comprehensive conversion policy aimed at all the sectors which use oil products, by setting oil consumption reduction objectives and providing financial assistance.

This statement was made by the International Energy Agency. As I have already stated, we also have some good news concerning supplies. The reserves forecast by the Canadian Petroleum Association in 1981 have increased, practically for the first time in ten years. The news is extremely encouraging with regard to the potential production offshore, in the Beaufort Sea and in the Arctic. Of course, our critics opposite will not want to recognize this reality. As I mentioned earlier, they are simply obsessed by the idea that the government should give even more money to the companies and that the National Energy Program is supposedly stifling these companies. Mr. Speaker, I would like to look at what has happened to a number of companies, for instance the major multinationals and their Canadian subsidiaries, in 1980 and 1981. In seven out of eight cases, the Canadian subsidiaries had higher earnings in 1980 and 1981 than the foreign-owned multinational parent company.

In 1980, for instance, the first four on the list were as follows: Texaco—I am speaking about the parent company—had an increase of 27 per cent while its Canadian subsidiary had an increase of 41 per cent. Gulf had an increase of 6 per cent while its Canadian subsidiary had an increase of 33 per cent. Royal Dutch Shell showed an international decrease of 27 per cent while its Canadian subsidiary showed an increase of 37 per cent. Exxon had an increase of 31 per cent while the Canadian subsidiary, Imperial Oil, had an increase of 38 per cent.

[*English*]

Mr. Wilson: Mr. Speaker, I rise on a point of order. I wonder if the minister would identify the source of his figures respecting increases in Canadian profits. I think he will find that the profits do not come from the producing end. Those profits are down distinctly. That is what we are concerned about. Profits on the retail side are up significantly, and that is because of the huge amounts of taxes the government is taking.

Mr. Lalonde: Mr. Speaker, I hope you will reduce from my time all the irrelevant points of order we have heard during my speech. If the House so wishes, I would be very happy to answer questions later. I will have no problem answering any question the hon. member wants to raise.

With respect to the point raised by the hon. member, I point out to him that whether the money comes from upstream or downstream, if a company has more profits it has more money to do whatever it wants to do. That is the point we are discussing.

[*Translation*]

I will continue, Mr. Speaker. The Conservatives do not like to hear those figures because they are so used to go to bed with multinational and big oil companies that they are totally blind to reality and that every time an attempt is made to put the facts straight, they take it personal.

This is what happened in 1981. Texaco International increased its revenues by 7 per cent; its Canadian subsidiary by nearly 9 per cent; exactly 8.9 per cent. Gulf showed a profit loss of 17 per cent; its Canadian subsidiary indicated a profit loss of 11.8 per cent. Royal Dutch had a loss in its international operations of under 70 per cent, its Canadian subsidiary registered a loss of less than 15 per cent. The only international company, in 1981, according to the list I have mentioned, where the parent company did better than its Canadian subsidiary, is EXXON which showed an increase of more than 11 percent, and Imperial with a loss of less than 10 per cent. However, I would remind you that the year before the situation was reversed and the Canadian subsidiary had done better than the parent company. Of course, the Conservative opposition is not interested in hearing those figures but perhaps they might like to recognize at least that a large number of Canadian companies have tremendous investment projects in Canada this year. I should simply like to mention Canterra, a Canadian company which expects to spend $500 million in 1982 in exploration alone, and Gulf which over the next five years expects to invest $7 billion in Canada and Petro-Canada which has set aside a budget of $450 million for exploration and development alone in western Canada. These data are known to everyone except, it seems, to the opposition.

And, to assist them, I can already indicate that next week we will be in a position to announce new developments involving multinational companies and Canadian companies which, over the next years, will announce huge investments in the field of research and additional oil resources in Canada.

Mr. Speaker, I only have a few minutes left, I will conclude simply by suggesting that over that period we succeeded in increasing Canadian oil ownership to a significant degree. Foreign ownership over the last 18 months declined from 72 per cent to 65.4 per cent, or more than 6 per cent, with an increase in Canadian ownership of more than 6 per cent. Foreign control in that area declined from 77 per cent to 67 per cent, a 10 per cent decrease in favour of Canadians. Such measures were successful and will continue to be so over the coming years.

The last aspect is the matter of price. We implemented a pricing system that is fair to the consumer and that any way will be lower over that period than that provided for by the Progressive Conservatives in their famous budget. Some say that currently we pay more for gas in Canada than in the United States. It is important to remember, in the first place that as far as home-heating oil is concerned, it sells much cheaper here than in the United States, up to 7 cents less per litre. As far as natural gas is concerned, our costs are tremendously lower than in the United States. As for gas, this varies from province to province. In Alberta, the price of a litre of gas is less than in Chicago, but in Montreal it is more expensive than in New York. The reason is quite simple, there is no provincial tax in Alberta, while Quebec levies up to 13 cents per litre, the highest in Canada. So there is no mystery there. The barrel of oil coming to a refinery in Canada currently costs only 71 per cent of the oil price, or to practical purposes 71 per cent of the American price. When the price of a gallon or litre of gas sold at the pump is higher than in United States, the answer is in the provincial tax that each provincial government decides to levy. Again, for proof one has only to take the province levying no provincial tax, where the litre of gas is cheaper than in United States. These are facts that my Conservative colleagues will not recognize, because as I said, rather than listen, analyse, read and study, they would rather moo in this House and elsewhere, like the cow I was referring to.

• (1520)

[*English*]

Mr. Girve Fretz (Erie): Mr. Speaker, it is incredible to hear the minister defend an energy policy which is a disaster and is destroying the economic fibre of our country. He boasts about it.

At this critical juncture in the political and economic life of the country I am proud that it is this party's action that has afforded Canadians the opportunity today to learn more fully about the criminal ineptitude of the government.

Not only have Canadians been sent reeling by record interest rates, rampant inflation, and the highest unemployment since the 1930s—the latest figures that I have seen for the Niagara Peninsula show 15.6 per cent unemployment—but now they have to suffer the death of the one bright hope that we had in the country, the Alsands project. Energy megaprojects have been touted to guarantee energy self-sufficiency, to provide employment for up to 100,000 Canadians, and to stimulate the economies not only of the producing provinces but of the manufacturing and industrial sectors of central Canada.

The Liberal government pointed with pride to the megaprojects as an engine that would pull Canada from its economic doldrums. The government's political skin is at risk as the Minister of Energy, Mines and Resources (Mr. Lalonde) tries to twist and turn the truth, and as the Minister of Finance

(Mr. MacEachen) clouds the issue with his customary obfuscation in an attempt to muddy the waters and throw the blame for the collapse of the Alsands project elsewhere.

The Liberals have built their economic policies on sand, and that sand has turned into quicksand. Now those policies have been exposed for the sham and illusion they are. What a shame that is—it is a shameful sham! The Grits really needed some cheery news to save their cookies but this was not to be. It is all their own fault. Their inflexible attitude, their intransigence, their misbegotten and woebegone, ill conceived National Energy Program, that the minister spoke of in the House today, is to blame for the mess. In fact one journalist called it a "megamess". That is the mess in which they now find themselves. Liberal members of the House know that. Unfortunately, Canada suffers as a result of Liberal misjudgment, Liberal mismanagement, and Liberal mistakes.

Liberal mismanagement of the economy has resulted in corporate profits being 44 per cent lower in the fourth quarter of 1981 than in the fourth quarter of 1982. I suppose I should be careful when mentioning profit because members of the NDP do not like the word. But I will mention the word profit; it is what is needed in the economy as an incentive to get things going again.

Manufacturing is at 75 per cent capacity, the lowest level capacity utilization in 20 years. The primary metals industry is operating at 65 per cent of capacity. The transportation equipment industry is operating at 54 per cent capacity. The wood industry upon which the province of British Columbia is so dependent is operating at 57 per cent. This underutilization has led to a net loss of 127,000 jobs in the manufacturing sector of the economy, since August. Many of those jobs have been lost in my own province of Ontario, many of them in my own riding and the Niagara Peninsula. In March of this year a record 1.2 million Canadians were without work. In the same month the inflation rate was 11.6 per cent.

• (1530)

The outrage with which the budget was greeted, Mr. Speaker, led the Minister of Finance to retreat in some areas, and temper his policies in others, but the over-all thrust of the government remains the same: massive restructuring of tax laws without consultation with the private sector and, apparently, without thought for the consequences. The outrage continues. This budget is distinguished only by the fact that it has drawn together so many diverse groups. They are now united in opposition to the government's draconian measures. Yet, in spite of the anger and resentment directed against the government, the minister is stubborn in his determination to make no further changes. Even Walter Gordon, renowned for his facility in the preparation of budgets, has said:

> No government, no Minister of Finance, should be reluctant to consider and revise proposals if public discussion shows it to be desirable.

Interest rates are in the stratosphere. The U.S. sends men to the moon; we send interest rates into the stratosphere, this from a government which promised to "manage the economy in such a way that interest rates would in fact come down . . . because the economy would be administered in a sounder way". They have yet to prove that.

These worries are compounded, Mr. Speaker, by the collapse of the $13.5 billion Alsands project which could have delivered 137,000 barrels a day of Canadian oil, bringing us much closer to self-sufficiency and oil security. It would have reduced unemployment, increased manufacturing, and meant an input of $450 billion into our economy. Yet Alsands died and the question is: why? Why? That is the question which Canadians need to be asking and are asking today. That is the question hon. members opposite need to be asking. The answer is simple. The National Energy Program is the culprit and its perpetrators, the Prime Minister (Mr. Trudeau), and the Minister of Energy, Mines and Resources, have yet another disaster on their consciences. I am of course, giving them the benefit of the doubt by assuming they have consciences.

The NEP was a revenue grab. It thrust the government into private enterprise where it has no business being. It discriminates against foreign petroleum rights, it breaks all the ground rules and sets new ones without the benefit of consultation. The result of this massive interference in the marketplace was industry mistrust of the federal government typified in a statement by John Stoik, president of Gulf Canada, who said:

> Over the years the government has so strained its credibility with retroactive rule changes that those of us in the industry must ask ourselves, how can we undertake to make huge investments in long-term megaprojects when we have good reason to fear that the government will come along again and pull the rug on us?

The NEP has so restricted cash flow that oil and gas companies are simply unable to make large-scale equity investments. Under the present circumstances of inflation and high interest rates it is utterly impossible for oil and gas companies to go to the market for debt capital.

The NEP is destroying our energy potential. It will mean the loss of billions of dollars which are simply drifting across the border into the U.S., the northern part of South America, and the Middle East. It will literally cost us hundreds of thousands of jobs. The two tar sands plants will not continue development because the minister was not able to negotiate a pricing arrangement on oil. This means a loss to Ontario of $108 billion over the 25-year life of just one tar sands plant. One plant! Hon. members will bear in mind that we require nine plants if we are to reach energy self-sufficiency.

To start development on one plant would mean an infusion of $800 million into the economy of Ontario through the iron and steel industry, but this government said no. Such a development would create $370 million in the metal fabrication and machinery industries of Ontario. Many of my constituents work in the city of Welland. Pipe is manufactured there, and these projects would have been a great stimulus to that industry. Once again the government has denied my province, that city, and other areas this opportunity. This development would create an additional $325 million in sales for the transportation equipment industry. This development would mean $750 million for Ontario in trades and services.

The most effective way for Alsands to have remained a viable component of the Canadian economy would have been to allow, indeed restore, a system in which private industry could earn adequate profits and generate its own risk capital. Without the NEP and a more flexible and helpful attitude on the part of the federal government, Alsands would now be well under way. In fact, under a Tory government it would have been well under way.

Some hon. Members: Hear, hear!

Mr. Fretz: Mr. Speaker, the tragedy is that no matter how great a death blow the collapse of the Alsands project is, the NEP has claimed other victims, thereby compounding its effect. Cold Lake is dead; the Esso Resources Judy Creek recovery project has been cancelled; Syncrude expansion plans have been terminated. There were three occasions when the Liberal government fumbled and lost the good will of the consortium. In March, 1980, the government declared the world price for oil would no longer be paid for oil sands production. The industry interpretation of this announcement was that the government was not interested in oil sands.

In October, 1980, the inception of the NEP again caused industry to believe the government was not serious. The energy pricing agreement of September, 1981, did little to allay those fears. What are the results of the demise of the Alsands project, aside from those already mentioned? For one thing the Canadian dollar fell by half a cent. The loss in investment will mean that the gross national expenditure will be lower by 1.8 per cent. Employment in 1990 will be lower by 153,000 Canadians. At the same time the current account deficit will have deteriorated by $9.7 billion. Furthermore, Canadian self-sufficiency in energy is doomed. The death of the megaprojects means there will be a total loss of 350,000 barrels of oil a day, oil which could have been produced in Canada.

It appears, Mr. Speaker, that not only the maritimes will have to continue to rely on imported oil; by 1990, Toronto will be in the same position. The upshot of this is that the federal government is subsidizing the importation of a very large volume of foreign crude oil while an equivalent volume is available but is not being produced in western Canada. Instead that oil has been shut-in. The government has been importing foreign crude on an increasing scale for some time, and the volume involved is inevitably going to grow rather than decline.

• (1540)

There is a heavy cost in public funds through the subsidies being paid on the foreign oil. This heavy cost would disappear if the foreign oil were replaced by domestic supplies that are available. There is an economic cost in addition. Large amounts of money are leaving the country, where they can have no further effect on the Canadian economy, while that same money, if it were spent on western oil, would naturally recirculate and produce economic activity, activity that we so desperately need.

The lesson to be learned from state intervention in the oil industry is simple we think. Not even someone as self confident as the Prime Minister (Mr. Trudeau) is able to foresee all of the complexities of an industry and the shifting market forces that affect it. The elaborate control mechanisms of the National Energy Program are, of necessity, rigid. The process of adaptation to unforeseen circumstances is slow and creaking. The larger question behind all of this revolves around the real purpose of the Prime Minister's championing of the National Energy Program. We all remember his interview in which he discussed his efforts to change the course of the ship of state. This is a part of it:

> One has to be in the wheelhouse to see what shifts are taking place. I know that we have spun the wheel and I know that the rudder is beginning to press against the waves and the sea. But perhaps the observer, who is on the deck and smoking his pipe, or drinking his tea, sees the horizon much in the same direction and doesn't realize it, but perhaps he will find himself disembarking at a different island than the one he thought he was sailing for.

What do these musings mean when seen in the context of the National Energy Program and the havoc it has wrought on the oil and gas industry and on megaprojects, such as Alsands and Cold Lake? Speculation is one thing, but the facts speak for themselves. After the NEP was introduced in October, 1980, and up to January, 1982, a total of 272 drilling rigs left Canada. The replacement value of these rigs is $1.1 billion. The other damage caused by the NEP I have already discussed—yes, and the NDP as well. Surely these negative results were readily foreseeable.

Why then was the NEP forced on an unwilling industry and on reluctant provinces? Does the Prime Minister have some darker, ulterior motive than the one so simple, so-called Canadianization. And if so, what is that purpose? Could it be that he desires total state intervention in the oil and gas business? If that be the case, where do his ambitions end, and down what rocky road is he leading Canada?

Speaking about entrepreneurship, Professor Raymond Kao of Ryerson Polytechnical Institute, said:

> Entrepreneurs are not ones who like to face reality. They create reality. Since they create reality, they want to create it at an early age—high school age. We should be encouraging them even then.

Entrepreneurship is being destroyed by a government that is foisting socialism and the other policies it has upon our nation. This government is taking away the entrepreneurial attitude and spirit that have built this country, that have caused our young people to go out and invest, that have caused our older people to go out and invest and build businesses. In a country like Canada where the population is small and the land is vast, government has an important role to play. No one denies that, but massive unthinking government intervention has eroded Canadians' confidence and it will be a long, slow, tortuous job to rekindle that confidence. Quite frankly, I cannot see the present government even making an attempt. What we have to get back and what we need to get back is that essential trust and good will which the present government has frittered away.

Mr. John Evans (Ottawa Centre): Mr. Speaker, I was pleased to hear the speech of the hon. member for Erie (Mr.

Fretz). Last year at about exactly this time he was with me on the "Metres for Millions" march. We made it half way. The "Metres for Millions" march is on tomorrow, and I would encourage all hon. members to be out walking through my riding of Ottawa Centre, through Nepean-Carleton, and through Ottawa-Vanier.

I was very interested in the speech which my friend from Erie made. It was a pretty reasonable speech. The hon. member did put forward some suggestions. The basic thrust was at the end of his speech. He stressed the importance of the confidence factor in this country, the importance of investor confidence and the importance of worker confidence. I do not want to get into the partisan issues that are normally thrown around in this House, but yesterday was an example of a situation where hon. members threw mud back and forth at each other in this House, so I hope there can be some positive suggestions and dialogue in this debate today.

I hope in our debates in the future that we can build on a spirit of trying to do something constructive in this House as opposed to what, unfortunately, has characterized many of the debates in the last few months. It does not do any of us any good. It certainly does no good for the people of the country.

In this debate we should be trying to examine as carefully as possible the exact nature of the economic situation which faces us. We should be trying to look for positive solutions to help Canada position herself more effectively to participate in the recovery that is going to come in the world economy. Then we would be in a better position to move ahead with growth, job creation and wealth creation, when that happens here. I for one am confident that if we are not at the bottom of the recession we are very near to it. I believe that we are about to see the break in the inflation rate that we have all been waiting for, and that we are about to see the beginnings of job creation rather than job destruction. I think we have come very close to the bottom of this terrible situation that we have been facing these past many months.

All of us in this House of Commons have decried the situation. We have all wished that we did not have to go through it. We have all wished that the world market for our minerals, timber, oil, automobiles and other products had not fallen apart the way it did. All of us agree that if the Alsands project could have gone ahead it would have been a great thing for Canada. But I want to say one thing about Alsands. I think there is a myopia taking place in this House that does not necessarily have to be the case.

The investment dollars that were going to be put into the Alsands plant have not evaporated. They have not disappeared. Shell, Gulf, and the other private sector companies in the consortium did not take that money and burn it.

Mr. Munro (Esquimalt-Saanich): It has been taxed away.

Mr. Evans: That money has not gone. There was to be $14 billion of investment. What happened? The private sector companies looked at the economics and concluded that the economics did not make sense. Therefore, they decided not to invest that money. The money is still there, the borrowing potential is still there, and the investment funds are still there. These companies and the government will be able to employ those funds in other areas of the economy. If Alsands is not built, certainly other projects will be built which would not have otherwise had access to capital. The money did not evaporate; it is not as though it were burned. The potential is still there and the projects are still there. Canada still has the potential it had yesterday. It has not gone away. That investment will take place, perhaps in other sectors, but it will take place.

• (1550)

I should like to look at the situation as I see it, and to put forward my assessment of what we should do to position ourselves properly to take advantage of the growth and development of job creation, wealth creation, and rising standards of living which we have every right to expect in Canada. We must come to grips with issues revolving around three major sets of alternatives.

First, we should look at the question of what is the proper balance for government between distribution and creation. Those are the alternatives. We can focus all our attention on the redistribution of wealth, or we can refocus our attention more toward the creation of wealth, which gives us more to redistribute at a later date. The second factor is the balance between savings and consumption. We should rebalance some of our priority away from current consumption expenditures and toward savings and investment. After all, this will be the engine by which we generate economic growth and rising standards of living in the future. The third and most important factor I want to discuss today is the attitude or the confidence factor, which is the balance between the preservation of the status quo and the orientation toward the future.

It is natural during times of economic decline, recession, high inflation and high unemployment, for people, countries, parliaments, and especially politicians, to begin to look inward, to focus their attention upon how they can protect what they now have and to forget about the kinds of activities which they must undertake if they are to realize the potential of the future. The time is now for us to begin to turn our attention away from the preservation and protection of the status quo toward the generation and creation of the great future which Canada can have. But it will require a shifting of priorities in the country and that we all sacrifice a bit on consumption to put a bit more toward savings which will generate investment. Also it will require that we think more in terms of the creation of wealth as opposed to the distribution of wealth. These are terribly important concepts. Canada is at the spot where decisions such as these must be made.

Mr. Munro (Esquimalt-Saanich): You cannot distribute what you do not create.

Mr. Evans: I hear the hon. member for Esquimalt-Saanich (Mr. Munro). That is precisely the message I am trying to put across to the opposition today. We must refocus our attention—

Mr. Munro (Esquimalt-Saanich): But you are not.

Mr. Evans: The hon. member complains that we are not doing it. I try to remove myself, whenever I can, from the partisan haranguing in the House. I try not to fight about what they are saying, and I prefer if they do not fight about what I am saying. That is not the point of Parliament. We are in Parliament together. We are expected by the people of the country to work together in Parliament, and we had better start working together.

Mr. Munro (Esquimalt-Saanich): You had better start listening.

Mr. Evans: The hon. member is suggesting that I should listen to him. Perhaps he will listen to me. I will listen to him if he listens to me. As a government we sit here day after day, listening to members of the opposition saying that we must create wealth before we can distribute it. But in the same breath they say, "Oh, by the way, we want quotas on footwear and on automotive products." They indicate that they want this for this industry and that for that industry; that they want protection for this and that group. I think the hon. member and I agree that governments basically distribute. Apart from Crown corporations which have creative functions, such as Petro-Canada and Canadair, governments are basically redistributive mechanisms. They do not create anything, they distribute.

Mr. Munro (Esquimalt-Saanich): Good. We have you on the record on that.

Mr. Evans: We agree on that. The opposition benches continually harangue day after day by telling the government, on the one hand, that we need less government expenditures and more room for the private sector—and I agree with that—and on the other hand by saying that we must protect various groups and give more money here and there. We cannot do that. We cannot do both things at the same time. If we agree—and I think we do—that governments are basically a redistributive mechanism, then if governments do not create wealth and the money that is distributed, it must come from somewhere. From where does it come? It comes from taxpayers, or from people in some other way. We obtain the money we spend by generating higher levels of inflation, by generating higher interest rates because we must borrow the money in capital markets, or by taxing it. This is done in the government sector.

Other activities which are undertaken by government are equally as redistributive. Hon. members opposite keep demanding these kinds of policies. They are saying that we should have protection, quotas and tariffs. Hon. members opposite are the party of protectionism. It is not this party, but that party. Protectionism is just as much a form of tax on Canadians as a direct tax levy by government. If I put a tariff on an item and force consumers to pay a higher price than otherwise, is it not a redistribution? Certainly it is. Therefore I say all the actions of governments—whether they are Conservative ones in Manitoba, now NDP, NDP ones in Saskatchewan, now Conservative, or whatever—involve redistribution.

All of us in the House have not paid enough attention to the following questions: from whom are we distributing, and to whom are we distributing? Wealth is not destroyed or created; it is just redistributed. We must look at these questions extremely carefully. If we are to have investment, growth, higher productivity and lower inflation in the country, we must undertake some very positive redistributive policies of a certain nature and in a certain direction. It would be very useful and helpful to government if the opposition would indicate consistently which direction it would like to see that redistribution take. As I said, oftentimes the opposition is inconsistent. First it says that the wealth should be distributed this way; then it says it should be redistributed another way. This is not helpful at all.

Opposition members ask why I do not listen to what they are saying. It is because they say one thing on one day and another thing another day. One does not make long-term economic policy on the basis of daily shifts of view.

Mr. Bosley: Thank you, Kenneth Galbraith.

Mr. Evans: I am afraid my hon. friend has the wrong economist. Hon. members opposite are having some fun with me; I am glad to see the Acting Speaker, the hon. member for Esquimalt-Saanich, is now in a position where he cannot.

• (1600)

I have to bring to the attention of the hon. members opposite a very lucid point which was raised by the Right Hon. Leader of the Opposition. (Mr. Clark). In a recent interview with *La Presse* in Montreal, the Right Hon. Leader of the Opposition said, with candour and honesty, "I do not know what the answer is either. We do not have an alternative solution to what the government is doing." That is precisely what he said and it is in the press and on the record. He was being honest. He said, "We do not have an alternative economic policy to the government's policy."

Mr. Bosley: That is not what he said.

Mr. Evans: The article is in my briefcase in case the hon. member wants me to pull it out. It went on the record the other day when I quoted it on a Standing Order 43.

Mr. Keeper: Pull it out.

Mr. Kilgour: Tell us about the budget.

Mr. Evans: The hon. member for Edmonton-Strathcona (Mr. Kilgour) is back.

Mr. Wright: Tell us about the budget.

Mr. Evans: The hon. member for Calgary North (Mr. Wright) is here also. Tweedledee and Tweedledum are both here and that is good.

Let me give some thoughts on specific policies which I think must be examined very carefully and on which we must move forward. We must implement these policies if we are to put ourselves in a position for the economic recovery which is coming. There is no doubt that we have to bring down the rate of inflation and I do not think there is any disagreement that without a reduction in inflation we will have great difficulty in participating in investment for the future. High inflation tends to shorten your time and you do not make long-term investment decisions in that environment.

I believe we must also be concerned about restraining the growth in the cost of production in our society. As well, we must be concerned about the rise in wages and prices in our economy. Apart from the inflationary price increases, the rise in the cost structure in our society is terribly perplexing at the moment. It could put us in non-competitive situation with the rest of the world.

I think it is clear—and the budget attempted to move in this direction—that we have to reduce the budget deficit of the government and bring down the exposure of the government in the capital markets in order to leave more room for the private sector at more reasonable rates of interest than we face now. I also think that we have to find policies which will stimulate savings and thereby stimulate investment in our economy and increase productivity as well. We have to alter the reward structure and put policies in place which will create those favourable conditions.

I think the hon. member for Erie (Mr. Fretz) was absolutely correct when he said in his speech that we have to restore investor and worker confidence. That is essential. Those are five suggestions.

We must examine our policies and the mix of federal and provincial policies to consider whether we have policies in place which act as a disincentive to productive activity by individuals or corporations.

Finally, I put forward the call that we should be looking, at this point in time, at the whole question of the impact of our tax system on economic activity and individual behaviour. I think it is time for another commission to review the performance of the tax system. Our tax system is serving many purposes at the present time. At one time it was a revenue-raising device. It then became a wealth redistribution device and subsequently it became an economic activity-generating device. Right now, the tax system is being used to perform so many functions that it is not clear what or how well it is doing. In fact, Mr. Speaker, the kind of simplification measures which were put forward in the budget were a step in the direction of clarifying the tax system and lowering tax rates.

Mr. Kilgour: What are you going to do about this budget?

Mr. Evans: The hon. member for Edmonton-Strathcona is at it again, Mr. Speaker. The howling monkey from Edmonton-Strathcona.

I believe that these are important steps which all members should be working at achieving as a Parliament. I think they are in the best interests of the Canadian people. These steps will put the system in a position to develop and grow at its optimal and not lag behind the rest of the world.

The Acting Speaker (Mr. Munro (Esquimalt-Saanich)): Before recognizing the hon. member for Calgary North (Mr. Wright), I believe there have been some conversations between House leaders and that the President of the Privy Council wishes to make a statement.

* * *

BUSINESS OF THE HOUSE

MOTION RESPECTING WITHDRAWAL OF BILL C-93

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I apologize to my hon. friend but I will not be too long. The hon. member for Yukon (Mr. Nielsen) should be here momentarily, I understand.

However, I can guarantee that what I will be reading is the agreement that we just made in my office. I had consultations with the House leaders on both sides of the House and if unanimous consent is sought by you, it seems the following motion will be granted. It is technical, but essentially it is dividing a bill into two parts and limits the debate on the two bills.

Therefore, I move, seconded by the Minister of Transport (Mr. Pepin):

That the order of the day for consideration of Bill C-93, to amend the statute law relating to certain taxes and to provide other authority for the raising of funds, be discharged and the said bill be withdrawn;

That the government introduce as soon as possible two bills, one of which shall be based upon the notices of Ways and Means concurred in on February 9, 1982 and one of which shall be based upon Part I of the said Bill C-93;

That debate at the second reading stage of the bills to be introduced shall be limited to one sitting day each and, at the end of the time allotted to government business on each of the said days, all of the questions necessary for the disposal of the said stage of the bill under consideration shall be put forthwith and successively, without further debate or amendment;

That the bill based upon the said notices of Ways and Means, after being read a second time, shall be referred to a committee of the whole, which shall consider the said bill for not more than one sitting day and, at the end of time allotted to government business on that day, all of the questions necessary for the disposal of the committee stage of that bill shall be put forthwith and successively, without further debate or amendment;

That the bill based upon Part I of Bill C-93 shall, after being read a second time, be referred to the Standing Committee on Finance, Trade and Economic Affairs, which shall hold no more than three meetings to consider that bill, and, at the end of the third such meeting, all questions necessary for the disposal of the committee stage of that bill shall be put, forthwith and successively, without further debate or amendment;

That, notwithstanding any Standing Order, debate at the report stage and the third reading stage of the said bills shall be considered on one day for each bill and, at the end of the time allotted for government business on each of the said days, all of the questions necessary for the disposal of each of the aforementioned stages of each of the said bills shall be put forthwith and successively, without further debate or amendment.

Hon. Erik Nielsen (Yukon): Mr. Speaker, if I could do so without discourtesy and insult to the French language, I would

read it in that language but the English was impeccable and we consent.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, essentially I and my party concur with the House order. We agree.

The Acting Speaker (Mr. Blaker): The House has heard the motion put forward by the hon. President of the Privy Council and approved by the hon. member for Yukon and the hon. member for Mission-Port Moody. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Pinard: Mr. Speaker, I would like to seize this opportunity to designate next Friday as an allotted day. Therefore, next week there will be two allotted days, Tuesday and Friday.

* * *

• (1610)

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—UNEMPLOYMENT

The House resumed consideration of the motion of Mr. McGrath:

That this House, caring for the 1,200,000 Canadians now unemployed and the millions more worried about their jobs, recognizes that the National Energy Program and the budgets of October, 1980, and November, 1981, are largely responsible for this massive unemployment, and demands the resignations of the Minister of Energy, Mines and Resources and the Minister of Finance and the introduction of a new energy policy and a new budget to create jobs, lower interest rates and restore hope and confidence to Canadians.

Mr. Bill Wright (Calgary North): Mr. Speaker, before I get into the discussion, I would like to say I was rather interested in what the President of the Privy Council (Mr. Pinard) had to say, because if I correctly understand him, he has split Bill C-93, which is what we have been requesting for some time. This bill is very similar to the energy bill which caused the problem and the ringing of the bells some weeks back.

Mr. Baker (Nepean-Carleton): It is marvellous how lessons are learned.

Mr. Wright: I am very pleased at what the President of the Privy Council has done. He showed good sense for a change and we hope that will continue into the future.

The topic today is the motion presented by my colleague, the hon. member for St. John's East (Mr. McGrath). The topic basically deals with unemployment, the budget, interest rates, energy and the confidence of this government. I shall go into all those topics as I go along.

The economy of Canada is in a tough way. These are hard times for the people of Canada.

Mr. Baker (Nepean-Carleton): Liberal times are hard times.

Mr. Wright: They are rapidly being known as Grit times. Hard times will be known for years afterward as Grit times. The Minister of Employment and Immigration (Mr. Axworthy) stood in this House and said he had a strategy. He is a leading spokesman for the government today. Where is his strategy? It is not in the budget and it is not in the energy policy. It is certainly not in the housing policy and it is certainly not in the employment policy.

Mr. Baker (Nepean-Carleton): It was not in his speech, either.

Mr. Wright: This government has no policy except to make it difficult for all Canadians. This is a time of high inflation, high interest rates and high unemployment. The people of Canada will remember for many years the way in which the government did them in.

An hon. Member: Strategy tragedy.

Mr. Wright: This government, instead of having an over-all strategy, intends only to band-aid this economy back to health, providing little help, not much; but every once in a while it will help in a very small way. If we think back to 1974, the government said it had inflation under control. In 1976 it changed monetary policies, and inflation has become worse ever since. In 1974 it said we would reach energy self-sufficiency by 1980, but we obviously have not reached energy self-sufficiency and many people say we will not have it by 1990.

In 1974 the government told us there would be no wage and price controls. The Liberals were elected under that promise and we had wage and price controls one year hence. This government does not live up to its promises.

If we look at the expenditures of the government at the present time, we find that the government spends 25 per cent more than it takes in. That is why we have inflation in Canada; there is no other reason. We find the government spends 20 cents out of every dollar on servicing the national debt. That is why we have inflation, not for any other reason. It is not because of interest rates in the United States or because of anything else the Canadian people are doing. It is because of government policies.

These are hard times. We should consider the unemployment figures in Canada. The Minister of Employment and Immigration stood in the House and said things are not that bad in many areas, but as we look across Canada we can see the unemployment. Ontario has an unemployment rate of 10.5 per cent in the manufacturing industry, compared to 6.4 per cent a year ago. It is getting worse all the time. If we look at the fishing industry on the east and west coast, we find that in Atlantic Canada the unemployment rate is 14 per cent compared to 11.8 per cent last year, and in B.C. the unemployment rate is 17.8 per cent compared to 10.5 per cent last year. This is all due to this government's policies, there is no other reason. If we look at the forestry industry, we find 46.7 per cent unemployment in Atlantic Canada. Standing in this House within the last week, I said that the unemployment rate in forestry in Atlantic Canada was approximately 50 per cent

and the hon. member for Ottawa Centre (Mr. Evans) said that was not so. I am now presenting statistics.

In B.C. the unemployment rate in the forestry industry is 30.6 per cent compared to 29 per cent one year ago. In Quebec the unemployment rate in mining today is 28.7 per cent compared 12.6 per cent. That is another point which, of course, the hon. member for Ottawa Centre denied.

The unemployment rate across Canada in various segments of the economy is a disaster. We look at the unemployment figures across Canada for all industries and find that it is 9 per cent and rising. There are 1.2 million unemployed people. It is said that there are an additional 300,000 or 400,000 people who are not even registered; they cannot find jobs and have given up. That is the type of government we have. That is the type of planning we get from this government. That is the government's strategy.

Where is the housing policy in Canada? What kind of housing policy do we have? We have a Minister of Public Works (Mr. Cosgrove) who stands in this House and says, "We have a solution: Bill C-89 will be the solution for the housing problems of Canada." That measure was introduced in the budget on November 12, but we still have not seen any solution to the housing problems.

Let us look at some of those problems. At the present time, the adjusted annual rate of starts is 142,000 units in Canada. If we break that down, we find that urban housing starts in April of this year, compared to last year, were down 40 per cent. Single detached dwelling starts were down 61 per cent and multi-unit starts were down 19 per cent. Where is the housing policy which was promised us? It is not doing any good. Statistics Canada indicates we need starts of 200,000 units each year. What does CMHC say we will have? There will be 146,000 units built this year. That is the estimate. So 54,000 more units should be built, representing almost 100,000 jobs.

The Minister of Public Works stands in this House and says he will help create employment. He will increase employment in the housing industry. He is not doing anything. Why is he not doing anything? If we look at the estimates we find, for example, that foreign aid has gone up by 19 per cent this year to over $1 billion, at a time when people are losing their homes, when people cannot renew their mortgages, when rents are going up. Why are we increasing foreign aid at this time? Why are we spending $70 million a year on advertising so Canadians will know what the government wants to do? Why is that money not put into housing, which will have a direct effect on employment? No, the government does not want to do those things because, in reality, it does not have a strategy or a plan. If does not really want to help. By having this grand design of the Prime Minister (Mr. Trudeau)—whatever it is—he will help someone, but he does not provide the help where it is needed at the right time. Those statistics show that the budget strategy of this government is non-existent.

If we look at the recent Conference Board report we find that the statistics get even worse. We should look specifically at Ontario, the province which is suffering more this year. The Conference Board of Canada states that Ontario has been given one of its worst economic report cards in a decade. This is the board which warned last week that Canadians can expect no relief from the recession until at least next year. It has added an even more sombre footnote in that it says in its report that in the last year the economy has changed so much that it will represent the most severe setback in decades. The Minister of Finance (Mr. MacEachen) stands in this House and says that is not true. Mr. Speaker, the Conference Board goes on to say that the decline in the economy is not only steep but widespread. That is another point that the Minister of Finance denies in this House.

• (1620)

The conference board goes on to say that while the 1980 decline in Ontario production was due to the automotive industry, in 1981, it was more widespread and affected all segments of the Ontario economy. This is the type of thing the government presents to us and tells us how well they are doing. These certainly are hard times and they will get worse as long as we have this government in power.

If we look back at that budget presented on November 12, 1981, we find the Minister of Finance saying that tax incentives offered to Canadians are now tax loopholes. Obviously they left some tax incentives but the average Canadian has to ask himself or herself: "When is the government going to strike against me; when is it going to take away my tax incentives?"

The question of imputed rent has been brought to the attention of the government. The government attempted to back off from that. Why do they attempt to back off? The reason is that 50 per cent of the people in Canada own their own homes. What would happen if only 25 per cent of the people owned their own homes? Then they would not have to worry about imputed rent; that would be the time to bring it in. We are bringing to the attention of the Canadian public what the government was getting ready for, what they were planning. They have already brought the housing industry to a halt. We are not building enough homes for the people who need them and they will have to switch to rentals. If we gradually switch enough people to a position where the minority own their own homes and the majority rent, then the imputed rent becomes a feasible prospect for the federal government. That is when they intend to bring it in.

Mr. Fisher: Surely you are not serious. You don't believe that.

Mr. Baker (Nepean-Carleton): Yes, he believes it.

Mr. Wright: The budget was a disaster. The economic strategy of this government is a disaster. If one can believe *Maclean's* magazine and some of the things said in it about this government, some of the cabinet ministers do not believe this budget will help the economy.

Mr. Baker (Nepean-Carleton): That is right.

Mr. Wright: So why are they not prepared to stand up? It is very easy, if one looks at what happened here a couple of months ago. A number of Liberal members stood up in the House and said we should not have to cut back VIA Rail.

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

Mr. Wright: They stood in the House and implored the minister not to cut back VIA Rail—and that evening they voted for it. They voted for the cutbacks. That is why you will not see the cabinet ministers voting against the budget or speaking out against the budget, because they do not dare. And why do they not dare? Mr. Speaker, it is because $1 billion per year is spent by this government on political favours, on Liberal Party workers. I said that three times in this House, Mr. Speaker, over the last six months and it has not been refuted yet. No one can refute it.

Inflation in Canada is running at 11.6 per cent, unemployment at 9 per cent. The Conference Board said last week that business executives are slashing inventory, because of cripplingly high interest rates. They go on to report on the Chamber of Commerce that 62 per cent of the chamber's members' venture capital is being invested outside Canada. Why? Because they do not have confidence in Canada; they cannot make a decent return in Canada and they cannot get any support from this government.

Mr. Baker (Nepean-Carleton): That is right.

Mr. Wright: This government is anti-investment. It is a socialistic government and its policies have been going on for 10 years. It became very clear, when I went to Saskatchewan during the election, that the socialistic policies of this government were not accepted by the people of Saskatchewan. That is why they turfed out the NDP and that is why at the next election they will turf out the Liberals.

Mr. Baker (Nepean-Carleton): It is the divine right of the people.

Mr. Wright: I hear comments from both sides of the House, Mr. Speaker, from the Liberals and the NDP. They have an unholy alliance where the NDP will support the Liberals as long as the Liberals are promoting socialistic policies. But the NDP is the party that put them back in power. The NDP is the party that supports them. The NDP is the party that is for state ownership.

Mr. Baker (Nepean-Carleton): It is a common-law marriage.

Mr. Wright: The NDP is the party that tears down, that levels, that makes everybody equal. It is the termite party of Canada.

Some hon. Members: Oh, oh!

Mr. Wright: If we look further at the budget, Mr. Speaker, we find a very interesting point. In the budget, the minister of Finance mentioned what he called a typical life insurance policy in Canada, and he used his figures to justify taxing life insurance policies, accrued income every three years. Suddenly we find out that his figures are wrong. He will not admit it publicly, but they are wrong. He admits privately to the life insurance industry that he was using the wrong figures, but you will not hear him say it publicly. It is an actual fact that the figures he used to calculate the gains on life insurance were based on a wrong policy. He used a non-participating policy. He said he was using figures from the average, typical life insurance policy across Canada. We discovered, and he admits it, that he was using a non-participating policy which only 5 per cent of the people actually buy in Canada. Some 95 per cent of the policies are participating policies. His figures are all wrong but he is not prepared to admit that publicly.

Mr. Baker (Nepean-Carleton): A non-participatory democracy.

Mr. Wright: We must ask the question, Mr. Speaker, what else is wrong with that budget? What else is wrong with the economic strategy of this government? I thought, Mr. Speaker, that I may have just coined a new phrase, a new word.

Mr. Baker (Nepean-Carleton): The word termites is okay.

Mr. Wright: Mr. Speaker, looking at the budget we find the government has abandoned the Small Business Development Bond. The banks are not lending money to small business any more under the auspices of the small business development bond. It does not exist. Why would a bank lend money to a business that is failing? That is the only type of business they can lend money to now. Why would they lend any money to it? It is quite obvious that they cannot and they will not, but the Minister of Finance will not admit it in the House. More and more small businesses are going bankrupt each day. They tell me they are spending 20 per cent of their time filling out government forms. They say that the most serious problems facing them in small business are lack of finance, inflation, shortage of skilled help, government regulation and taxation. This government will not rest until all the small business people of the country go bankrupt.

It was very unusual to find the Minister of Energy, Mines and Resources (Mr. Lalonde) in the House today. I have to ask the question, why was he here today when he was in the House talking about the same subject yesterday? It is because he is backtracking on his policies. He was down in Houston telling the American oil industry to come up to Canada to invest. Suddenly he has changed his mind. He knows there is not self-sufficiency in Canada and is therefore trying to bring capital back into Canada. It will not come back. Investors would have to be crazy to come back here. The minister has been discouraging them. That is a major problem.

• (1630)

I see my time is drawing nigh, so I will conclude right now. This government has no direction. The economy is on hold until the next budget in October or November. It is on hold because the government will not backtrack. It is afraid to

backtrack because that would harm the Minister of Finance and the Minister of Energy, Mines and Resources. These are hard times. They are Grit times. Hard times will stay with us until the next election.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I always enjoy the speeches of the hon. member for Calgary North (Mr. Wright). I would like to comment on one small portion of his speech just to set the record straight. He referred to who supports whom. This is always interesting because words are rather empty. I know it is quite easy to say where relationships exist and so forth, but the bottom line is voting patterns. The bottom line is who votes with whom. The record shows that over the last number of months the Progressive Conservative Party have voted with the Liberals 29 times. That is all right. As opposition parties we have to vote with the government sometimes when we feel legislation is appropriate, and against the government at other times. However, I want to emphasize the point that the Progressive Conservatives voted with the Liberals 29 times. How many times did the NDP vote with the Liberals? It was not 29 times but just 14 times. I am not a mathematician, but that tells me that the Progressive Conservatives and the Liberals vote together twice as often as the NDP votes with the Liberal Party.

I just put that on the record for clarification. I know the hon. member for Calgary North did not intend to confuse the public, but the record is 29 versus 14. That is enough of that.

I want to thank the Progressive Conservative Party for this opportunity to rise this afternoon and discuss what have been some very critical issues in this country. Those issues are unemployment, the national energy policy, inflation and high interest rates. It is interesting to note that whenever a day is set aside to discuss the most critical issues facing Canadians, the day is never set aside by hon. members opposite. Such debates are never initiated by government members. They are the culprits. It is interesting that the opposition parties take the initiative to initiate debates on isssues which are really important to Canadians.

This morning we received the latest unemployment statistics. I am certain there were many Canadians who were thoroughly disgusted with the response which followed later on in the day. We must all agree that ours is the most prosperous nation in the entire world. Out of 167 sovereign nations, there is no question that Canada is the most prosperous of them all, yet today 1,987,000 Canadians are out of work.

What makes that even worse is that this is the time of year when people generally feel hopeful and optimistic. It is springtime when jobs and opportunities are created. This is the growth period of the year, biologically and chemically, but not in 1982. Over the last month not only were no more jobs created and no more job opportunities opened up, but we also lost 75,000 jobs over the last 31 days. For every 371 people unemployed in Canada there is one job on the board at the employment office.

This is the time when growth should be occurring, but growth is not occurring. There is decay in this country. Opportunities are minimal. What makes that even worse is the recognition that hundreds of thousands of young people cannot find work. These are young Canadians graduating from high schools across the country in large and small communities and in rural areas. Tens of thousands of college graduates have skills they have trained for months and, in some cases, years to acquire. University graduates with three to seven years of education behind them are now entering the job market for the first time to meet the challenges of employment opportunities. For most of those people the challenges will not be the challenges of new employment but the challenges of unemployment. Over the next couple of months we will see the dreams, hopes and aspirations of young Canadians dashed, and that is sad. That is why this morning people were disgusted when they viewed the activities of the government. At this time of crisis there is inaction, and the government is not able to come up with new, refreshing and innovative ideas.

What do the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) say? They say there will be more of the same. They say we have to wait and that we cannot do anything. Other countries are doing something. Other countries are taking action independent from action taken in the United States.

There is no question that the relationship between Canada and the United States is very strong indeed and that what happens in the United States will have profound influences on what happens in Canada, but there are independent actions which could be taken. We could be assisting in municipal infrastructure development. We could stimulate the construction and housing industry of Canada. That would instantly put tens of thousands of people back to work.

Of course, we could take a number of other major steps. We could have an industrial strategy which would make sense for the 1980s and would not be dependent totally upon megaprojects, especially megaprojects in the energy field such as those we have seen collapse in the last little while.

What the Progressive Conservative leader said in Montreal the other day was interesting. He was asked for his alternative policy to the present high interest monetary policy. He said he had no alternative. In fact, I think it is well known that the Progressive Conservative Party is looking south of the line and hoping Mr. Reagan is successful with his monetary policy. His policy is the trickle-down policy: give a dollar to the rich, and perhaps a penny or two will eventually trickle down to the regular folks in society. The price Americans are paying today is ten million unemployed. However, I think it was a very honest and respectable gesture when the leader of the Progressive Conservatives said he did not at this point have a policy to offer as an alternative and that he would indeed support Governor Bouey and his monetary policy. I give the Leader of the Opposition (Mr. Clark) credit for being honest.

Mr. Kilgour: That is not what he said.

Mr. Riis: I have listened with interest to the speeches of the last number of days. Countless Tories have risen and told of how discouraged they are regarding the role of government in

the economy. They say the real problem is government intervention in the economy and the role government plays in the economy. What do the Progressive Conservatives think about hospitals, schools, universities, colleges, roads, airports, medicare and pensions? They are against government intervention. They say we should let free enterprise do everything. I say that is a simplistic approach, but I am not criticizing the Tories; I do not think they mean what they say.

I give them credit, in spite of some of the verbiage and rhetoric we have heard here over the last few days, because I suspect my Tory colleagues would in fact support the Farm Credit Corporation and government intervention in support of agriculture. I know my Progressive Conservative colleagues would support the prairie farm rehabilitation program. I know they would support the land commission act of British Columbia and the farm income insurance program of British Columbia. Why do the Tories say what they say? Why do they react so negatively to the idea that there is some role for the government to play in society?

• (1640)

I remember my history. I remember the government that introduced the CNR. I remember the government that introduced the CBC. I know what government took over Pacific Western Airlines in the west. They were all Progressive Conservative governments. Why, then, have the Tories reacted so negatively to the role government played in society and in the economy? I suspect it is because of the demonstration of government involvement by the Liberal government and the fact that it has made such an abysmal effort at involving itself in the economy. That intervention is really another form of political expediency.

The hon. member for Calgary North said that $1 billion is spent by the Liberal Party on pork-barreling and patronage. I do not know if that figure is correct but I would not be surprised.

I have read books that criticized the DREE program because it has provided so much money to support economic activities in areas of the country where there has been no hope of recovery or of economic development following in any realistic way. Why is the money spent in a hopeless area in a hopeless way? If one were cynical one would say it is spent because it buys electoral support, but I would not want to accuse the government of that.

Government support has failed in so many ways. I identify the Candu system and the millions of dollars that have gone into the program but have not brought about any significant return and never will. Yet we see the same program being shored up today. We know the record in Consolidated Computer. There was support for Chrysler Corporation which everyone in this room knew, if they were honest, was a dying corporation. It needed to make dramatic changes but did not respond so the government rushed in with support for an ailing industry. Of course, the support was a guarantee given to an ailing corporation and that is why government intervention has such a bad name.

I do not think anyone is against the idea of supporting ports, railways, airports, medicare and the like. I think of Mr. Lougheed's involvement with Pacific Western Airlines for the benefit of western Canadians. That was probably a good move. I think of the Tory support of Canadian National. That was probably a good move. In Saskatchewan there was support for the potash industry, the telecommunications industry and Saskoil. These were positive moves.

Mr. Kilgour: What is the point of your speech?

Mr. Riis: The point of my speech, for the hon. member who wails at me, is to indicate that there is a role for government in the economy, as is demonstrated by the premier of the province from which he hails.

One of the areas of the world that has often been held up during these difficult economic times as providing the necessary leadership to enable it to carry on with economic growth while others cannot is Japan. There are a variety of aspects of the Canadian economy that one could applaud but I want to focus on total job security for the workers. The Japanese worker has lifetime employment with his employer. This is not the case in Canada where there are nearly two million people unemployed and there is the threat of unemployment for so many more. What does that situation do to create confidence and hope in the future for Canadian workers and investors?

The fundamental problem of our economy is structural. This is the area where the Conservative Party policy puzzles me. I don't think there is anyone who would suggest it is a good idea to have major economic decisions about our future made in foreign countries. Why do we not have more research and development in this country, Mr. Speaker? That is because it is a branch plant economy. Why are more important decisions regarding our domestic future not made in this country? It is because of the branch plant economy. Why is a vigorous effort not made to open up new trading opportunities? That, too, is because we have a branch plant economy.

Statistics Canada estimates that in 1974 the mining and manufacturing industries accounted for 42 per cent of employment and 49 per cent of production. Since then their share of production has been rising constantly but their share of employment has dropped. Of course, it drops in the branch plants. Do the lay-offs that occur in this country occur in the branch plants first or in the parent company? They occur in the branch plant.

This is where my colleagues to my right puzzle me because every day they are asking that FIRA be opened up to make foreign intervention easier, to make it easier for foreign companies to come here as sort of saviours. We have seen what that has done to us in the past and we see what it will do in the future. They want to open up the flood gates and let the foreign entrepreneurs come in. I say that is wrong and it is part of the problem we have today.

I realize that my colleague across the aisle would like to wrap up this opposition day debate and I shall finish early in that case.

Mr. Forrestall: I have a point of order, Mr. Speaker, which will be brief. This morning members of local 1064 of the United Steelworkers of America ratified their contract with the Sydney Steel Corporation, thus theoretically putting back to work or saving the employment of some 2,400 Canadians. About an hour later the management of SYSCO advised the Nova Scotia government that the lay-offs would be total in terms of production effective Monday morning, meaning that 1,500 or 1,700 of those men will not go to work. Talks have been going on today.

I wanted to express to the chamber that by Monday or Tuesday both the Minister of Finance (Mr. MacEachen) and the Minister of Transport (Mr. Pepin) will be in a position to respond favourably to the early extention of a rail order from Canadian National for some 88,000 tonnes of steel. I wish the chamber would join the Minister of Finance, the Minister of Transport and the government of Nova Scotia in bringing that about.

Some hon. Members: Hear, hear!

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, may I say to the hon. member for Dartmouth-Halifax East (Mr. Forrestall) that I shall make sure that his comments are brought to the attention of the Minister of Finance (Mr. MacEachen). I think all of us are concerned about this situation and he has offered a practical solution. I am not in a position to say whether such an alternative could be brought about but I shall see that the minister hears the hon. member's comments.

It seems to me that the news we have had today about unemployment is tragic indeed. As a relatively new Member of Parliament I am convinced that any issue involving unemployment is one of the most difficult that any member faces.

• (1650)

We constantly hear from people asking us whether there is some magic spot where the Minister of Finance or the cabinet would draw a line and say: "That is enough unemployment; we will not tolerate it any more and we are going to change our policies". I would have to answer that by saying for most of us, certainly on this side, that the first unemployed person is one too many. I know, whether it be in our constituency offices or through an announcement like the one we just heard from the hon. member for Dartmouth-Halifax East, that it is a horrible feeling for all of us when we cannot respond with immediate help for a man's family and home. But the real issue, the real answer to that concern, comes when we ask ourselves if we can find a genuine and permanent way for our country to grow. The answer is yes, simply because we have the tools to work with. We have the resources, the people, the money and the ideas.

We should not lose sight of the fact that this country has every reason to be optimistic and stop worrying, as one of my constituents did today, over whether we will ever recover. That kind of doom and gloom becomes a self-defeating psychology. We have to remember that with the right foundation we can begin our recovery and make it a permanent one. We need to let our markets, our business and our labour force regain their strength. We have to make sure we have a bigger pie, a more productive economy, so that we can take bigger rewards from it. That is the simple message the world and our own circumstances are giving us today.

Let me give just one example. I believe the Minister of Transport (Mr. Pepin) has taken the right course by asking for ways to change the Crow rate. By doing this he has attacked an age-old sickness in our railroads and he is making them stronger, more productive, and more likely to produce jobs and rewards for Canadians in the future.

Mr. Kilgour: And more bankruptcies.

Mr. Fisher: We are going to see, as many people from the hon. member for Edmonton-Strathcona's own province told me a week ago, that decision produce jobs not only for grain farmers and the related industries, but also for people involved with iron ore, coal, potash and all the other resources which have to be shipped from the west to Canadian and foreign markets.

Mr. Kilgour: What about the grain markets?

Mr. Fisher: When we talk about rebuilding our economy we have to address those kinds of tough questions. Just as it is terrible to address the problems of unemployment, so too we must address the problems of structural weakness in our system.

The hon. member for Kamloops-Shuswap (Mr. Riis) keeps challenging us to do that on one very good issue, that of foreign ownership. I personally welcome the pressure he puts on in that direction, but he also has to recognize there are other structural weaknesses in our economy. That is the kind of thing we are trying to attack. I do believe we will be ready when our foreign customers are ready as well.

We have heard this afternoon about the terrible unemployment and the slowdown in the B.C. lumber industry. Well, when the American economy rebuilds, that industry will be in a position to respond. But it will do us no good to try and stimulate that industry before the American housing industry is ready to take those products.

Mr. Kilgour: Why? Explain that one, Doug.

Mr. Fisher: Because they have no customers for those products.

Mr. Kilgour: In Canada?

Mr. Fisher: Instead we need to look at how we can soften the short-term tragedies which occur because of unemployment in the industry. The ministers have been trying to do that through specific targeted programs.

We cannot try to press an industry to grow before foreign customers are ready to accept its products. In my riding, for example, McDonnell Douglas builds passenger aircraft. We

have a marvellous facility and we have seen tragic slowdowns in employment there. In the last two years there has been a reduction in employment from 5,500 to about 2,500 in that one plant. We could solve that problem right away if we placed orders for 20 or 30 DC-10s; but what would we do with them? Equally so, what would we do in many of these other industries where there is some heavy reliance on a weaker external market? Instead we have to take the resources we would use in that fashion and aim them more intelligently to help industry rebuild and guarantee that in the short term the unemployed worker is given full support.

Mr. Keeper: Stimulate the Canadian economy.

Mr. Fisher: That is why we have stressed inflation as a major problem. It saps our economy's strength and productivity. It pushes up prices and pushes down our ability to compete. It eats up the savings we would otherwise use for investment and makes us uncompetitive. We must improve our position if we expect to keep up with our foreign competitors.

Mr. Kilgour: Your policies are worsening inflation.

Mr. Fisher: We cannot abandon vulnerable people or ignore the information we received today from SYSCO or the information we receive from our ridings. That is why we have a series of specific targeted programs, like ILAP in my own riding. The Canadian Admiral Corporation folded, but with the help of ILAP there has been a restoration of over half the jobs immediately, with the promise that several hundred more will be brought back in. In the meantime, the same workers have been given an opportunity for retraining under that program. The UIC moved right in and opened up an office right at the plant to help the workers get their benefits right away. That is how government can respond in a humane and productive fashion.

We see the same thing with the program just announced for Control Data, which is being given a $17 million federal grant to help develop a microcomputer line and software program. Why? Because we are trying to attack the $1.5 billion deficit in computers in our balance of trade. That is targeted program which picks a specific problem and tries to solve it in the short run.

That kind of thinking is reflected in the housing program which the minister responsible for CMHC has developed with his social housing program. Twenty-five thousand units will be built this year.

Mr. McGrath: Five thousand less than last year.

Mr. Fisher: There are 30,000 more units being built under the Canada rental supply program. There is $169 million being spent under the residential rehabilitation assistance program. The Canada home renovation plan is worth another $30 million.

Mr. Kilgour: Why are housing starts down?

Mr. Fisher: We cannot build 200,000 units across the country, but we can stimulate through a targeted program to get as many of those units started as the private sector can afford. That, Mr. Speaker, is the kind of help we can develop in order to attack the short-run problems while the long-term structural problems are sorting themselves out.

The Acting Speaker (Mr. Blaker): Order, please. Before I call it five o'clock it has been brought to my attention that comments made by the Chair earlier with respect to a point of order raised by the hon. member for St. John's East (Mr. McGrath) may have been out of order in that they constituted an opinion. Just so that members will understand, the hon. member for St. John's East rose on a point of order in reference to the quorum call the other evening. I refused to recognize the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) for the simple reason that sometimes it does appear to be the duty of the Chair to assist the House in avoiding friction. So it would hardly be consistent if in fact by my intervention I were to add to the friction.

I want to indicate that were it indeed a statement of opinion by the Chair, it was completely inadvertent, and I apologize particularly to the hon. member for St. John's East and to members generally. Obviously it was not my intention to fuel any fires but rather to try and calm them down or put them out.

It being 5 p.m., it is my duty to inform the House that pursuant to Standing Order 58(11) proceedings on the motion have expired. Therefore, the House stands adjourned until Monday at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 10, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*Translation*]

CONDOLENCES TO FAMILY OF LATE GILLES VILLENEUVE

MOTION UNDER S.O. 43

Mr. Antonio Yanakis (Berthier-Maskinongé-Lanaudière): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43.

On Saturday, May 8, the world was stunned at the report of the death of our fellow citizen, Gilles Villeneuve, the brilliant Formula One driver, who was killed in a fatal accident under the tragic circumstances we all know. Canadians idolized Gilles Villeneuve and eagerly followed his daring feats around the world. He always did his utmost in every race, and we applauded his every success. Gilles Villeneuve was a symbol of our native courage, and this showed in his spirit and his determination and desire to win. He was an inspiration and an example to all young people because of his sense of discipline and his passion for excellence.

It is a heavy loss for the people of the riding of Berthier-Maskinongé-Lanaudière, and especially for his friends in Berthierville, where he was born and where he grew up. In Gilles Villeneuve, Canada has lost one of its foremost representatives, and one of whom all Canadians were proud.

On behalf of all Canadians and the people of the riding of Berthier-Maskinongé-Lanaudière, I move, seconded by the hon. member for Saint-Hyacinthe, Gilles Villeneuve's uncle, and the hon. member for Don Valley West (Mr. Bosley):

That this House extend its most sincere condolences to Mrs. Johanne Villeneuve and her children, his parents, Mr. and Mrs. Séville Villeneuve and all their family and to all the people in Berthierville in their cruel loss following the death of Gilles Villeneuve.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the text of the motion. Is it the pleasure of the House to adopt this motion?

Some hon. Members: Agreed.

Motion agreed to.

[*English*]

FREEDOM OF INFORMATION

MEDIA CLUB OF OTTAWA PANEL DISCUSSION—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise under the provisions of Standing Order 43. The Liberal government is not only boycotting a panel discussion being sponsored by the Media Club of Ottawa on freedom of information, a subject Liberals would prefer to discuss in secret, but because of the embarrassment their boycott might cause the host minister, the Hon. Judy Erola, the location of the panel is being moved from Parliament Hill to Carleton University. I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the host minister for the Media Club of Ottawa's panel discussion on freedom of information counter the embarrassment caused her by her Liberal colleagues in boycotting the session by doing all she can to embarrass them into making freedom of information a priority matter for discussion in Parliament.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NUCLEAR ARMAMENTS

PROPOSAL TO REDUCE NUMBER OF BALLISTIC MISSILES—MOTION UNDER S.O. 43

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I rise under the provisions of Standing Order 43. Given the positive proposal made by President Reagan for a two-phased reduction of ballistic missiles, specifically the mutual reduction of long-range missile warheads to quantities at least one third below the current levels and the creation of an equal ceiling on all other levels of strategic nuclear forces, including limits on ballistic missile throw-weight, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House commend President Reagan for his innovative initiative and urge President Brezhnev to accept the offer in the same spirit of good will in which it was made in order to facilitate confidence building measures necessary for the equitable achievement of the ultimate goal of mutual, balanced, and

verifiable reduction of nuclear weapons to the lowest possible levels at the earliest possible moment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN ARMED FORCES

CALL FOR SUPPORT BY PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, testimony before the miscellaneous estimates committee indicates the Prime Minister has short arms and deep pockets when it comes to paying for personal expenses. I note that he is now joyriding and freeloading at the expense of our navy, at least that small portion of our obsolete navy which is not in dry dock. I wonder if the right honourable gentleman's inspection tour was really because of his concern for our Armed Forces or was it simply a political gesture, a political photo opportunity, a feint to take attention away from our economic woes. I move, seconded by the hon. member for Bow River (Mr. Taylor):

• (1410)

That a statement of unequivocal personal commitment and support for our undermanned, under equipped and over extended Armed Forces be made by the Prime Minister as he has a duty and an obligation to assure those Canadian men and women in uniform that they are not second-class citizens serving with second-rate equipment and ships.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEDICAL CARE

CUTBACKS IN FUNDS TO PROVINCES—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Massive cutbacks in the number of beds available, and staff lay-offs in hospitals in British Columbia, have occurred. This means longer waiting lists for important surgery and poorer quality health care in many other respects as well. The federal government is partly to blame for giving anti-medicare types like Bennett a pretext to do this with the cutbacks it has effected in established programs financing. Therefore I move, seconded by the hon. member for Beaches (Mr. Young):

That this House regrets the fact that the Minister of National Health and Welfare refused to see the needless danger her government was creating for medicare through the EPF cutbacks, and instructs her to put the so-called revenue guarantee money back into the federal funding for health so that those provinces which care about medicare will have the money to improve health care in their provinces, and so that those who don't care about medicare, the Governments of B.C. and Ontario, won't have an excuse for their atrocities against the health of Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CAPITAL PUNISHMENT

SUGGESTED REFERRAL TO STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Recent reports from Statistics Canada show that the number of murders committed during the course of another crime, such as armed robbery, has increased dramatically since 1976. Recent polls and surveys have shown repeatedly that it is the wish of as many as 82 per cent of Canadians that Parliament should vote again on the issue of capital punishment. Since capital punishment was abolished in 1976, 23 police officers have been murdered while carrying out their duties. I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House refer the issue of capital punishment for first degree murder to the Standing Committee on Justice and Legal Affairs before yet another policeman is killed in the line of duty by a criminal who need not fear our hamstrung criminal justice system.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSING

CALL FOR PROGRAM TO INCREASE STARTS—MOTION UNDER S.O. 43

Mr. Bill Wright (Calgary North): Madam Speaker, I rise to move a motion under Standing Order 43. Given that Canada needs approximately 210,000 new housing units each year, and that CMHC says there will be only 146,000 units built this year, which represents a shortfall of about 64,000 units and given that the seasonally adjusted number of unemployed Canadians is over 1.2 million, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government effect a program that will erase the housing deficit, thereby putting 120,000 Canadians back to work.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

REPORTED APPOINTMENT OF NEW CHAIRMAN—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my motion arises out of reports that the Prime Minister may name former Conservative and Liberal Member of Parliament "Jumping Jack Horner" as the next chairman of the CNR. In view of the fact that the CRN is an important instrument of national transportation policy, and in the name of parliamentary democracy, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House direct the government to refer its nominee to head the CNR to the Standing Committee on Transport, and that the Standing Committee on Transport be given the power to accept or reject the nomination of the Government of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN ARMED FORCES

PRIME MINISTER'S STATEMENT ON NAVAL CAPABILITY—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The Prime Minister took his three sons for a short holiday jaunt this past weekend and, at the end of his pleasure cruise, described what is left of our once proud navy as "super". In light of the fact that under the Prime Minister's reign one of the many disasters to have befallen this nation is the drastic decimation in size and effectiveness of the Canadian military, and in light of the fact that his maritime venture provided visible evidence that he is "at sea", something we have always known as we have watched his repeated failures to pilot the ship of state, I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That the Prime Minister clarify his terse comment, and tell this House if "super", referred to the fact that the decline of our navy has taken place as he planned, or if "super" referred to his relief over the fact that the discipline of the officers and men of the navy prevented them from throwing him overboard, as surely they must have been strongly tempted to do.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Late Gilles Villeneuve

• (1415)

[*Translation*]

CONDOLENCES TO FAMILY OF LATE GILLES VILLENEUVE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we were all shocked to learn on Saturday about the death of the Canadian Gilles Villeneuve in a terrible and unfortunate accident which occurred during his last lap around the Zolder circuit in Belgium. The Berthierville pilot had astounded the whole world by his ability, his spirit and his determination in an exclusive and increasingly dangerous profession. Even though quite young, Gilles Villeneuve had already won many Grand Prix and he had quickly won not only the admiration, but also the affection of all those who saw him in action in international races. He inspired and nurtured an exceptional pride among his fellow citizens. Canada and the rest of the world have lost a great champion.

[*English*]

Our auto racing star was only 32 years old. Numerous press reports claim that many of his own competitors would recognize that he was the best racer in the world. As a Canadian, I like and I am proud to believe them. But, over all, Gilles Villeneuve was a fighter, and his success was well-earned. Cherished by crowds everywhere in the world, he always remained a plain, simple man. Gilles Villeneuve was certainly one of the most likeable international athletes, and we are all shocked by his sudden death.

[*Translation*]

I want to express on behalf of the Canadian government our sincere condolences to his wife, his two children and his entire family.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I would like to express my colleagues' and my own sadness at the tragic and premature death of a great Canadian and a great champion, Gilles Villeneuve. It has often been said that Gilles was a determined and aggressive competitor, and he proved it once again at the time of his accident when he was trying to improve his starting position for the race.

Gilles Villeneuve was a young man from Berthierville who focused the attention of the whole world on Canada. He gained the unconditional admiration of all Canadians at the time of his first major victory when he became the first Canadian to win the Canadian Grand Prix in Montreal four years ago. He then had a series of international wins in South Africa, Long Beach, Watkins Glen, Monaco and Spain. But in spite of his success and his fame, he was essentially a humble person, a family man, whose dream remained to return to his native Quebec. Today, *le petit grand homme de Berthierville* will be returning.

To all his family, his wife Johanne, his children Jacques and Mélanie, his parents Séville and Georgette, his brother Jacques, we want to express our most sincere condolences. All Canadians share the feeling of having lost one of their own and

want to tell his family that they will remember Gilles as a man of indomitable courage and as a hero whom they loved and admired greatly.

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my colleagues and I would like to join all of those who expressed their sadness following the tragic death of Gilles Villeneuve on Saturday in Belgium. I extend my sympathy to the family of Gilles Villeneuve. Canadians are mourning the passing of an exceptional individual, who died too young while pursuing too dangerous a profession. His courage and audacity were legendary.

• (1420)

[*English*]

I first saw Gilles Villeneuve race in my hometown of Gimli, Manitoba, in a Formula Atlantic race on a very rainy day in June, 1975. While the other drivers struggled with visibility problems, Villeneuve put on a facemask he had used as a snowmobile racer, which did not fog up and ran away with the race. It was this kind of ingenuity and skill that carried him to the top in motor racing, first in Formula Atlantic and subsequently on the Grand Prix circuit.

Gilles Villeneuve will be very sadly missed, not only by those of us who are sports car racing fans, but by all Canadians whom he represented so well as an ambassador in the international world of motor sport. We all extend our most heartfelt sympathy to his family at this very unhappy time.

[*Translation*]

Madam Speaker: On behalf of the House of Commons, I too extend my sympathy to the family of Gilles Villeneuve to whom I will convey hon. members' expression of sympathy.

ORAL QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

USE OF MISSILES

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. In the Israeli-Arab war of 1967 and the Yom Kippur war of 1973, the rise in predominance of missiles was noted by astute defence ministries in many countries. Unfortunately the Canadian government seems not to have noticed how smart the smart weapons have been getting, either then or since then. Can the minister assure the House that similar events in the South Atlantic have not gone similarly unnoticed?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I take due note of the question of the hon. member for Victoria. I have just returned from the Defence Planning Committee NATO meetings in Brussels and I can assure the hon. member that this question has been discussed among NATO countries. Obviously, there is no question, that with regard to what he calls smart weaponry, today we have to be smarter and the anti-missile missile system is one of the most important defences, which we have learned from the recent fight in the South Atlantic.

* * *

CANADIAN ARMED FORCES

ANTI-MISSILE CAPABILITY OF SURFACE FLEET

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary question is also for the Minister of National Defence. Could the minister tell the House how many of the ships now in our surface fleet have an anti-missile defensive capability such as that provided by the Sea Wolf or Sea Dart anti-missile missiles?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, obviously our frigates are not equipped at the moment with the anti-missile missile system. Even other countries have frigates which are not equipped with such a weapon. However, I can assure the hon. member that this question will receive very important consideration in the specifications for the six new frigates which are on the drawing board at the moment. Clearly we realize, as well as he does—being a veteran of the last war as well as myself—that the more prepared we are to defend against any kind of weapon, the greater chance we will have to have a better deterrent and a greater chance for victory regardless of the circumstances.

Mr. McKinnon: The minister neglected to inform the House that several other countries do have anti-missile missiles on their frigates.

TYPE OF VESSELS TO BE ACQUIRED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I notice in the capital program projections which had been prepared in 1980 that they showed funding for three consecutive frigate programs. Has the minister considered purchasing any other type of vessel other than a patrol frigate for the ships that are to follow the current six-frigate program?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I would like to make a comment to the hon. member. Since we were re-elected about two years ago we have made decisions on these issues. We have decided to implement a program for six new frigates. We have considered all possible alternatives, of buying, renting, or even borrowing ships from other countries. All of these alternatives have been rejected for a number of good reasons. We decided the best way to proceed would be to promote the new frigate program and try to accelerate it. I might say that if hon. members opposite had made a decision on this during the nine months they were in power, perhaps we would still be six months ahead of schedule.

DESIGN REQUIREMENTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is for the Minister of National Defence. The issue is whether or not he intends to carry on with a similar program to the one which is already in place and proceeding. Or is he prepared to examine seriously the requirement of the Canadian navy to have a vessel capable of carrying the type of missile systems talked about by the hon. member for Victoria?

• (1425)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, concerning the issue of the Canadian navy, I take objection to some of the remarks of the hon. member in suggesting that we have a navy which cannot fulfil its commitment. If one reads the statement made by Admiral Trane from NATO when he was here, one finds that he said that we have one of the most efficient navies as far as fulfilment of our NATO commitment is concerned our anti-submarine commitment, is concerned. It was not someone who did not know what he was talking about. He was someone who knows all the issues concerning anti-submarine warfare. He said we are capable of doing it and we are efficient. Besides all of that, even though perhaps some of the ships of the Canadian navy are old, we must not consider only the ships. One must consider the efficiency, capability, and devotion of the people working on those ships, and that certainly counts for a lot.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—PLIGHT OF HOME OWNERS NOT COVERED BY LEGISLATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. There are about 120,000 Canadian families in this country who are victims of UFFI at this point in time, having accepted the government's advice and financial incentive to introduce this objectionable substance into their homes. Considering that the victims of a government policy ought to be compensated by the government for its own errors, I would like to ask the minister, in accepting this principle, whether he will tell us what he will be doing through the bill which will be before the House today for the more than 80 per cent of the victims who will not be compensated in any way for this disaster.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I am rather surprised that it took the hon. member so long to discover that there is a problem for home owners who insulated their homes with UFFI. I suppose his curiosity was finally aroused when he met some 300 demonstrators last week in Toronto. For quite some time now, the government has shown its willingness to help UFFI victims by giving them advice, by paying for free tests in their homes and by advising them on measures to be taken to correct and reduce gas levels in their homes. As for people living in homes where gas levels are below the standard set by the Department of National Health and Welfare, and who are benefiting from the effects of proper insulation through savings on heating costs, I think everyone, starting with the hon. member, should stop dramatizing and depoliticize the issue, because it is clear that the resulting adverse publicity for insulation products, and especially this particular one, has made the market for homes insulated with UFFI practically disappear. The value of these homes has been reduced by adverse publicity, and it is only by concentrating on corrective measures that we shall be able to restore these homes to their original value.

[*English*]

Mr. Broadbent: The minister took a long time to say almost nothing.

COST OF REMOVAL OF FOAM INSULATION

Hon. Edward Broadbent (Oshawa): I point out to the minister that several members of this party and of the Conservative Party have been raising the issue with regard to UFFI for weeks, while the Government of Canada has done virtually nothing for the victims.

Some hon. Members: Hear, hear!

Mr. Broadbent: In this context, I want to ask the minister whether he will admit to the House that the average person will have to pay up to $20,000 to restore his or her home to a livable condition, if lucky, and that the ceiling for assistance which the government bill is providing amounts to $5,000. Second, will the minister admit that the total sum allocated in this bill, if used by the victims which have been created by the government, is adequate to pay only one fifth of the total number of families affected? It is inadequate compensation to the families who will get anything, and only one fifth of the families will be compensated. It is a totally unjust response by the responsible government. Will the minister admit that, and then answer the question: why does he not provide some assistance for the other 80 per cent?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I do not agree with the conclusions of the hon. member, for a number of reasons. First of all, government compensation has never been offered in the case of hazardous products banned under the Hazardous Products Act. Second, in the past, when a person wanted to make a complaint, it was always directed to the manufacturer. This is the first time in the history of hazardous products that people are accusing the government instead of the real culprit if there

is one, who would be the manufacturer. Third, the Canadian government's tax-free grant of $5,000 is being offered on humanitarian grounds, which has nothing to do with legal responsibility. It is a generous offer that is unequalled in any other country. The product in question has been on the market for many years, in 30 or so countries throughout the world. Canada was the first country to ban the product, and the Canadian government was the first government to offer direct compensation to UFFI victims, something that has not been done anywhere else.

• (1430)

[*English*]

REQUEST THAT FEDERAL-PROVINCIAL CONFERENCE BE CONVENED

Hon. Edward Broadbent (Oshawa): Madam Speaker, the question at issue is not legality. It is something that the Liberal government perhaps does not understand. It is a question of political morality. That is what is involved. To my knowledge, no other government except this one actually offered its citizens $500, and encouraged them to take this substance and put it in their homes. Surely that creates a political responsibility for compensating these victims. Is the minister telling this House that the government is not going to do anything more? In relation to that, I have a positive suggestion.

Why does the minister not take the matter to the provincial governments, which are involved in licensing and so on, and have a meeting with his ministerial colleagues? He could say that the federal government will put up 75 per cent of the cost, with the provinces putting up 25 per cent of the cost, so that these innocent victims can be fully compensated. Surely that is their due.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I am glad that the hon. member finally said something sensible, namely, that on humanitarian grounds, not only our government but other levels of government as well should do their part. I have been repeating exactly the same thing for months. Perhaps UFFI victims may consider that the $5,000 offered by our government is not adequate, but at least it is there on the table. I am very pleased that the hon. member agrees with me that other levels of government, and especially provincial authorities, should also do their part and at least match the federal offer. I am happy to see that the hon. member supports my views, and I hope he will tell his provincial party colleagues who constitute the government in one of the provinces to support my views, in order to persuade all provincial authorities to make a direct offer to UFFI victims and also make provision for tax-free grants of up to $5,000.

Mr. Lalonde: Hear, hear!

[*English*]

CANADIAN ARMED FORCES

IMPLEMENTATION OF COMMITTEE RECOMMENDATIONS

Mr. Ron Stewart (Simcoe South): Madam Speaker, my question is directed to the Minister of National Defence. The Standing Committee on External Affairs and National Defence unanimously supported the report on the Armed Forces reserves which called for increases in personnel and updated equipment. The minister stated, "Most of the recommendations are realistic and some are already in the process of being implemented." Will the minister explain how the recommendations will be implemented when the Armed Forces reserves are being subjected to a 10 per cent cut in training funds, not including the inflation factor?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I would be surprised if the figure mentioned by the hon. member, a 10 per cent cut in the reserves, is correct. On the contrary, the reserve budget this year has been increased, if I am not mistaken, by about 15 per cent. In addition, we are trying to integrate more and more of our reserves with our regular operations so that it will be much more interesting for those in the reserves. It is more useful for the reserves to train with the regular forces. Therefore, I would say that we are attaching more and more importance to the recommendations of the committee. We have said the recommendation was realistic, and that it would be something that I, as Minister of National Defence, would like to implement as quickly as possible. However, we have to take the economic situation into consideration. With a 19.2 per cent increase in the budget this year, we are trying to give priority to re-equipping the Armed Forces to address some of the earlier questions directed to me regarding the army, navy, and air force. With this increase in the defence budget, we are trying to give a fair share to the reserves.

GOVERNMENT POLICY ON RESERVES

Mr. Ron Stewart (Simcoe South): Madam Speaker, I hope the minister's answer is not hypocritical, because the subcommittee and the minister have consistently been stating and recommending the importance of the reserves and their overall place in Canadian defence strategy. The information I have from many C.Os. in the reserves is that they have been orally advised of cuts. Which policy is the minister pursuing? Is he pursuing the recommendation of the committee that reserves should be increased to whatever size is necessary to respond to the mobilization requirements, or is he saying that their training funds will be cut, which will obviously decrease the number of men and women in the reserves? Which is it—increase or cuts?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I do not know what the hon. member means by his allegation, because in the last two years that I have been Minister of National Defence the reserves have been increased in many areas. Equipment has been supplied to the reserves,

equipment they have not had for the past ten years. Everything possible is being done to give encouragement and incentive to the reserves to be part of the regular forces. The last Rendezvous '81 exercise involved many hundreds of reservists working with the regular forces. We have tried to do the same with exercises in Europe. I do not think the reserves can say they are not receiving their fair share of the budget.

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STATUS OF WOMEN

VOTING RIGHTS OF MILITARY PERSONNEL SPOUSES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the President of the Privy Council. Under our election laws, the spouse of a member of the Armed Forces serving overseas, for instance in West Germany, can only vote in the riding which her husband designates as his previous place of residence, even though she may never have lived there in her life. In other words, for voting purposes she is only regarded as an extension of her husband. Is the minister taking steps to correct this anachronism by proposing legislation that would allow the wives of military personnel and of public servants serving overseas to designate the constituencies in which they will vote based on their own past residence in Canada?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, as we know, the Chief Electoral Officer will be tabling his report at the beginning of the next session. This report will be considered by the Standing Committee on Privileges and Elections, as is usual. Following that study and report by the committee, the government usually brings in amendments to the electoral law. I hope the matter raised by the hon. member will be taken into consideration. It is a possibility that this matter, as well as others, will be reflected in some further amendments. At this stage I would, first, prefer to see the report of the Chief Electoral Officer and, second, the report from the appropriate standing committee. Then we will come forward with proper legislation.

REQUEST THAT LEGISLATION BE AMENDED

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my supplementary is directed to the Minister of National Defence. I am wondering if the minister is aware of the issue I have raised. If so, is he also aware of the very real concern, indeed I can go further and say the anger that is felt by the spouses of military personnel serving overseas in that they really do not have full freedom to exercise their franchise as long as the present legislation exists? Is the minister doing everything in his power to bring pressure on the government not to wait until some future date down the road but to get this legislation changed so that the spouses of military personnel overseas will have the right to vote on their own residency and not that of their husbands?

• (1440)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the question raised by the hon. member is raised with me practically every time I visit Lahr. I always bring the issue back here, and discussions about what we can do to treat these spouses as fairly as possible are currently ongoing. As the President of the Privy Council has just said, this matter is under serious consideration, and we will take the steps which are necessary.

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INDUSTRY

NON-APPLICATION OF ILAP PROGRAM TO CAMBRIDGE, ONT.

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Within the last few months he has visited Cambridge, and I know he is aware of the crippling unemployment in my community. Last month $350 million was given in ILAP assistance, $175 million for industrial projects in the Kitchener-Waterloo area. Why was Cambridge not designated under ILAP for industrial projects, having in mind the tremendous unemployment in that community?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the funding to which my hon. friend refers is for the total ILAP and covers all the communities designated or which could be designated. The boundaries in question are set in light of the criteria which have been publicly announced, and take into account the level of unemployment in a particular area linked with a downturn of a major industry or industries. However, we are certainly keeping the situation in a number of communities under review. The decision with respect to Kitchener and other communities related to the application of these criteria.

REASONS FOR NOT DESIGNATING CAMBRIDGE FOR ASSISTANCE

Mr. Chris Speyer (Cambridge): Madam Speaker, the minister will know that in the past there has been no community which had it better in terms of employment than Cambridge, but now 17.5 per cent of the people of Cambridge are unemployed. I will ask the minister again why ILAP assistance in terms of industrial projects was not extended to my community, which certainly needs such assistance as much as Kitchener-Waterloo.

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I can only repeat that the review of the situations of a number of communities in light of the criteria did not indicate the result my hon. friend is calling for, but we are certainly keeping the situation under active review, and Cambridge's present situation will be very much taken into account.

Oral Questions

AUTOMOTIVE INDUSTRY

IMPORTATION OF JAPANESE MANUFACTURED VEHICLES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also directed to the Minister of Industry, Trade and Commerce. In view of the fact that the Japanese auto and truck invasion of this country continues virtually unchallenged—certainly by anyone at the government level—does the minister intend to resist this invasion in some effective way, or is the unconditional surrender to continue?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I reject totally the premise of my hon. friend's question. To my knowledge the restraint level discussed with the Japanese a year ago has been met by them for the period April 1, 1981, to April 1, 1982.

We have indicated our position to the Japanese, which is that we need not only further restraint but also a level which takes into account the current situation in the industry and that a simple continuance of the present level is not acceptable to us. We are vigorously pursuing our discussions with the Japanese. There have been talks in Japan between our officials and those of Japan in the past week, and my colleague, the Minister of State for International Trade, will be continuing his discussions with his Japanese counterpart in Paris this coming week.

REQUEST THAT LEVEL OF IMPORTS BE REDUCED

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is also directed to the Minister of Industry, Trade and Commerce. Is he not aware of the fact that tens of thousands of people in Canada are out of work, either at the manufacturing level, the parts manufacturing level, or in dealerships from coast to coast; that their associations attribute much of their problem to the heavy importation especially of Japanese autos; and that they are asking that something be done? They are not asking that the old quota be left in place but for a lower quota or some restriction to guarantee that the Japanese do not take over the 37 per cent of our market which it is now anticipated they will take over. If the Americans can get it, why can the minister not go and get a similar arrangement with the Japanese?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have indicated to the Japanese that a simple continuance of last year's restraint level is not acceptable to us, and we are carrying on vigorous discussions with the Japanese to bring about an improvement in the situation with respect to the Canadian market. My hon. friend has, in effect, admitted that the problem of our industry is not due solely to the pressure of Japanese imports. The fact is that 70 per cent to 80 per cent of our production goes to the American market. There is a very serious recession there which many people feel is brought about by policies of the Reagan administration, policies my hon. friend would like to see applied in our economy, which is something Canadians are not ready to accept.

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INDUSTRY

PURCHASE OF RAILS FROM SYDNEY STEEL CORPORATION

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of Transport. Last week as workers ratified their new contract, Sydney Steel Corporation announced it would be closing its doors until at least mid-August because it did not have any new orders. As the minister knows, this throws 1,300 people out of work in an area where almost one in five workers cannot find a job.

The minister stated that CN had cut back its purchasing of SYSCO rails because their quality was not up to par. Considering that the only flaw in SYSCO rails was a small cracking and flaking problem which was corrected a year ago, will the minister immediately direct CN, which holds the key to SYSCO's survival, to resume its regular buying of rails from Sydney Steel?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is a rather complex situation, but I have never said that CN had stopped purchasing rails from SYSCO. As a matter of fact, CN has a program to purchase 88,000 tonnes in 1983. But the purchasing program for 1982 has come to an end, and the purchasing program for 1983 has not yet started; hence the idea that if someone wanted to pay for the storage or the pre-production of rails, activities could be resumed now. This is being considered now. The president of CN met with the Premier of Nova Scotia Friday and suggested that. So, CN is quite willing to accommodate. As I said, this is being considered. The question then is, is it better to take a summer lay-off and come back at a later date and produce the quantities needed by CN, or is it better to anticipate production and store it? This is being considered now with the greatest of good intention on the part of CN.

Mr. Blackburn: Madam Speaker, I hope the minister realizes that if Sydney Steel has to wait for two more years, it may not be in operation by that time. That is what is so bad.

CONSTRUCTION OF COKE OVENS

Mr. Derek Blackburn (Brant): Madam Speaker, my supplementary question is directed to the Minister of Regional Economic Expansion. The joint federal-provincial study done in advance of the current business plan determined that the installation of new coke ovens would mean that Cape Breton coal could economically be converted into coke for export. Since the market for coke is expected to improve substantially next year, will the government, in co-operation with the province of Nova Scotia, begin to speed up the construction of such ovens so that two key industries in Cape Breton would be ready to take advantage of the upturn in the coke market, and

laid off workers at SYSCO could have jobs now building those coke ovens?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the agreement announced last June involved the contribution by the federal government of some 80 per cent of the $90 million required for the modernization of SYSCO, and the agreement represented the consensus between the federal and provincial governments and SYSCO management on the most effective course of action to modernize SYSCO facilities. SYSCO is a provincial Crown corporation and is responsible for its management and direction, but in spite of that I will be happy to examine the possibility and the practicality of moving ahead on the coke aspect of the plan, and I will be happy to provide further information as soon as I complete that work.

* * *

• (1450)

FINANCE

REQUEST THAT WHITE PAPER ON SALES TAX BE REFERRED TO COMMITTEE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the President of the Privy Council. I wonder if he could advise the House whether it is the intention of the government to refer the white paper on the federal sales tax change to the wholesale level, produced by the Minister of Finance, to a special parliamentary committee so that people interested in this issue could give evidence publicly to Parliament about the effect of the tax change on the consumer price index and on the level of income likely to be generated by the tax change?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I do not have such a reference in mind but I will consider the request made by the hon. member and talk about it to the Minister of Finance.

LEVEL OF TAX PAID BY CONSUMERS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I will address my supplementary question to the Minister of State (Finance) in the absence of the Minister of Finance. How could the government, in preparing that white paper, possibly contemplate that the level of tax paid by consumers would be reduced, in view of the fact that the tax charged to major retailers is increased to 9.2 per cent and that consumers buy a great number of those items from major retailers, so that clearly the tax paid by consumers will be vastly increased? Could the minister advise the House where the concept of a reduced tax impact comes in light of those facts?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in the previous question, the hon. member made a suggestion to the President of the Privy Council, to the effect that the paper which has been published about changing the excise tax from the manufacturer's to the wholesale level be considered by a standing committee. The hon. member knows quite well that the legislation in its final form will be dealt with by that committee. We will then have every opportunity for a comprehensive study of the effects and the why and the how of such a change and of the procedure which is to be followed to reduce it for example from 9 per cent to 8 per cent without further impact on government revenues.

* * *

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—COMPENSATION FOR HOME OWNERS NOT COVERED BY LEGISLATION

Hon. James A. McGrath (St. John's East): Madam Speaker, I should like to put a question to the minister responsible for housing which is related to the question put by the hon. member for Oshawa. We now know what the government's response is to compensation for the health victims of urea formaldehyde foam insultation. That only covers part of it. The minister knows that this whole problem arises out of CMHC granting a licence for urea formaldehyde to be used for insulation under the CHIP program.

Has CMHC, or the minister, or the government considered any further compensation for the 80 per cent of people who will not qualify for compensation under the bill today who find their homes being depreciated in value, who find they cannot sell their homes, and who find they are having difficulty getting conventional mortgages on their homes? What is the minister's response to the plight of those people?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the hon. member ought to know that in Canada there is no legislation governing the manufacture of goods. The only government-approved products on the market are drugs. All other goods are marketed freely. We live in a free-enterprise society, and the manufacturer markets his products at his own risk.

The hon. member seems to want to make the government shoulder a responsibility it never had, and does not have now, for this product. It is true that the government accepted a certain number of products for insulation purposes, but it has never recommended a specific product to any home owner, whatever the Leader of the Opposition may say. There was a list of acceptable products, and it was up to each individual to select a product from the list in order to participate in the home insulation program, and I think it is important that the hon. member should understand this distinction.

[*English*]

ROLE OF CANADA MORTGAGE AND HOUSING CORPORATION

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the minister responsible for housing. Did Canada Mortgage and Housing Corporation approve or grant a permit for urea formaldehyde foam to be used under the government's CHIP program? If the answer is in the affirmative, does this not place an obligation on the government and on Canada Mortgage and Housing Corporation to assist in some way those who do not qualify for compensation and who are now stuck with homes that they cannot sell or on which they cannot get mortgages?

Mr. Nielsen: NRC told you not to use it.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I am surprised the hon. member is repeating questions that were already asked several months ago and all of which we answered in committee. The hon. member should take an interest in the work of parliamentary committees. If he is so concerned about UFFI victims, he should have been present when these issues were being discussed in committee. He was not, and his claims that we did not answer those questions are absurd.

Madam Speaker, I can say that the Canadian Mortgage and Housing Corporation never approved this product. The Corporation accepted about 100 insulation products for the purposes of the program, but it never gave any guarantees for any of them. On the contrary, it required manufacturers to ensure that the product was made to special standards, to provide better insulating protection. A standard for this product was developed at the specific request of representatives of the Canada Mortgage and Housing Corporation. The hon. member must remember that the standards set by the Canadian General Standards Board are not compulsory but voluntary, and that it is up to the companies to observe these standards.

* * *

[*English*]

SEARCH AND RESCUE

LOSS OF "RAMSEY ISLE" FISHING VESSEL—REPORTED ABSENCE OF COASTGUARD VESSELS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Transport and refers to the capability of the coast guard on B.C.'s coast. Confidence in Canada's search and rescue capability on the B.C. coast is seriously low following the loss of four lives from the *Ramsey Isle* fishing vessel. The Nuu-chahnulth tribal council's fishermen's association has gone as far as saying that the coast guard search and rescue capability is totally inadequate.

Considering that the coast guard's primary responsibility is for search and rescue, and that the Department of National Defence is the co-ordinating body for the Victoria Rescue Co-ordinating Centre, could the minister explain why there were no coast guard vessels or Department of National Defence vessels taking part in searching for the *Ramsey Isle*? Only two patrol vessels from the Department of Fisheries and Oceans, and one research vessel from that department, were involved in that very serious search.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I wish I knew all the details of that unfortunate accident, but I really do not know if the ships that participated in the rescue operation belonged to the Department of Fisheries and Oceans or the Department of Transport. I apologize for not knowing that in detail.

Be that as it may, I do not think it matters very much in the sense that, for rescue operations, it is a joint effort of the Department of National Defence which has the major responsibility, my department, and the Department of Fisheries and Oceans, and others. I do not think my hon. friend should pay too much attention to the origin of the entity taking part in the rescue operation. I do not think it matters one bit.

REQUEST THAT PUBLIC INQUIRY BE HELD

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I have a supplementary question. I think it matters vey much in this case because the search was not successful. There are a lot of questions about why it was not successful. Fishermen and others in British Columbia, including recreational boaters, would like to know the answer.

I wonder if the minister would consider following up on the coroner's inquiry into the deaths of the four fishermen on the *Ramsey Isle*? Would he consider having a public inquiry into the sinking and the efforts made by the various government departments? Rather than considering that the search and rescue capability should be a second or third priority of the Department of National Defence and the Department of Fisheries and Oceans, would the minister consider upgrading the coast guard facilities and equipment on the British Columbia coast so that it is the first priority of the coast guard? That is the co-ordinating body that calls in the equipment and manpower. This action is necessary to make sure that we do not have similar loss of lives in British Columbia as the result of the unco-ordinated activities of the government.

• (1500)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is far from generally accepted. My hon. friend seems to have a poor opinion of the coast guard or the rescue operation jointly carried on by the Department of National Defence and the Department of Transport.

An hon. Member: A poor opinion of you.

Mr. Pepin: I thank you very much for that compliment. I return it with great generosity.

The hon. member's view is not public opinion, far from it. My friend is asking for an inquiry on the subject of the *Ramsey Isle*. I will look into it and see if it is justified. On the subject of the upgrading of coast guard equipment, the government is allocating more and more money to search and rescue. We have just approved, in cabinet committee, the program for this coming year where a number of ships, four, if I remember, are assigned to the west coast. I will be pleased to write to my hon. friend and demonstrate the progress being made on the west coast.

Accidents will happen. Obviously there is no way in the world that ships can be stationed at so many tens of miles from each other on a coast line 18,000 miles long.

* * *

NATIONAL ENERGY PROGRAM

ANNOUNCEMENT OF CHANGES

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is to the Minister of Energy, Mines and Resources. Last night on the CBC program "The Nation's Business", the minister, for the first time since October, 1980, had some good news for Canada on energy policy, which was that the National Energy Program would be changed. What changes does the minister have in mind and when might we expect an announcement?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am extremely pleased to see that I have such a good listener in my friend, the hon. member for Calgary Centre. I am sure he learned a lot of things during the four minutes that the statement lasted.

Mr. Nielsen: Somebody has to watch you.

Mr. Lalonde: I want to tell him that indeed we have made several changes since the publication of the National Energy Program last year. Changes were contained in the agreements with the provinces, and were made subsequently with regard to projects that were eligible for the new oil reference price. There were several announcements in the last six months in that regard. As the situation evolves and conditions dictate, further changes will be made.

I have indicated this government is committed to energy security for Canadians, greater ownership and control by Canadians, and a fair deal for consumers. These are our objectives from which we will not budge. As far as making sure the program is adapted to circumstances is concerned, we have made changes in the past and we will continue to make some in the future.

Mr. Andre: Madam Speaker, if the minister is interested in making changes which will really help, he will scrap the whole program and that will go further toward accomplishing those goals.

Some hon. Members: Hear, hear!

IMPORT COMPENSATION PROGRAM

Mr. Harvie Andre (Calgary Centre): Can the minister at least tell the House whether he will be changing the ridiculous import compensation program which results in taxes collected from Canadian consumers being used to subsidize imported oil to the point where Canadian production is shut in, thereby costing Canadians jobs and a lot of unnecessary expenditure by Canadian consumers? Will he at least change that part of the NEP?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am sorry that the hon. member does not endorse the objectives of the National Energy Program, which enjoys the support of most Canadians. It is always the same story with the Tories: they are living in bygone days and are completely out of pace with current events.

Concerning the specific change which the hon. member has proposed, I should like to remind him that the purpose of the import compensation program which has been in operation since 1974, is to ensure that Canadian consumers do not have to pay more for imported than for domestic oil. It is a consumer protection program which is of paramount importance, especially to Eastern Canada, the Atlantic provinces and Quebec as well.

I should like to remind the hon. member also that wells in Western Canada have been shut-in for many years because of cyclical factors, to which they must adapt. In late April, I announced steps to support the industry in Western Canada and ensure the highest level of productivity from the oil fields in that area. We are already receiving indications of progress in this regard and I am sure that within the next few months there will be a considerable reduction of the shut-in wells in Western Canada.

* * *

[*English*]

SEARCH AND RESCUE

LOSS OF THE "RAMSEY ISLE"—USE OF DEPARTMENT OF TRANSPORT HELICOPTERS

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I have a supplementary to the Minister of Transport. I doubt whether he will be able to tell me today, but I would ask him to take it as notice and provide a written answer. There are a number of Department of Transport helicopters based in Victoria, B.C. In view of the number of days the search continued, did those helicopters take part, or were they off on other duties when life was at stake?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think I should add to the remarks made by the Minister of Transport on the *Ramsey Isle* question and other side search and rescue incidents. As far as the *Ramsey*

Isle is concerned, I can assure the hon. member we have on record 100 hours of air search and 124 hours of ship search. As you remember, this was in the area where the annual herring roe fishery was taking place and all facilities with the capability of search and rescue in the area were advised to be on the lookout for the *Ramsey Isle*.

Also, I can assure the hon. member that the search and rescue budget has been approved by cabinet with quite a good percentage improvement in it, both for capital equipment and operational items. I can assure the hon. member that co-ordination between my department and the Department of Transport is very close, and when things like this happen it is a priority with our departments to see that we save as many lives as possible.

* * *

PETITION

MR. LAWRENCE—UNEMPLOYMENT IN AUTOMOTIVE INDUSTRY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and thirty-sixth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Durham-Northumberland (Mr. Lawrence) on Friday, May 7, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

POINT OF ORDER

MR. BLAIS—S.O. 43 MOTION OF MR. DOMM

Hon. J.-J Blais (Minister of Supply and Services): Madam Speaker, during motions under Standing Order 43 the hon. member for Peterborough (Mr. Domm) indicated there was an increase in the number of homicides committed during the commission of a crime. Madam Speaker, I am pleased to inform the House that, contrary to what he advanced, there was in fact a decrease between 1977—

Madam Speaker: Order, please. That motion is not to be debated.

* * *

[*Translation*]

THE LATE HONOURABLE SENATOR HARRY HAYS

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have just been told that the hon. member for Hochelaga-Maisonneuve (Mr. Joyal), who was to rise at this point to pay tribute to Senator Harry Hays, whose funeral will be held today, as you know, will not be here to perform that duty. So I rise to fill in for him, because, among other reasons, I sat in Cabinet with Mr. Hays during the years 1965-66.

As everyone knows, Senator Hays had quite a remarkable career both as a politician and a businessman. As a politician, he was mayor of Calgary for three or four years before being elected to this House where he sat from 1963 to 1966, if I remember correctly, as member for Calgary South and minister of agriculture. In 1966, he was elevated to the Senate.

In business as in politics, Senator Hays—

[*English*]

He showed great qualities of originality, of boldness, of inventiveness, as a cattleman in particular. He will remain a legendary figure in the development of that industry in Canada.

Besides these qualities which he had in great abundance, he had a lovely sense of humour. Just on the spur of the moment I can remember two of his interesting remarks. One day in this House, he coined the phrase, which is probably in *Colombo* today, "Statistics are for losers." On another occasion he said, "The greatest form of culture is agriculture."

• (1510)

Some hon. Members: Hear, hear!

Mr. Pepin: This good humour was part of his trademark. For all the many services that he rendered to his country, we want to praise him today. As we all know, the most recent service he rendered was that of being co-chairman of the House of Commons and Senate Special Joint Committee on the Constitution with the hon. member for Hochelaga-Maisonneuve (Mr. Joyal). I am sure the hon. member for Hochelaga-Maisonneuve regrets not being here today to pay homage to the late Senator Hays.

To the senator's family, to the people of Calgary and to the people of Alberta in particular, we express our deep regrets.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I very much appreciate the action of the Minister of Transport (Mr. Pepin) in giving the House of Commons the opportunity to pay homage to the memory of the late Harry Hays. I do so in several capacities—as an Albertan, as Leader of the Opposition and as someone who had the honour of being a friend of the Hays family and the senator for at least the last 20 years. In fact, for a period of time he was a constituent of mine. One of his services, which we can perhaps attribute to his sense of humour, was that he always voted in the city of Calgary rather than at his ranch in my constituency. That was certainly something I appreciated.

He was, as the Minister of Transport said, a man not only of great good humour but also highly innovative. He was a man of boldness and of broad vision. That boldness and broad vision showed through in the many activities in which he not only engaged but excelled. Those of us in Alberta knew him as a rancher. He was not an ordinary rancher, but one of the few in the history of our country who actually developed a new beef breed, the Hays converter, which was developed on his ranch west of High River.

He was a very successful mayor of the city of Calgary at an important time in the life of the city. He was an aggressive and successful businessman. He was respected on all sides of this House of Commons and he served vigorously in the Senate. Throughout his life he was a highly innovative man, a man who was prepared to break new ground and who had the courage to follow the paths that he opened.

Certainly on behalf of myself and my colleagues here I want to express our appreciation to his wife Muriel, to his son Dan and to his grandchildren for the service that he gave to his province, to his country and to his industry. He is a man who stood tall in a region where standing tall is admired. He stood tall and cast a shadow, I believe, that was admired right across the country. We will all miss him.

Some hon. Members: Hear, hear!

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise to speak on behalf of my party to express condolences to members of Senator Hays' family. His family has long been linked with agriculture in this country, especially with dairying, with auctioneering and with the livestock business. As was pointed out by the Right Hon. Leader of the Opposition (Mr. Clark), Senator Hays was one of the few people in the history of our country to have actually succeeded in developing a new breed of livestock. He was active in both the east and the west. He developed his farm in the Calgary area. He watched the city of Calgary grow. He was part of that development as mayor and became physically part of the city, I suppose, because his home farm was largely taken over by that city.

He served as Minister of Agriculture. He moved to the Senate where he pursued the very important question of how farmers could achieve adequate returns from marketing livestock. He was very active as chairman of the Senate committee on agriculture. He was also actively involved as co-chairman of the Special Joint Committee on the Constitution.

Senator Hays was a powerful, hard-working and sincere man. He will be missed by members of this House, by members of the Senate and in farm circles right across the country.

Madam Speaker: In the name of the House of Commons I have already sent condolences to Mrs Hays and to the family of Senator Hays. I will, of course, see to it that the messages delivered in this House are sent to the family.

ROUTINE PROCEEDINGS

[*English*]

SUPPLEMENTARY RETIREMENT BENEFITS ACT

AMENDMENT RESPECTING RETIREMENT ALLOWANCE INDEXATION

Mr. David Kilgour (Edmonton-Strathcona) moved for leave to introduce Bill C-654, to amend the Supplementary Retirement Benefits Act (Members of Parliament).

Some hon. Members: Explain.

Mr. Kilgour: Madam Speaker, you will know that retired Members of Parliament are currently entitled to unlimited indexing of their pensions after the age of 60, whether it is 10 per cent, 20 per cent or 30 per cent, depending upon the inflation rate. This bill would simply place a limit of 8 per cent per year on this indexing for members between the ages of 60 and 65 based upon the premise that it would encourage this party or any government to reduce the rate of inflation throughout Canada.

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

* * *

[*Translation*]

BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

Hon. Yvon Pinard (for the Minister of State (Finance)) moved for leave to introduce Bill C-111, to provide supplementary borrowing authority.

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

* * *

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES

MEASURE TO AMEND

Hon. Pierre Bussières (Minister of State (Finance)) moved for leave to introduce Bill C-112, to amend the statute law relating to certain taxes.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,900, 2,907, 2,929, 2,930, 2,933, 2,936, 2,941, 2,947, 2,951, 2,968, 3,277, 3,279, 3,618, 4,110, 4,182 and 4,216.

[*Text*]

TRAINING OF PUBLIC SERVANTS

Question No. 2,900—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State under the Education Support Program at page 32.32, volume II of the 1979-80 Public Accounts of Canada, with particular reference to training of public servants (a) how does the department explain the 3,961 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Gerald Regan (Secretary of State): (a) The training of public servants—$61,615 as reported in the public accounts 79-80 should have been printed as "Consultant and Research Services". The training of public servants amounting to $9,722 was included in "Other Type of Services" and represents an increase of 541 per cent over 1978-79—$1,517.

The Canada Student Loans Program was transferred in December, 1977. Due to the transfer from the Department of Finance to this department during the fiscal year, the formulation of a training plan for the program was not finalized. Therefore costs were minimal. Costs incurred during 1979-80 represent normal training costs. The transfer of the program increased the person-years of the Education Support Program from 20 in 1978-79 to 74 in 1979-80, i.e. an increase of 270 per cent.

(b)(i) Public Service Commission training courses; (ii) reimbursement of tuition fees to employees; (iii) other course payments (books, etc.)

(c)(i) $8,190. (no contracts over $2,000), (ii) $1,266, (iii) $266.

RCMP—DATA PROCESSING SERVICES

Question No. 2,907—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General for the Royal Canadian Mounted Police at page 32.36, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to data processing services (a) how does the department explain the 2,924 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Bob Kaplan (Solicitor General): (a) The explanation for the increase in expenditures for data processing services, reported for 1979-80 over that reported for 1978-79, resides in the fact that prior to 1979-80 data processing services expenditures reported in public accounts only reflected costs charged to our line object 0476—data processing services. However, in 1979-80 at the direction of Government of Canada accounting, the reporting of these expenditures was expanded to cover other types of services related to data processing, thereby increasing reported expenditures over that reported in previous years.

(b) The following types of services are now (1979-80 and future years) reported in Public Accounts: (i) Data processing services, (ii) computer system design services, (iii) computer programming services, (iv) other external EDP equipment services, (v) computer software purchase and maintenance.

(c) Expenditures related to each service identified in (b) are as follows:

(i)	Data Processing Services	
	Dominion Computer Support	$ 37,189.73
	Computel Systems Ltd.	33,866.16
	Alberta Government Services	5,950.63
	Provincial Treasurer	5,931.55
	I.B.M. Canada Ltd.	1,883.59
	Public Archives Canada	747.83
	Nortak Software Ltd.	600.00
	Sci-Com Dial Services Ltd.	359.27
	Manitoba Data Services	288.80
	Orans Reproductions	71.94
	Computing & Systems Division	71.67
	D.L. McRobb	16.80
	Accounting adjustment	(24.30)
		86,953.97
(ii)	Computer System Design Services	
	I.B.M. Canada Ltd.	$ 30,334.25
	Bailey & Rose Ltd.	27,770.83
	Federal Systems of Canada	18,000.00
		76,105.08
(iii)	Computer Programming Services	
	Federal Systems of Canada	$ 2,000.00
	Systems & Services Division	1,500.00
	Control Data	1,440.00
		4,940.00
(iv)	Other External EDP Equipment Services	
	Alphatext Ltd.	$ 44,524.91
	Supply and Services Canada	1,631.65
		46,156.56
(v)	Computer Software Purchase & Maintenance	
	Boole & Baggage Inc.	$ 30,611.55
	I.B.M. Canada Ltd.	26,181.61
	R.D. Nickel & Associates	18,700.00
	Ampex Canada Inc.	9,095.85
	Mathematica Products	7,888.00
	Verstern Systems Ltd.	6,000.00
	Whitlow Computer Systems	5,800.00
	Capex Corp.	5,215.60
	Pansophic Systems Canada	4,115.00
	Cdn. M.S.P. Software Products	4,020.00
	Perkin Elmer	3,270.00
	Nelma Electronics Ltd.	2,161.22
	S.P.S.S. Inc.	1,755.00
	Innovation Data Process	1,748.30
	Systems Development Corp.	877.50
	Hitech Canada Ltd.	288.44
	Charles Higgerty Ltd.	18.67
		127,746.74

ARTWORK FOR DEPARTMENT OF NATIONAL REVENUE

Question No. 2,929—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the customs and excise program at page 32.23, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to artwork (a) how does the department explain the 187 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. William Rompkey (Minister of National Revenue): (a) Increase in costs is due to more projects being added on to departmental information plan.

(b) Film production, transfer and duplication services, research and writing services, graphic services, purchasing of broadcasting rights and professional narration services.

(c) National Film Board of Canada (four contracts totalling)	$55,876.55
John Doherty and Company Ltd.	4,579.00
Holman Production Services Ltd.	3,417.00
Séguin Graphics Ltd.	4,300.00

OTHER TYPES OF SERVICES—DEPARTMENT OF NATIONAL REVENUE

Question No. 2,930—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the customs and excise program at page 32.23, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department account for the 1,025 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. William Rompkey (Minister of National Revenue): (a) There is no basis for comparison between the two fiscal years under "Other types of Services" as the reporting criteria from the Receiver General Directives on Public Accounts Instructions was raised from $2,000 and over in 1978-79 to $25,000 and over in 1979-80. Thus, services which did not meet the 1979-80 reporting criteria were grouped into one category called "Other types of Services".

(b) Boarding, training, veterinarian and other services relating to the dog detector Program; armoured car services; health services; hospitality; inspection services—departmental uniform program; mailing services; photographic services; security services; shredding services; towing services; translating services.

(c) Chemical Abstracts Service	$ 2,596.00
Mr. Terrance Kehoe	22,676.58
Management Video Publications	8,027.50
National Defence	14,208.55
National Film Board (two contracts)	12,200.00
Polygauge Industries	3,400.00
York Mailings	6,675.81
Brink's Canada Ltd. (three contracts)	12,528.00

Order Paper Questions

DPW—CONTRACT BUS SERVICES

Question No. 2,933—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the accommodation program—operations and maintenance at page 32.28, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to contract bus services (a) how does the department account for the increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) for what reason does the department require these services?

Hon. Paul J. Cosgrove (Minister of Public Works): Accommodation Operating—Vote 10: Standard Object 04; Contract Business Services:

Expenditures 1978-79	Ø
1979-80	$26,628
Increase	$26,628

(a) and (c) The title for the service in question should read contract business services and is an account classification within the coding block to cover contracts awarded for miscellaneous types of services not specifically covered under other account classifications. Of the three payments listed below, two are improperly coded to the contract business services category. Babbco Office Services should have been coded to temporary help services and Friendly Landscaping to landscaping services. The payment to Sheppard Associates covered miscellaneous office services which could not be coded to a specific category other than contract business services.

(b) Payments of $2,000 and over to individuals included the following:

Babbco Office Services—Toronto, Ont. $6,344;
Bruce D. Sheppard Associates—London, Ont $9,000;
Reg & Paul Friendly Landscaping—Toronto, Ontario $4,425.

SHUTTLE BUS SERVICE—DEPARTMENT OF NATIONAL REVENUE

Question No. 2,936—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the taxation program at page 32.24, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to shuttle bus service (a) how does the department account for the 20 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is the list of each contract of a value more than $2,000 (d) for what reason does the department require these services?

Hon. William Rompkey (Minister of National Revenue): (a) Revenue Canada, taxation submitted a requisition to the Department of Supply and Services requesting contract coverage for shuttle bus service for fiscal years 1978-79 and 1979-80. In both instances, the lowest tender, submitted by Andy's Transfer, Ottawa was accepted.

(b) Shuttle bus service is required for the transportation of departmental personnel and small parcels between head office buildings located in the downtown core and the taxation data centre located at Confederation Heights.

(c) There is one contract only for the total amount.

(d) This service is necessary in the interest of economy, thus precluding the frequent and more expensive use of taxi service.

Order Paper Questions

HONORARIA—DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

Question No. 2,941—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Industry, Trade and Commerce at page 32.16, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to honoraria (a) how does the Department account for the 117 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each honorarium of a value more than $2,000?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned: (a) the 117 per cent increase in expenditure in 1979-80 occurred as a result of the inclusion in this category of the per diem fees paid to the members of the Enterprise Development Board.

(b) Honoraria paid of a value more than $2,000 are as follows:

Norman Covey, Istanbul, Turkey	$3,000 Cdn. Honorary Consul
Hans Knobloch, Montevideo, Uruguay	$3,000 Cdn. Honorary Consul
Farid Toubla, Kartoum, Sudan	$2,500 U.S. Honorary Consul
W. Greenwood, Halifax, Nova Scotia	$2,800 Cdn. Enterprise Development Board
L. P. Nolet, Brome, Quebec	$5,200 Cdn. Enterprise Development Board
A.E. Palliser, Calgary, Alberta	$2,800 Cdn. Enterprise Development Board
F. Sellers, Winnipeg, Manitoba	$2,200 Cdn. Enterprise Development Board
W. L. Wardrup, East Selkirk, Manitoba	$2,400 Cdn. Enterprise Development Board

TRAINING AND EDUCATION SERVICES

Question No. 2,947—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Fisheries and Oceans at page 32.12, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and education services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): (a) The various services purchased were: safety courses, first aid training—St. John's Ambulance, PSC training courses, university fees, technical institute fees, vocational school fees, language courses, teachers and instructors on contract—instructional, post doctorate fellowships, expenses related to training—e.g. travel, course materials, etc.

(b) Contracts valued more than $2,000 were:

RCMP—Canadian fisheries enforcement course	$ 89,792
Canadian Hydrographic Association	2,590
Dartmouth Academy—French training	6,352
Nova Scotia—Department of Fisheries	4,002

DESIGN AND DISPLAY SERVICES

Question No. 2,951—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Revenue under the Customs and Excise Program at page 32.23, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to design and display services (a) what services does this entail (b) for what reason does the department require these services?

Hon. William Rompkey (Minister of National Revenue): (a) Services entailed are for the design, fabrication and supply of kiosks and publication racks; for the refurbishing of existing exhibit material, and for the production and installation of signs for a permanent exposition.

(b) These services are required for the implementation and upkeep of the departmental information program, through a permanent exposition, and through a regional travelling exhibit program.

UNINSURED LOSSES OF EQUIPMENT

Question No. 2,968—**Mr. Clarke:**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of Energy, Mines and Resources in footnote No. 4 at page 13.4, volume 1 of the 1979-80 Public Accounts of Canada, under what circumstances was the equipment lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

2. What other equipment was included in this amount?

3. What use does the department make of this equipment?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

1. The equipment which was lost during 1979-80 consisted of items used by more than 400 officers who perform authorized surveys of an engineering or a research nature at remote locations in Quebec, Ontario, all the western provinces and the territories. All the items were inside departmental vehicles with the exception of the battery charger which was located in a maintenance room at the time of its disappearance. In one instance, the item, a radio receiver was installed in a vehicle which was stolen. The vehicle was recovered but the radio had been removed.

(a) In all cases, the local police investigations did not identify any culprit and there was no evidence of negligence on the part of any departmental employee.

(b) and (c) No.

(d) The equipment was replaced from existing departmental assets.

(e) The department has detailed procedures for the safeguarding of government materiel and employees who have custody of materiel are reminded each year that these procedures must be adhered to. Failure by a departmental employee to take all reasonable steps to protect the materiel in his custody can lead to disciplinary action. However, as no evidence of negligence was found, no new measures were introduced, the present one being sufficiently comprehensive.

2. Discard in the field ($79,293.48). This category includes the value of field equipment which was disposed of locally. This applies to equipment which is worn out through fair wear and tear or which is damaged beyond economical repair. In each case, the officer responsible for the equipment must prepare and submit a Report of Discard. Any irregularity is the subject of an investigation.

Losses in the field ($53,783.24). This category includes the value of field equipment which is accidentally destroyed or lost as a result of fire or theft. All losses are the subject of separate reports which identify the circumstances surrounding the loss. Losses of firearms and/or losses due to theft are reported to the local police for further investigation. When it is demonstrated that there is negligence on the part of any departmental employee, recovery action from the employee is initiated.

Recoverable losses ($3,689.50 of which $1,963.20 was recovered). This category includes the value of equipment lost or damaged in transit. In such cases, the department claims the value from transportation agencies. Carriers, however, do not accept full liability in some cases.

Minor discrepancies ($755.06). This category includes the value of equipment which needs to be written off as a result of clerical errors in recording transactions.

3. The equipment is used by more than 400 officers who perform authorized surveys of an engineering or a research nature. The department provides, from a central depot, the necessary supplies and equipment. There are approximately $4,000 different articles. The total value of that inventory exceeds $8 million.

SOLAR DOMESTIC HOT WATER HEATING

Question No. 3,277—**Mr. Cossitt:**

With reference to the answer to question No. 2,754 which stated in part that "public tenders would be called" with regard to the installation of packaged solar domestic hot water heating in the constituency of Leeds-Grenville, were public tenders called and (a) if so, on what date, in what news media and on what date did advertisements appear (b) if not, how does the government explain this contradiction with the answer to question No. 2,754?

Hon. Paul J. Cosgrove (Minister of Public Works): Public Works Canada strictly adheres to the policy of calling public or invited tenders, where appropriate, according to chapter 310, appendix F of the Treasury Board of Canada Administrative Policy Manual "Government Contracts Regulations".

(a) and (b) See reply to parliamentary question No. 3,279 answered this day.

SOLAR HOT WATER HEATING

Question No. 3,279—**Mr. Cossitt:**

1. Were invited tenders called for the installation of solar hot water heating of a domestic nature for washrooms in the federal buildings at Brockville, Gananoque and Prescott in the constituency of Leeds-Grenville and, if so (a) on what date were the tenders called (b) for what reason were they invited instead of publicly advertised (c) who provided the invitation list and were any political considerations involved?

2. What is the entire cost of the three installations and what is the breakdown for each installation?

3. Was a contract let for the solar hot water heating on October 30 or thereabouts and, if so, what is a list of all those who tendered and the amount of each bid, including that of the successful bidder?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Yes. (a) The tenders were invited on October 16, 1981, and closed on October 30, 1981.

(b) Tenders were invited (instead of publicly advertised) in line with Public Works Canada policy, as the estimated costs were less than $30,000. Tenders may be invited up to $30,000.

(c) A list of local contractors from all three areas were obtained from the Property Manager. No political considerations were involved.

2. The lowest bid for the three installations was $24,995. No breakdown is available for individual installation as the contractor submitted his bid on the total cost of the combined contract.

3. A contract was awarded on November 19, 1981, and the project will be completed by end April, 1982. A list of all those who tendered and the amount of each bid is shown below.

W.A. Barnes & Sons Ltd.	Kemptville, Ont.	$24,995(awarded contract)
Toshack Brothers (Prescott) Ltd.	Prescott, Ont.	$29,750

ACCOMMODATION FOR LIBRARY OF PARLIAMENT

Question No. 3,618—**Mr. Herbert:**

1. In the past five years, to date, did the Department of Public Works prepare accommodation for the Library of Parliament and, if so, in which buildings?

2. How many square feet of usable space were provided in each building and what amount was spent by the department to provide each facility?

3. Were all the costs recoverable and, if not, what amount was absorbed by the department?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. In the past five years PWC prepared accommodation for the Library of Parliament in the Victoria Building and the Wellington Building (formerly the Old Metropolitan Life Building). It should be noted that temporary space was provided in December, 1981 to the Library of Parliament in the Confederation Building while their existing space on the first floor of that building is currently being modified.

2. Public Works Canada prepared the following space:

(i) Building	Date	Usable Sq. Metres	Location	Actual Fit-Up Cost	
Victoria	Sept. 79	627.4 m^2	1st floor	$ 9,000	PWC
				10,500	LP
	Nov. 79	83.3 m^2	2nd floor	4,789	LP
	Apr. 80	567.2 m^2	5th floor	10,780	LP
	Oct. 81	162.4 m^2	Room 700	900	LP
			Total	$35,969	

In addition, 19.4 m^2 storage space was provided in the basement in June 1981 with no fit-up cost involved.

(ii) Wellington	May 78	511 m²	Mezzanine	$ 6,650	PWC

The preparation of this space was part of the major renovation project to accommodate the House of Commons and the portion attributable to the Parliamentary Library cannot be identified precisely.

(iii) Confederation	December 81	30.2 m²	Rms 861 & 863	nil
	December 81	55.7 m²	Basement	nil

The above space was vacant and this temporary move was made by House of Commons staff with no fit-up cost involved and no expense to Public Works Canada while the existing Library space on the first floor is currently being modified.

3. No. $9,000 was absorbed by Public Works Canada. The estimated $6,650 for fit-up of the mezzanine in the Wellington building for the Library of Parliament was part of the major renovation project and was funded by Public Works Canada. The modifications now in progress to 145 m² of Library of Parliament space on the first floor of the Confederation Building are estimated to cost $55,000 and will be recoverable from the House of Commons.

RECOMMENDATIONS OF GRANGE REPORT

Question No. 4,110—**Mr. Mazankowski:**

Did the Department of Transport accept the Grange Report's recommendation requiring publication of reports of inspectors called to railway accident scenes together with the results of research investigations and, if so, in the past two years (a) on what dates and at what locations were inspectors called to accidents (b) on what dates were the respective reports published and on what dates will those still outstanding be presented (c) how many times did "hot-box" detectors discover overheated axle bearings or wheels and at what locations and on what dates did these occurrences take place?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows: (a) and (b) Section 226 (of Railway Act) inquiry reports, of officers called to railway accidents, have been and are available. See list of dates and locations of such accidents for the year 1980, 1981 and 1982 to date. Also shown on the list are the dates the reports were either published or expected to be available.

In addition to the section 226 inquiries, CTC officers attended the scenes of several hundred other accidents in each year and submitted the customary accident information report, with conclusions and, if necessary, recommendations. These reports are available to anyone upon request.

(c) This information is not readily available. Regulations are not yet in place requiring the railways to report these incidents to the CTC. The railways however do keep records at their Divisional Offices of the read-outs from the "hot-box" detectors located on their track. These detectors identify overheated journals and dragging equipment but are not designed to detect overheated wheels. However, "add-ons" are being applied to existing detectors and to new detectors to detect hot wheels.

S. 226 Appointments

Date of Appointment	Name of Appointee(s)	C.T.C. File No.	Date of Accident	Mileage Subdivision and Railway	Place	Class of Accident	Report Published or will be Available
February 11	G.P. Beach	31385.3897	February 10	143.1 Ignace—CP	near Kenora, Ont.	Derailment—4th diesel unit and 13 cars of VIA Rail.	March 31, 1981
June 13	R.W. Barratt	31385.3905	June 9	6.91 Windsor—CP	near Lobo, Ont.	Derailment—door fell off, Fire & Explosion ensued.	March 25, 1981
June 30	K. Tikkanen	47015.59	April 6	Winnipeg Terminal Coach Yard—CP	Winnipeg, Man.	Side collision—yard engine and freight train resulting in a spillage of methanol.	October 30, 1980
September 3	L.B. MacDonald	39537.352	August 29	45.5 Nemegos	near Sinker, Ont.	Rearend collision—two freight trains.	March 31, 1981
September 30	J.H. Turner	39713.332	September 21	2.4 Kaministiquia	Thunder Bay, Ont.	Side collision—two freight trains.	April 1, 1981
March 12	D. Mollins	43714.223	March 11	3.6 Gort—CN (VIA)	Moncton, N.B.	Collision—Side	May 12, 1981
March 17	J.M. Cruden & H.H. Blakeney	31385.3912—13 & 14	February & March, 1981	12.2, 13.3 & 17.6 Clearwater—CN	Messiter, B.C.	Derailments (3)	June 15, 1982
May 7	W.F. Karaskewich & L.B. MacDonald	31385.3915	May 6	32.4 Dundas—CN	Paris West, Ont.	Derailment	October 28, 1981
May 29	E.V. Beamish	43714.224	May 28	13.6 Red Deer—CP	Balzac, Alta.	Collision—Raking	November 18, 1981
June 25	K. Post and W.F. Karaskewich	31385.3917	June 24	182.64 Newmarket—CN	Sundridge, Ont.	Derailment	April 1, 1981

S. 226 Appointments

Date of Appointment	Name of Appointee(s)	C.T.C. File No.	Date of Accident	Mileage Subdivision and Railway	Place	Class of Accident	Report Published or will be Available
August 7	J.A. Anctil	30762.1512	August 5	122.7 Drummondville—CN	Ste. Rosalie &	Priv. Crossing Accidents	March 31, 1982
		30762.1504	April 2	48.3 St. Hyacinthe—CN	Ste. Madeleine, Que.		
August 20	J.L. Gehring & T.M. Coghland	49159	July & August, 1981	Various—CN & CP	Alberta	Crossing Accidents (10)	July 1, 1982
Sept. 18	S. Kaplan	D.C. 15.8	Sept 13 & 18	CP	Winnipeg, Man.	Leakage of arsenical compound	April 15, 1982
Sept. 25	J.H. Turner	39713.333	Sept. 25	136.0 Lac St. Jean—CN	St. André, Que.	Collision—Headon	March 31, 1982
December 21	E.L. Boggs	39713.334	Dec. 20	50.6 Togo—CN (VIA)	Bield, Man.	Collision—Headon	April 1, 1982
January 11	M.D. Lacombe & S. Kaplan	31385.3918	Jan. 10	84.7 Rivers—CN	Exira, Man.	Derailment	April 15, 1982
February 1	R.W. Barratt & L.B. MacDonald	31385.3919	Jan. 31	72.4 Nipigon—CP (VIA)	Sprucewood, Ont.	Derailment	May 1, 1982
March 1	R. Bruneau	31385.3920	Feb. 28	80.3 MacTier—CP	Craighurst, Ont.	Derailment	June 1, 1982
March 10	J.A. Shearer	31385.3921	March 3	9.0 Clearwater—CN	Wolfenden, B.C.	Derailment	June 15, 1982

Safety and Services Branch
Railway Transport Committee

TRANSITION TEAM

Question No. 4,182—**Mr. Robinson (Burnaby):**

What is the size and budget of the transition team, as outlined on pages 7 and 8 of "1982-83 estimates, part III, secretariat expenditure plan, Solicitor General of Canada," which was set up to prepare recommendations for the establishment of a civilian security intelligence service?

Hon. Bob Kaplan (Solicitor General): Treasury Board has approved 15 person-years and a budget of $991,000 for the transition team. This approval is for a nine-month period ending December 31, 1982.

EDUCATION LEAVE COSTS

Question No. 4,216—**Mr. Robinson (Burnaby):**

1. With reference to the education leave costs recorded by the Department of the Solicitor General for the correctional services at page 13.6, Volume I of the 1980-81 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

Hon. Bob Kaplan (Solicitor General): In so far as the Correctional Service of Canada is concerned:

1. (a) and (b) The guidelines that were used are contained in the following two documents: "Developmental Leave Policy" for the Correctional Service of Canada and Treasury Board's personnel management manual, chapter 110-5; Conditions governing educatin, training and subsidization.

2. (a), (b) and (c) Nil.

[*Translation*]

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

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,884 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 2,884 shall be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

DPW—CARETAKING SERVICES

Question No. 2,884—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the accommodation program—operations and maintenance at page 32.28, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to caretaking services (a) how does the department explain the 376 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT TO SHORTEN PERIOD REQUIRED TO HOLD ELECTIONS

The House resumed from Friday, April 30, consideration of Bill C-58, to amend the Canada Elections Act, as reported (with amendments) from the Standing Committee on Privileges and Elections.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, this afternoon I would like to continue the remarks I initiated on third reading of Bill C-58 when I was so unceremoniously cut off by the clock after a minute or two.

The President of the Privy Council (Mr. Pinard) stated on that day that Bill C-58, which we are discussing, is almost identical to Bill C-21 which was tabled by the Progressive Conservative government on November 5, 1979. With the compromise worked out in committee which would see the election period run for 50 days as opposed to 47 days, as Bill C-58 originally intended, the President of the Privy Council is quite correct. However, he failed to mention on April 30 that the shortening of the election period is merely an isolated amendment to the Canada Elections Act and that when we introduced Bill C-21 it was within the wider spectrum of parliamentary reform, which I might add hon. members opposite have sadly neglected.

• (1520)

The bankruptcy of the party governing the country has been made especially evident by the events of this session. There has been considerable discussion and controversy in past weeks on the subject of omnibus bills. We witnessed some two months ago the reckless attempt of government to roll many different bills into one piece of legislation. The people of Canada know what happened to the government on that one.

Today we are witnessing a further example of government incompetence. It has before the House Bill C-58 to amend the Canada Elections Act, with specific reference to the length of the election period. The government is focusing the attention of the House on one isolated provision of the Canada Elections Act, when in fact the utilization of an omnibus bill to amend other just as important provisions of the Canada Elections Act would be highly desirable.

I am referring specifically to the statutory reports of the Chief Electoral Officer and his recommendation concerning required amendments to the Canada Elections Act. The recommendations of the Chief Electoral Officer have been sorely neglected by the present government. Why did the government not incorporate into Bill C-58 other recommendations which should be receiving the attention of the House today? Why are we not debating other amendments? Also we should be looking at the deletion of the present provision in the act concerning the posting of preliminary lists of electors. In my South Shore riding in Nova Scotia, the practice of posting in a public place a preliminary list of electors is causing great concern, especially to those people living alone who risk the consequence of public disclosures of their name, sex, occupation, marital status and address.

In addition, today in the House I say that we should be looking at recommendations concerning third party advertising in an election campaign, the sale of alcoholic beverages on election day, the identification of printers and publishers on printed campaign advertisements, and a host of other recommendations too numerous to mention.

If the President of the Privy Council would like the detail of those amendments to the Canada Elections Act which we should be debating in concert with shortening the election period, I refer him to the 1974, 1979 and 1980 statutory reports of the Chief Electoral Officer which he apparently received but chose to ignore totally. The spirit within which we introduced Bill C-21 encompassed the reform of this institution which, in my 25 years as a sitting member, I can honestly say is desperately needed.

In 1979 we intended to introduce reform in keeping with the basic principles of parliamentary government but would have also seen the House become a more agressive representative body of the Canadian people. I do not believe that the House by itself should govern. However, I strongly assert that it should be able to check and balance those who do. If the House of Commons exists to represent the people of Canada and to legitimize the rule of the executive, it must receive the necessary tools to pursue that type of mandate.

I think it is imperative to note that although we have all heard the rhetoric of hon. members opposite, we have not yet seen any proposals for parliamentary reform come forward. Specifically, since 1980 we have not seen proposals which would govern the length of sessions, proposals which would fix the date for recesses, proposals which would hold ministers accountable for their actions in previous portfolios if those ministers were the only ones who could address the issues in question, or proposals which would more adequately allow time for private members' bills and motions. Most seriously, we have not seen proposals which would bring before the House debate on the current system of redistribution.

The Chief Statistician has released the 1981 census figures to the Chief Electoral Officer and the clock has started on the redistribution process. According to the calculations completed by the Chief Electoral Officer, the total number of seats in the House of Commons will increase from 282 to 310. These new seats will take effect in any federal election after October, 1984. The province of Ontario is to receive ten new seats; Quebec, four new seats; Manitoba, one new seat; British Columbia, five seats; Alberta, six seats; Newfoundland, one seat; and my native province of Nova Scotia will also receive one seat under the system.

Under the current system of redistribution, the government is quite content to let the House distend, inflate, and be bloated into what I call an unmanageable monstrosity. This is what will happen here. The origin of the redistribution system, the amalgam method, bears some investigation and comment.

The Representation Act, 1974, fathered by none other than the present Minister of Finance (Mr. MacEachen), came into force following the redistribution of 1971. This act was a temporary stop-gap measure which would among other things secure the seat of the hon. member for Cape Breton Highlands-Canso, if it did nothing else. A specific provision of the Representation Act, 1974, recognizing its temporary status, required the House subsequently to review the formula for setting the number of new seats and for distributing them among the provinces.

In 1979 the Progressive Conservative government intended to follow up this review. A detailed discussion paper had been prepared to deal with the question of restraining the number of federal representatives. However, following 1980, the present government has not yet had the courage to continue with that particular investigation. I say that with some sadness. Instead, we are left with a representative scheme which I submit will cost Canadian taxpayers an untold number of dollars and will make a mockery of this institution. Not surprisingly, the government intends to solve the problems associated with a burgeoning House of Commons through negligence. But I should like to tell the House today exactly what hon. members opposite are ignoring and to outline the potential for catastrophe if the representative scheme is allowed to run roughshod over the House and the country.

In less than 20 years the Canadian electorate can expect the House to expand to the ludicrous number of 375 members. In 1979 it was estimated that every member in the House incurs a cost to taxpayers of $140,000 in personal and staff salaries. My calculations indicate that these 93 new members in 2001 will result in a taxpayer expenditure based conservatively upon 1979 estimates of a minimum of over $13 million. This is for new members only. If we add that $13 million to the cost of the existing 282 members, it will be a figure of $53 million, all to be borne by the taxpayers of the country.

We must ask ourselves whether indeed there is a need for any more new members. That is the real question. Quite frankly, I concur with the hon. member for Red Deer (Mr. Towers) who is in his seat. He stated that the membership of the House should be frozen at its present 282 total. Canada is already one of the most overgoverned countries in the world.

• (1530)

I think it should be pointed out to those who claim that we should increase our membership because countries like Britain have a larger House than we do that Canada is governed under a federal system. Not only do our taxpayers financially support federal representatives; provincial legislatures also exist and those provincial members must be paid out of the public purse as well.

Perhaps it bears repeating to hon. members opposite that Canada has hit an economic decline. If they are not aware of that, I will repeat that Canada has hit an economic decline. To my memory, it is the worst that this country has seen in the past 40 years.

I say to the House that we do not need more members. What we do need, however, is more members who are willing to work harder. We who sit in this chamber are the elected representatives of the people. We have their trust and I submit that we should be here to set an example so that when hard times hit we are not insulated from the economic woes that are facing this country.

In the years that I have been in Ottawa I have come to believe that this is probably the most insulated city in Canada and I would go so far as to say it is the most insulated city in the entire world. Wherever you turn here, everything seems to be subsidized. For example, the National Arts Centre was built at a cost exceeding $50 million and apparently could not keep its door open without a federal subsidy. It received $10 million in 1980 and I note in this year's estimates that it will receive a subsidy of $15.797 million, almost $16 million just to see the show when there are people in this nation who will not even see the building. This subsidy is mainly for the benefit of the comfortable, insulated bureaucrats who live here in Ottawa.

The CBC is an example of another comfortable group. In 1980 the CBC was subsidized to the approximate amount of $579 million. When I look in the estimates books for this year I see a subsidy of $737.396 million. That is over $14 million a week. When I first came to Ottawa I remember speaking out about the CBC subsidy, which at that time was $52 million a year. I bitterly complained that $1 million a week was too much. It has now risen to $14 million a week in that brief period of time.

Where will it all end? When I quote figures such as those I must ask what the government is doing to set an example which would indicate that it is willing to face up to economic realities. Although this principle of calling for restraint by every Canadian is a noble one, it is a one-way street for those sitting on the government side of the House. It is a one-way street for cabinet who can, without flinching, earmark and approve the purchase of Petrofina at a cost estimated at between $365 million and $486 million more than was necessary to purchase it. But what did the government purchase? It acquired a chain of gas stations in eastern Canada. Did this make one more gallon of gasoline available to Canadians? I submit that we did not even get an ounce. Canadians will be paying dearly for at least the next 20 years for the blunder which was made by this government on that one transaction.

When my constituents write to me to ask, "Where is the money going? Why am I being taxed into bankruptcy?", I want them to know at least some of the reasons by illustrating them in my speech today.

This government has a perverted sense of equity which, I might add, is in keeping with its shoddy record of economic management. It is willing to spend over $250 million this year on self-serving advertising and publications in order to shore up its own image, while at the same time letting small businessmen and the home owners of this country go broke.

More dangerous still, I submit, is the destruction of moral values, the breakdown of the home and the sense of frustration, hopelessness and despair faced by 1¼ million Canadians who are presently unemployed. This government is obviously ready recklessly to allow this House to expand in numbers which will curtail the ability of this House to be an effective voice of the people and will at the same time incur a greater cost to Canadian taxpayers.

I repeat again that we are here not only to represent our electors but to set an example for those we represent as the elected representatives of this country. We must all realize that there is a burden to be carried and if it means that we and our successors must represent a larger constituency, I say to you, Mr. Speaker, so be it. Not one of us should refuse to carry a heavier workload. We should be making a contribution to lessen the expenditures made to this government by the taxpayers.

This government forgets that it is not spending its own money, because it has none. I wish that the executive members of the government would remember that the government has no money and it is spending the taxpayers' money which is given to it in trust and in the hope that it will spend it wisely.

There are young, middle-aged and senior Canadians who are hurting today because of mismanagement by the present administration. If the burden imposed on them by this government can be lessened by not increasing the number of members in the House, I submit that that should be done. It can only be done by the executive and other members on that side of the House who support this government. It can only be done if they agree that this bill should be withdrawn.

Through the withdrawal of this bill, the government would indicate that it is not speaking pure rhetoric when it addresses the House or calls for restraint. It would indicate that it is at least making one move in good faith. It would be a gesture which would save millions of taxpayers' dollars and in the long run prevent further difficulties for members who represent the Canadian people. Members would have an adequate opportunity to represent their electors in the House.

The removal of this bill would be a good decision. Already members on the opposition side of the House have difficulty in making the needs of our people known in the chamber. Today, for example, one just has to see how many opposition members were recognized in the question period. I am not condemning anyone because the Speaker does her best, but if the size of the House is increased as proposed by this bill, there will be even less opportunity to present the views, needs and aspirations of the people we represent. It will be more difficult to speak in the chamber. It is for those reasons, and for many others I could give if time permitted, that this bill should be withdrawn.

Members on the other side of the House should be prepared to work harder and for a larger constituency. We on this side are prepared to follow that course. The sooner hon. members opposite come to their senses and take some responsibility of the state of the House of Commons and the state of this country, the better it will be for all Canadians.

Mr. Derek Blackburn (Brant): Mr. Speaker, I am very happy to take part in this debate at the third reading stage of Bill C-58. Before I commence, I would like to make one or two comments on the remarks just made by the hon. member for South Shore (Mr. Crouse).

• (1540)

While I do appreciate his concern that the membership of this chamber will get bigger and bigger according to some ancient formula that was agreed to many years ago, indeed generations ago, I would also like to remind the hon. member that we have somewhat of a dilemma on our hands. If we do not expand the number of members in this House, it therefore means that our constituencies will get larger and larger. I have nothing against larger constituencies personally; I have a very small constituency geographically, although in terms of population I have one of the larger ones in the country.

Does the hon. member for South Shore fully appreciate what this could conceivably lead to? It could lead to a situation, not one which obtains in the United Kingdom but which obtains south of our own border in the United States, where the average electoral district at the House of Representatives level comprises about a quarter of a million voters. Consequently, congressmen to whom I have spoken constantly lament the fact that they can never get to know their constituents. They each represent anywhere from a quarter of a million to half a million people at the House level in the United States. That is the average.

Apart from the fact that it costs maybe half a million dollars or a million dollars to get re-elected through their electoral system, they then must make their presence felt in their electoral districts through a whole army of assistants who are financed by the taxpayers. The minimum number of assistants in the constituency or electoral district of one congressman in the United States is 14. I believe most of us have only one. Some of us may have two part-time or three part-time assistants, depending on the nature of our ridings. Does the hon. member for South Shore suggest that by keeping the numbers down in this chamber, some day we will have 10, 12 or 15 assistants in the constituency in order to help us with our work there? I see that he is shaking his head in the negative. I did not think that was what he meant.

Also, congressmen in the U.S. each have at least a minimum of eight assistants in their Washington offices. I am quite sure we do not want to reach that level here. However, I started out by saying that it was a dilemma. It is a dilemma because I personally do not want to see this chamber getting any bigger than it is. In fact, I like the British House. I like Westminster where there is a very small chamber, debate is kept at a very intimate level, and only those members who are directly involved in a debate sit in the chamber at that time. The debates at Westminster are very informal. They are very exciting at times. It is not a huge chamber; it is an intimate area in which to debate. It was that great Tory, Winston Churchill, who argued, after the bombing of the House of Commons in London in World War II, that we should not

build a new, bigger one, but rather we should build a new one which was in fact smaller than the previous one in order to retain that intimacy. I do not think distribution or redistribution is even considered in this bill and I do not know why we have gone off on this tangent. However, I thought I would very briefly respond to the hon. member for South Shore.

There are four basic compromises or agreements in Bill C-58. Therefore, I doubt very much whether we will protract this debate much longer this afternoon. First, it makes the minimum period of time for an election 50 days. We have been accustomed to minimum election periods of 60, 62 or 65 days which, in modern times, is far too long. With the electronic media that we have at our disposal today, with jet planes which can jet leaders from one end of the country to the other in a matter of four or five hours, it is nonsense to say that a minimum election period must be 60 days.

The original draft of the bill stated that we would have a minimum period of 47 days. Some of us felt that that was far too short, so the steering committee and the committee itself arrived at a compromise whereby elections would be a minimum of 50 days.

Another aspect of Bill C-58 which is worthy of note is that nomination day will now be uniform and it will be "E" day minus 28, or 28 days before election day. This gave the committee some concern. We heard representations from a few hon. members who represent very large geographic areas of the country. Their ridings are very large and they have what I think they call mobile nomination meetings, or travelling shows, as I believe someone referred to them. There is some legitimate concern in very large areas of the country, very large ridings, where a series of nomination meetings are held and there may be three or four days between each meeting.

However, the committee did agree that 28 days should be long enough because what we should keep in mind is that what we are discussing here is not a limit of 28 days. That is the minimum period. Any constituency organization of any party worth its salt will get its incumbent member renominated well before 28 days prior to an election, and those which do not have incumbent members are not worth their salt unless they, too, hold nomination meetings well in advance of the election call. Consequently, there is no law prohibiting a political party from nominating a candidate months in advance or, indeed, even years in advance of an election. I see no problem there unless the incumbent member should decide at the last moment not to run again in one of those very large geographic electoral districts, or the incumbent member or the nominated candidate in that campaign takes seriously ill and cannot run and must withdraw at the last moment or, most sadly of all, if the candidate or the incumbent member should die, which would mean that a nomination meeting would have to be immediately organized. That is one consideration which still bothers me and I know it bothers some other hon. members as well. Nonetheless, the committee has agreed to let the 28 day minimum period go by.

Another good aspect of Bill C-58 is that it extends the voting period at the electoral officer's office from two weeks to three weeks for those who will be away on election day, excluding, of course, those days on which an advance poll will be held. Therefore, it gives the voters an extra week in which to vote at the returning officer's office. We are in agreement with that aspect.

A fourth aspect of Bill C-58 is that it extends the enumeration period from four days to seven days, and I think that is certainly a positive move. It also allows for at least one enumeration day to be on a weekend, preferably, I think, the Saturday of the two days, or it could be Sunday, I am not quite sure. In the past, we have found that in big urban areas, even in certain sections of a riding like mine, particularly where there are many apartment buildings, couples work during the week and this provision will allow the enumerators to get around and see them on a Saturday morning, or even on a Saturday evening.

While I am referring to enumerations, I must say that I am still concerned at the sloppiness of enumeration in this country. I am not pointing my finger at any one person or office with regard to sloppiness. I mentioned it in committee. I am not satisfied that all the people who are eligible to vote get on the voters' list; I think we all know they do not. I am not satisfied that all those who are not allowed to be on the voters' list are, indeed, excluded from the voters' list. I do not know how to toughen up enumeration. I certainly do not want to see enumerators going into homes and demanding I.D.s, citizenship papers, proof of age and so on. That smacks too much of authoritarianism. Certainly, though, we will have to take a new look at enumeration to ensure that those who are eligible to vote are on the list and that those who are not eligible to vote are not on the list.

There are many other reforms much more important than Bill C-58 which should be brought on stream and put on the Order Paper just as soon as it is humanly possible. With all due respect, we have wasted two years in election reform which, I think, was a major issue in the 1980 election. It was certainly mentioned from one end of the country to the other. In two years all we have really come up with is Bill C-58. We have not touched upon redistribution. We have not touched upon enumeration. We have not touched upon mobile balloting for those who are physically incapable or find it physically difficult to get to the polls, yet the report of the special committee on the disabled brought that in as one of their foremost recommendations.

• (1550)

I know the parliamentary secretary has undertaken to ensure that such legislation will be forthcoming, but time is beginning to run out. If it will require the same kind of time frame to bring in these other reforms, redistribution and mobile balloting for the physically infirm as well as better enumeration laws and the whole question of time, with four and half different time zones in this country, how much longer will it take to bring in these much needed and more important reforms than the four mentioned in Bill C-58?

We must impress upon the government that after the Chief Electoral Officer's report comes in on the eve of the next session, which I presume will be early next fall, that draft legislation should be put before the Standing Committee on Privileges and Elections for our consideration so that these electoral reforms will be in place well in advance of the next election, which I anticipate will probably be two years from this spring, although a lot of Liberal backbenchers would prefer the spring of 1985 for obvious reasons that have nothing to do with election reform.

Mr. McKinnon: You mean 1995.

Mr. Blackburn: That would probably help them more, but it would not help the country.

There is an important point I would encourage the parliamentary secretary to bring to the attention of the President of the Privy Council (Mr. Pinard) in drafting new legislation, and that is the whole question of polls during election campaigns. We had a debate in this House, in which I took part, on a private member's bill with respect to polls during election campaigns. I am opposed to them and think they should be done away with. People should be able to think for themselves during election campaigns. Polls are destructive and negative. They give supporters of all parties either a false sense of security or false direction on how to plan their election campaign.

These are some of the reforms I would like to see brought on stream by the government as quickly as possible. I mentioned the four main parts of Bill C-58. I sincerely hope that passing this bill today will indicate to the government the willingness of those on this side, and they will ensure that these other reforms are brought in as soon as the Chief Electoral Officer's report is given to the government early this fall.

With those remarks, I look forward to more creative work in the Standing Committee on Privileges and Elections so that we can update our election laws and bring some of them at least into the 1980s.

Mr. Gordon Towers (Red Deer): Mr. Speaker, it is again a privilege to have the opportunity to bring to this House of Commons some of the thoughts I gathered over the several months preceding the redistribution process that we are now undertaking. I am disappointed that the government did not take this period of time to bring in the type of election reform mentioned by the two previous speakers. The government is really missing the boat by not doing something like that during this period. Both the spokesman for the government and the Chief Electoral Officer stated that they did not think the next election would be fought on the redistributed boundaries. This is why we are going through this exercise.

Surely we learned our lesson in the 1972-74 period and prior to the 1974 election. Suspension law was brought in and that election was fought on old boundaries. We are going to go through the same thing again in 1984, yet we are still putting people in the field. Orders have gone out, the law has to be abided by, the Chief Electoral Officer's hands are tied and he cannot do anything about it. This is not only a useless exercise, but costly.

If the government had wanted to be responsible on this issue, it would have taken this period of time that apparently will be available and brought in some of these measures which are fundamental to the House of Commons. We do not need to make this House larger; I am sure there are ways and means of making it more effective. Increasing the membership in this House will not accomplish that.

I have always maintained that Canadians are the most overgoverned people in the world. We in Canada have over a thousand elected or appointed officials to govern 25 million people. The best example I can give is the United Kingdom which has 635 members for 57 million people.

I was pleased with the very good discussion we had in committee on my private member's bill, C-223. The witnesses who appeared before that committee represented a fairly broad spectrum of our society. We were told that unless we exercise some control in the immediate future, the whole thing will explode and there will be too many chiefs for the number of people we have. We have to look at this.

The current formula for reapportioning seats in the House of Commons is basically unrealistic. It does not take a great mathematician to figure out what the size of the House will be in 10, 20, 30, 40 or 50 years when every ten years the size of the House goes up by 10 per cent or more. This cumulative effect will be disastrous down the road. Now is the time to do something about it.

Canada is overgoverned compared with other countries in the world. We have at least three levels of government in every city, town, village and crossroads hamlet in this country. In some jurisdictions where there is a metro or regional form of government, there are four levels of government. In Ottawa there are five with the National Capital Commission, it being the non-elected fifth tier of government.

In most European states there is a pure federal or unity form of government. There are no levels in between the municipalities and the central government. If you look, Mr. Speaker, at the statistics in Europe—France, Britain, Germany and others—you will see there are far fewer lawmakers, far fewer legislators and far fewer politicians representing far more constituents, far more voters.

Increasing the size of the membership of the House of Commons will do little or nothing to bring about the reform of government which is so desperately needed in this country. It will serve only to dilute the powers and functions of members of Parliament. For years this country functioned with fewer than 250 Members of Parliament. The size was increased to 264 and then expanded to 282.

The present formula, a 1974 amendment to the British North America Act, has so far shown us that it is a cumbersome and unworkable piece of arithmetic. We know how long it takes to put the reapportionment in place. We know that as soon as it is in place, it is obsolete and redundant.

Redistribution is supposed to follow every ten-year census, but by the time the draftsmen and the bureaucrats have the new boundaries and numbers in place, they are outdated and do not have any built-in checks for areas of rapid growth. Certainly this is what is happening in my province. Under the present system, at any given time we are entitled to anywhere from three to five members more than we have, but we are willing to change that. As soon as a province experiencing a high growth rate has its seats reapportioned, it is almost immediately underrepresented and must wait another ten years before any alterations can take place. The 1981 census figures have only recently been available to the Chief Electoral Officer and, by law, he has to set the machinery in motion to redistribute electoral boundaries across Canada. On the basis of the experience of the 1970s, we can rest assured that the new boundaries will not be in place for the next federal election. They will be in place for the federal election we will have at the end of this decade; by that time they will again be outdated, and a year or two later the same process will begin anew.

• (1600)

Surely there is an argument for retaining the House of Commons at its present size or for making it smaller. Common sense requires that. Economy demands it. Running Parliament is not a run-of-the-mill operation. It is an extensive business, and we have an obligation to set an example for the rest of the country.

My colleague, the hon. member for Brant (Mr. Blackburn), mentioned that if we followed the route the United States has taken, there would be more people working in our constituency offices. I do not think that is really necessary. If there was less government interference in private business and in our private lives, we would not have so many problems and it would not take so much time and so many people to make the system work.

Ours is an expensive business, and we have an obligation to set an example and run a lean, thrifty operation. Increasing the size of the membership of the House will place demands on the public purse. I fear that increasing the size of this House would reduce the role of the individual Member of Parliament to that of a mere cypher to be around only at voting time in the House. More and more power would be concentrated in the cabinet and in the office of the Prime Minister. There is too much power there now, and there are no checks on that power. That does not augur well for the common good.

The House of Commons is the highest court in the land. Its members should be close to the decision-making process and close to the framing of the laws which direct our society. In every instance members should be elected to this House directly by their peers. We do not need proportional representation. We need a representative body which mirrors our society, our culture and our Canadian way of life. If reform is needed, it is needed in the manner in which we function. If reform is needed, it is needed in the areas of rules and committees and in the frugal use of the time of the House. There are ways by which we could accomplish this, and it would be for the betterment of our society if we did.

Let me return to the matter of the Senate. The Senate is a prime candidate and ripe for reform. Senator Duff Roblin made an excellent speech on this very important topic in that chamber not too long ago. I wish the government would move in the direction suggested in our advice. It is the responsibility of the government to reform the Senate. That would make Parliament more relevant, more effective and more responsive. If changes to the Senate were made, I am sure that would free up Members of Parliament to accomplish much more.

We must realize that the Canadian people expect us to make major adjustments. Canadians do not want an increase in the membership of the House of Commons. Canadians want an elected Senate. They do not want political parties appointing people to the other place. They do not want provinces appointing the membership of the other place. They want a responsive membership in the Senate, and they want senators elected so that they, too, must return to the people and be responsible.

If we do not make some of these changes, I really do not know what will happen to our country. I know there is a great deal of unrest in my province. That unrest is the result of a government which will not accept its responsibility. It will not allow other people to change the system, but it will do nothing itself. It has a dog-in-the-manger attitude, and that is not acceptable to those of us in the House who are in opposition or to the Canadian people.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I realize that the subject of electoral reform is not one which causes grown men to cry or women to swoon. However, how we handle an election in a parliamentary democracy is extremely important, and what takes place and the procedures utilized in an election make all the difference in the way democracy operates.

I have no objections to this bill. It comes to us from the Standing Committee on Privileges and Elections. That committee of this House is one of the few which operates on an all-party basis. All its members have the same interest in making the system better. It is a pity there are not more committees working on that basis.

With respect to this bill, the Standing Committee on Privileges and Elections reached a consensus on two important figures. It was agreed that the length of election campaigns should be revised from the initially-intended 47 days up to 50 days and that the length of the enumeration period be increased from four days to seven days. I will be asked many questions about why 50 days and not 30 days or 20 days? I think the answer lies in the fact that there is a rural point of view and an urban point of view. For those of us coming from defined urban areas a much shorter election period would be quite satisfactory.

We can get around our ridings and meet the people by various means of communication. Because of this a much

shorter election campaign would be appropriate, as is the case in many provinces. However, one riding in the middle of British Columbia is 500 miles long. The hon. member for Athabasca (Mr. Shields) must attend a minimum of five nomination meetings in five different centres, all of them hundreds of miles apart. That makes a difference. The best compromise, and the one I think all parties agreed on, was that rather than 47 days, 50 days made a great deal of sense and seemed to be a reasonable compromise satisfactory to both the urban point of view and to the rural point of view.

The Canadian Chamber of Commerce stated recently that the current 60-day campaign was established prior to the development of modern transportation and electronic communications. At the last annual meeting of the chamber delegates agreed that a two-month interruption of public business for an election campaign was unnecessarily long and that shorter campaigns would benefit Canadians by concentrating debate, providing a better public focus on issues and policies, reducing the cost of a campaign and minimizing interruptions of the nation's business. As a result of this bill, 50 days will be a shorter period and, hopefully, will meet some of the demands and concerns of the Canadian Chamber of Commerce.

The duration of election campaigns varies from country to country. The institution of permanent voters' lists in Australia and the U.K. has made it possible for much shorter election campaigns. The Chief Electoral Officer of Canada has investigated the suggestion of a permanent voters' list for Canada. We do not have one, and I doubt very much whether, all things considered, we should. The estimated cost of a permanent voters' list for Canada is some $30 million per year. On a cost basis it seems that is one aspect of electoral reform which should not be undertaken in this country.

• (1610)

The enumeration period and the difficulties of enumeration are probably the chief problems encountered at the beginning of any election campaign. This is one reason we fought hard and that finally the committee again came to total agreement that the enumeration period should be lengthened slightly to ensure better enumeration, particularly when the weekend is available. As Bill C-58 now reads, it will guarantee a period of 11 days between the calling of an election and the beginning of an enumeration; five days for the candidates to select their enumerators and five and a half days for the returning officer to train them. The Chief Elector Officer is in favour of this as, I think, will be most members of the House who have studied the issue.

There will be questions about the Provincial election periods in the different provinces. It is 21 days in Newfoundland; 26 days in P.E.I.; 36 days in New Brunswick; 32 days in Quebec; 37 days in Ontario; 35 days in Manitoba; 28 days in Saskatchewan; 29 days in Alberta and 38 days in British Columbia.

I point out to those who wish to compare the federal position with that of the provinces that a federal riding normally encompasses an area which may include as many as five provincial ridings and constituencies. On that basis alone a federal campaign must take somewhat longer than a provincial campaign.

It is not what is in this bill that concerns me, Mr. Speaker, it is what is not in the bill. It is the fact that the government has overlooked so many things that should have been part of the legislation. I doubt if the debate would have gone as long today had the government brought in the reforms that should be in the bill. Other hon. members have spoken about these things, such as the number of representatives in the House and some thoughts about parliamentary reform and other recommendations made by the Chief Electoral Officer over the years about which nothing has been done. That is unfortunate, Mr. Speaker.

I should like to turn now to the question of new boundaries because the machinery for that is now in place. The Chief Electoral Officer says that he will not change the boundaries, will not add the 29 seats, and cannot have that work done prior to October, 1984. If the work cannot be done prior to 1984, that means it is extremely likely that the next federal election campaign will be fought on the same boundaries as exist today. If that happens it means considerable injustice in many ridings of the country. I will give a few examples, Mr. Speaker. Richmond-South Delta will have 55 per cent more population than other ridings; Surrey-White Rock-North Delta will have 65 per cent more than other ridings; Calgary East will have 88 per cent more than other ridings; and Pembina in Manitoba will have 67 per cent above quotient. There are several ridings in Ontario that are in an even worse situation.

If the representation order does not come into force before the next federal election, members from oversized constituencies will be overburdened for years to come. The present position is punitive and discriminatory so far as these members and their constituents are concerned.

Another matter was raised today in question period by the hon. member for Kingston and the Island (Miss MacDonald). The wives of servicemen are required to vote where the husband is registered. The problem with that is that that provision is not contained in the Canada Elections Act. Certainly those wives who are Canadian citizens should have the right to choose where they wish to vote and under what circumstances.

Many other recommendations were made by the Chief Electoral Officer which could have been included in the bill, such as deletion of the present provisions concerning the posting of preliminary lists of electors; more flexibility in setting the maximum member of electors per polling station; promoting or opposing the election of a party or candidate through media interviews; and partisan activity on polling days.

There have been representations from every tourist organization in the country about the sale of alcoholic beverages on polling day. This is an outdated provision still contained in the Canada Elections Act. It is costing us hundreds of thousands of dollars in a federal election period and is damaging the tourist industry. Surely a simple matter like that could have been corrected in this bill.

Another problem is third party advertising. The government does not know yet what it will do about that. The identification of printers and publishers on printed advertisements is another problem, as is the change in the names of electoral districts. There should be clarification of the discretionary powers of the Chief Electoral Officer as contained in subsection 13(8) of the Canada Elections Act.

I did not invent these things, Mr. Speaker; they are contained in reports of the Chief Electoral Officer made to Parliament in the past and no action has been taken on them. This makes his job much more difficult. In this case the government is not guilty of excess; it is guilty of not doing anything. The Chief Electoral Officer has made a good many recommendations that should have been looked after.

Another matter that should have been addressed in the bill is that of vacancies. There are three seats in the House of Commons which are vacant. After 60 days of a seat being declared vacant surely a date could be set for a byelection. The law as it stands is totally unfair to the people of three ridings who have no representation in this House. The government does not have to announce the date of a byelection prior to September and then it can be announced for any time up to and including February, 1985 or until this Parliament ends.

I should point out that the riding of Timiskaming has not had a sitting member since January 22, Broadview-Greenwood has not had a member since March 2 and Leeds-Grenville since the middle of March. It is now the middle of May, Mr. Speaker. When are these constituencies going to be represented in the House of Commons? Why is the government afraid to look after that problem?

I am in favour of the bill as it stands, Mr. Speaker. It represents a compromise among the parties and will operate in the best interests of Canada. In my view, its main defect is that it addresses one small problem, rather than the hundreds of problems that exist.

I think we should let this bill go through, Mr. Speaker, but we should plead with the government to bring in the other reforms that are necessary as soon as possible. I am ready to vote, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it was not my intention to speak on this bill today but I should like to take about three minutes to clarify points raised by hon. members opposite.

I am pleased that we appear to be at the end of the debate on the bill. Had we enforced the rule of relevancy, however, I think the debate would have been much shorter today. Most of the discussion that has gone on did not have anything to do with the bill but, being on who never likes to cut off debate, I thought it would be good to air the concerns that some hon. members have when the broader subject of elections is raised.

This bill does not deal with redistribution, Mr. Speaker. Some hon. members are concerned about redistribution, and in response to that the government agreed to refer the matter of redistribution to the standing committee. As a result there have been a number of meetings on that subject, expert witnesses have been called and the issue has been aired.

This bill does not deal with redistribution, however; it deals with a shorter election period, reducing it from 60 days to 50 days. This is accomplished mainly by eliminating the need for the preliminary lists that are posted.

• (1620)

It also lengthens the enumeration period from four days to seven days so as to provide for a more thorough enumeration. All parties gave somewhat in the negotiations on this bill and I understand all parties have agreed to it. It is an improvement and moves in the right direction and I am delighted that it appears it will receive third reading today.

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

* * *

[*Translation*]

UREA FORMALDEHYDE INSULATION ACT

PROVISION OF ASSISTANCE TO HOME OWNERS

Hon. André Ouellet (Minister of Consumer and Corporate Affairs) moved that Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, I am taking the floor to propose that the House approve this bill, which will enable us to provide for payments to owners of homes insulated with urea formaldehyde foam insulation. First of all, I should like to make it clear that notwithstanding the lack of comprehension of UFFI victims for our government assistance program and the lack of confidence in the government expressed, from time to time, by certain victims, and despite the accusations and insults addressed by some home owners to the government and to me in particular, the Canadian government is determined to find a solution to the problems besetting the owners of UFFI homes.

Personally, I do not harbour any resentment or bitterness with respect to those people who twice came to demonstrate in front of my constituency office. I think that their exasperation and their demands are the natural result of the suffering, anxiety and uncertainty they are experiencing. I want to make it clear to these people that I shall discharge fully my ministerial responsibilities—namely, to find a solution to this problem,—with all the necessary energy and conviction, and that we, as a government, must find a solution to their problems. I wish they would understand that my task would be much easier if I now had all the answers to their questions. It is easy for men and women in the public eye to take part in public rallies and tell UFFI victims what they want to hear. It is much harder to find a solution to their problems.

I am looking for a scientific answer, because I believe it is important to give UFFI victims sound advice. It would be easier, of course, to provide temporary solutions to the problem, instead of concentrating on the scientific approach to find out what can be done to reduce gas levels produced by UFFI. I cannot say that I am very happy about my lack of popularity, but I am prepared to put up with it, because I feel it is my duty to find a real solution to the UFFI problem. I also see it as my duty not to waste public funds, and that is why distinctions must be made and why there are profound differences of opinion about what the Government of Canada wants to do now to help UFFI victims and what the victims themselves would like to see done. The first distinction and issue on which there is a basic difference of opinion relates to removal of the product. Our assistance program is based on a series of measures aimed at reducing formaldehyde gas levels in homes. Our program clearly does not stress removal of UFFI.

And why not? It is because, to date, experts at the National Research Council of Canada have not told us that removal of UFFI should be a priority. On the contrary, all the scientific information available to us shows that UFFI removal in homes should be seen as a last resort, and that before contemplating this costly operation, there are many other approaches that should be tried by home owners. This is therefore a first and very basic difference of opinion. We feel that the tax-free grant of up to $5,000 is an adequate response to the needs of most people who will have to do work on their homes. On the other hand, UFFI victims who believe that the product must be removed right away, will feel that $5,000 is certainly not enough. This difference of opinion will continue as long as the scientific experts working for the National Research Council of Canada have not reached a conclusion. In fact, from the research that has been done, it seems that home owners who did remove the product from the walls of their homes were unable to treat satisfactorily the framework and woodwork, and there is a possibility that these parts of the house are still being affected by the gas and that as a result, only part of the problem has been solved. We must therefore wait for the findings of the experts before we decide whether or not the product should be removed from the walls of homes insulated with UFFI.

The other basic subject of disagreement concerns the health hazard represented by this product. We know that the officials of the department of National Health and Welfare have set a standard of 0.1 parts per million, and all the opinions we have obtained suggest that if the formaldehyde contents in a house is lower than this level of 0.1, there should not normally be any health hazard. Some owners with parents, children, or, in some case, adult relatives who have been affected by the product do not accept the standard of 0.1 and consider the product dangerous at an even lower level. Needless to say, this standard is the subject of many discussions and major contradictions. I must admit that I am not a scientist or a physician and that therefore, regarding the implementation of this government program, I must rely not on the very legitimate impulses and reactions of the victims of this product, but rather on the opinion of experts and physicians; as long as the scientific and medical aspects of this issue have not been settled, we shall find it difficult to understand and interpret the program of the Canadian government.

Having said this, Mr. Speaker, there is one thing that I want to make clear. The government of Canada should not be blamed for this matter. I know that, later on in this debate, members opposite will attempt to throw the blame on the government or the officials acting on its behalf. That is simply partisan politics and I do not believe that it is to the advantage of those affected by this problem. I think that we must recognize one thing, namely that the government has attempted to develop a whole series of measures to provide generous assistance to those affected by this product. Bill C-109 now under consideration is in keeping with the initiatives taken by the government of Canada to help home owners now facing certain problems. The action we are taking will affect many areas, and I would like to summarize briefly what we have done already and what we want to do with the co-operation of the victims themselves.

We have three major objectives. First, to give back confidence in the value of homes insulated with urea formaldehyde foam; second, to reassure the public about the health hazard; and third, to provide immediate assistance and as soon as possible to those who have health or housing problems because of this product. One of the first initiatives taken by the government was to create a co-ordination and information centre on urea formaldehyde foam insulation. The centre served as focussing point for the government assistance program by providing advice and information to the thousands of homeowners concerned.

As I am speaking, Mr. Speaker, I can say that some 21,050 people are already registered with this center and have filled out the necessary forms to take advantage of the assistance program we are making available. The results obtained from our testing programs through an extensive sampling of Canadian homes as well as scientific data have served as a basis for the legislation we are introducing today. I remind the House that Canada is the first country in the world ever to ban urea formaldehyde foam insulation. We are therefore pioneers in this area of science and engineering. The centre has pooled the resources of various federal departments and agencies as well as of many private organizations. I should like to emphasize that several governments are inquiring of Canada as to the means of coping with this problem in their respective countries, because this product has been in use for about ten years in some thirty countries. I should like to return now to the three main objectives I mentioned earlier. First, to restore

confidence in the value of homes insulated with UFFI. And as recently as this afternoon, during the oral question period, the hon. member for St. John's East (Mr. McGrath) put the following question to me, and I quote:

• (1630)

[*English*]

Has the government considered any further compensation for the 80 per cent of people who will not qualify for compensation under the bill today who find their homes being depreciated in value, who find they cannot sell their homes and who find they are having difficulty getting conventional mortgages on their homes?

[*Translation*]

Obviously, Mr. Speaker, the sensationalism which has surrounded this issue is directly responsible for the depreciated value of those properties. If 80 per cent of home owners, and those are the figures provided by the member for St. John's East, have no health problem or any difficulty with that product and consequently are not eligible for our program, it means that the fear which is being instilled by some people about that product is grossly exaggerated and unjustified. Our polls clearly indicate—

[*English*]

Mr. Skelly: What does the U.S. government say?

Mr. Ouellet: I will get to that in a few minutes if the hon. member will allow me to speak and finish my remarks. Some of you are responsible for the prices being lowered on these homes because of your irresponsibility—

Mr. Skelly: You are irresponsible. That is the reason.

[*Translation*]

Mr. Ouellet: Mr. Speaker, those who want to interrupt me show their irresponsibility because unfortunately, we have greatly overrated the importance of the problem. It is serious for those who are living in a house where the level of formaldehyde is too high. It is serious for those who are physically affected by the product, but it is not a serious problem for those who are not affected by the product and in whose house the formaldehyde level is acceptable. Consequently the value of those properties should not decrease. It is only because the matter received bad publicity that the problem was blown out of proportion, with 80 per cent of home owners having suffered a loss of value and needing our help and our program to restore their property's fair value. What we intend to do is provide free tests in order to scientifically and adequately measure the level of formaldehyde, take appropriate steps to bring it to an acceptable level and, above all, issue a certificate that they have safe homes that are fit for occupancy. It is to the extent that we can carry out that program that we will restore the value such properly insulated homes, whose occupants are not affected by the product, should always have retained, but as far as the other homes are concerned, we intend to reduce significantly the level of formaldehyde when it is felt to be too high.

• (1640)

We take the time needed to put the program in place. Some might say our progress is too slow. Clearly, Mr. Speaker, we are progressing slowly. We do so because we do not want to take the risk of putting the victims in a difficult situation. It is our view that we should not only give those home owners free expert advice, but also provide a list of qualified contractors that are duly approved to do the necessary work. We are convinced that a major part of the problem stems from the fact that the work was improperly done originally by unqualified contractors who did poor insulation job and are directly responsible to a large extent for the problem those owners of foam-insulated homes are facing today.

Now, if we want to help those homeowners adequately, it is important that we protect them and ensure that qualified contractors do the work on their homes. It is worthwhile, in my opinion, taking a few weeks, as we are now doing, to qualify those contractors in order that they do not take advantage of the victims of foam-insulated homes.

It is my view that over and above that problem confronting the Canadian men and women who have foam-insulated homes is the whole question of the Canadian public's attitude to the problem and our obligation to reassure the public as far as health hazards are concerned. That is why we have spent thousands of dollars on exhaustive research and development to find new and better corrective measures, so that through long and short-term medical research we may be better equipped against that type of threat that can strike at any moment. I feel that the money we have offered to the various independent associations of UFFI homes in order to help them group together and get, not only from the Canadian government but also from their provincial and municipal governments, concerned attention, direct help and, above all, generous understanding is money well spent. The money we granted those independent home owners' associations will bear fruit, I trust, and will enable us, in co-operation with the representatives of the various victims organizations, to do even better in the interest of the harmed parties, the home owners. Finally, in closing, I should like to mention this: some would have us believe that much has been done in this regard in the United States, like the hon. member who has just interrupted me asking about what is being done in the United States. Let me tell you about it.

[*English*]

The Massachusetts repurchase program, the so-called buy-back plan, has been highlighted as being important and generous and as the thing we should do in Canada. I want to note that the cost of the buy-back plan was to be borne exclusively by industry, not by government, and that the manufacturers or the installers were held responsible for remedial actions. Indeed, the federal government of Canada considered this policy or option before formulating the types of assistance

programs we gave to Canadians. We did not follow the American experience because we knew that the American program was not very generous and was certainly not one which would quickly pay dividends for home owners. Instead we retained our program which gave free testing, technical advice and financial assistance of up to $5,000 to home owners in Canada in an attempt to remedy their problems.

On January 29, 1982, the superior court of Massachusetts set aside the ban and the buy-back regulations as a result of a challenge by the industry. Therefore, home owners in Massachusetts today are faced with no assistance. Just recently consumer protection agencies voted four to one to ban UFFI nationally in the United States. This is not yet in effect but it is expected that it will be in effect some time this summer. Those who compare what we have done in Canada with what was done in the United States should keep in mind that we have been much faster and much more generous in Canada in trying to help the victims of UFFI.

Another aspect of this question is that some people try to pretend that the federal government has some responsibility because the product was accepted under CHIP. Let me say that in 1977 the Canada Mortgage and Housing Corporation accepted this product, along with close to 100 other types of insulation, as an eligible building material under the Canadian Home Insulation Program. This acceptance was based on a standard developed under the auspices of the Canadian General Standards Board. Such voluntary standards are written through the medium of standards committees and the consensus process. The committees are representative of relevant interests including producers, consumers and other users such as retailers, governments and educational institutions, as well as technical, professional and trade societies and research and testing organizations. In other words, there are many other people involved in the standards boards.

• (1650)

The acceptance of this product under the Canadian Home Insulation Program was conditional upon the observance of rigid standards in its installation. Unfortunately, it is evident now that some contractors did not respect these established standards and the Canadian General Standards Board had no legal power to enforce them. This is known by the opposition as well as by us.

While politicians on the other side conduct petty politics over this question, they are not rendering any service to the home owners who have problems today. Prior to November, 1979, only two complaints had been registered with this department concerning this product. By September of the following year, approximately 100 complaints had been received. Although only a handful of these were substantiated, Health and Welfare Canada set up an independent committee of experts to inquire into the potential health effects which could arise from the use of this product. This committee recommended in its interim report of December, 1980, that the use of UFFI be discontinued. The product was then banned under the Hazardous Products Act.

[*Translation*]

That is the sequence of events that led the government to ban the use of that product and act as no other government has done in any other country. Obviously, the government wants to help the victims of that product. It has done something concrete about it. First, it banned the product to stem the evil. Second, it pleaded the homeowners' case before the board of review that was set up under the Hazardous Products Act, which act allows the industry to appeal the decision of the government. In other words, the government submitted the case of the victims before the board of review. The legal advisers of my department are the ones who pleaded the case for keeping the ban on the use of that product in Canada before the board of review in the interest of the victims. My departmental officials are the ones who developed the assistance program; our government is the only one in Canada to pay a certain amount of money to the victims of this product to the extent of $5,000 that is not taxable. Those are the facts. I wish the other provinces, especially Ontario and the province of Quebec, where a considerable number of home owners suffered from the use of that product, had shown comparable generosity towards the victims and offered each home owner $5,000, the amount we are willing to offer them. I feel it behoves other levels of government to quit talking and start doing something concrete like offering specific amounts of money with a view to helping the victims make the necessary repairs to their homes. I can solemnly promise in this House, Mr. Speaker, that my department and our government will continue to work towards helping the victims of UFFI.

We are anxious to become acquainted with the findings of the review board over which we have no authority and which is acting as a quasi-judicial body. We hope, however, to receive its report shortly and that it will confirm that this product is dangerous and must continue to be considered as such; once this matter is settled once and for all, we can take the second step which, in my opinion, is very important. I have already indicated publicly on a number of occasions that if the federal government is ready to do its share, the provincial governments as well as the private sector should likewise be ready to do their part. As soon as I am satisfied, on the basis of the review board findings, that the product is deemed dangerous once and for all, something I expect and hope, I promise to make further representations and step up my efforts to convince the provincial governments and the private sector, especially the manufacturing industry, to do their part and help UFFI victims.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Mississauga South (Mr. Blenkarn)—The economy—(a) Cabinet meeting at Meach Lake, P.Q. (b) Situation in Canada vis-à-vis United States (c) Government position; the hon. member for Central Nova (Mr. MacKay)—Corporate Affairs (a) Investigation on Consolidated Computers Inc. (b) Role of Royal Canadian Mounted Police; the hon. member for St. John's West (Mr. Crosbie)—External Affairs—(a) Reported Canada-France agreement on Saint-Pierre and Miquelon Islands (b) Request that agreement be made public.

GOVERNMENT ORDERS

[*English*]

UREA FORMALDEHYDE INSULATION ACT

PROVISION OF ASSISTANCE TO HOME OWNERS

The House resumed consideration of the motion of Mr. Ouellet that Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, I rise to lead off this debate for our side, not only on behalf of the official opposition but on behalf of 80,000 to 100,000 families across Canada. I intend to speak out on behalf of some 250,000 to 300,000 Canadians who have suffered, are now suffering and who will continue to suffer from the effects of urea formaldehyde foam insulation unless this government acts.

I ask you to picture, Mr. Speaker, anywhere from 80,000 to 100,000 heads of households sitting in this chamber. Since it is impossible to visualize that many people jamming into this House of Commons facility, picture an overflow crowd at Olympic Stadium in Montreal and the Canadian National Exhibition Stadium in Toronto combined. I am absolutely certain that the vast majority, if not all, of the home owners whose homes are contaminated with UFFI would say to the Minister of Consumer and Corporate Affairs (Mr. Ouellet), who just finished introducing second reading of Bill C-109, in one loud voice from those two stadium precisely what I am about to tell him—that this bill is a pathetic joke. It is an insult to those seeking responsible government action to assist them in their plight. It is a pitifully small band-aid measure which cannot begin to cover either the health damage or economic hurt which has been caused by this government.

Make no mistake, this Liberal government has created a monster that will not go away, a monster which will not respond to the pop-gun approach by the federal government in this bill.

Based on the government's urging, Canadians acted to insulate their homes using a government approved substance, one of several forms of insulation—as the minister correctly pointed out, but one which the government itself manufactured—urea formaldehyde foam insulation. There is absolutely no question that home owners or tenants, nor I daresay this government, would not have recommended and used this product knowing what we now know about its actual and potentially disastrous effects on people's health. I will deal with this government's undeniable responsibility in this UFFI crisis in a few moments.

I would like first to serve notice on the minister and the government that we on this side of the House would like to see reasonably speedy passage of the bill through second reading so that it can move on to the appropriate standing committee. I say that we would like to be reasonable in expediting this bill, although I know there are several of my colleagues in the official opposition, as I am sure there are a number of hon. members on the government side of the House, who are receiving strenuous representations from their constituents and who will want to enter this debate. We do, however, have a major concern about this legislation, quite apart from its glaring inadequacies in terms of compensation for home owners. Even as it stands, it is merely a skeleton of a bill. It contains only nine classes and everything in the bill depends on regulations to be made by order in council. These regulations are the heart and soul of the bill. They will set out who will be eligible for remedial grants, what criteria will apply and what compensation will be available to those unfortunate Canadians who qualify.

• (1700)

Surely the minister does not expect us to give him a blank cheque for some $55 million when it comes to the health, safety and financial security of a quarter of a million or more Canadians. Therefore, we on this side want to see the government's proposed regulations before we consider passing this bill; otherwise, we are being asked to approve legislation which we and Canadian home owners with UFFI will not see. Unless we have the regulations before us, we will not be able to examine them before the committee and individuals and groups of home owners will justifiably remain skeptical about the government's commitments to a truly effective and equitable compensation program.

Knowing the type of regulations which have recently come into being by order in cabinet, the minister should not be too surprised by our skepticism and concern. I urge the minister to let the committee examine the draft regulations that he has in

mind. Indeed, we may even wish to include some of those regulations in the legislation.

There is a precedent for this situation. During the Clark administration in 1979, when we were in second reading stage of Bill C-25, the Transportation of Dangerous Goods Act, our government broke with precedent in order to table draft regulations. The minister's co-operation in this connection concerning this bill's regulations would be most helpful. We have some questions to ask and recommendations to make concerning this bill, but I will deal with them later in my remarks. Let me come to the area of responsibility.

[*Translation*]

Mr. Speaker, I maintain that the federal government itself was the cause of the problem for Canadian home owners, that the federal government itself promoted UFFI and later banned it as dangerous. It was the federal government that warned Canadian consumers about the physical symptoms related to UFFI. It was the federal government that established the nationwide review board which will confirm its conclusions on UFFI, and the federal government therefore has the immediate and full responsibility of getting the Canadian home owners out of trouble. If this means a public statement, if this means another blow to the building industry, if this means another expenditure to protect the health of this nation, very well.

The Minister of Consumer and Corporate Affairs (Mr. Ouellet) cannot blame the media, the provinces, the manufacturers and the installers, nor can he blame the official opposition. He can only blame the ignorance of his department and his government, as well as the carelessness and the conflicts of interest which have brought about one of the worst tragedies in Canadian history.

[*English*]

The UFFI mess is a classic case of one arm or several arms of government not knowing what the other arms are doing. There is abundant historical evidence to prove this, although the government has thus far declined to answer some of our questions to confirm the facts. Mr. Cliff Shirtliffe, a research officer with the National Research Council, appeared before the hazardous products board of review. The minister says he is impatient to receive the report of that board of review. I can tell hon. members that there are a good many thousands of Canadians and many of us on the opposition side who are equally impatient to see those results.

At that board of review hearing on August 14, 1981, Mr. Shirtliffe said that he recalled a meeting in 1974 with CMHC and industry representatives to explain whether or not the reported cases of allergic reaction to the foam could be true. Assurance was given by the industry people that they themselves were not affected. However, as far back as 1974 there was a request to the Department of National Health and Welfare to review the toxicity of the foam. Mr. Shirtliffe also stated at the time that the problem concerning the gas released from the foam is that little is known about the effects of long-term exposure to low levels of the toxic chemical. He noted, back then, that the federal committee investigating insulation materials was particularly concerned over the potential dangers of long-term exposure of children and older people to the gas.

Then in August, 1978 Dr. Richard Viau, who was then acting head of the chemical and fire safety program of the Department of Consumer and Corporate Affairs and who is now, I understand, its director, warned in an interview with Jim Travers of Southam News that "people should think quite carefully before installing this product in their homes". He went on to say, "Formaldehyde is a very irritating chemical and exposure can lead to headaches, allergies and a whole gamut of other problems". He also acknowledged that complaints of irritation and nausea had been received by government officials and that the government was aware of earlier studies done in Europe, Scandinavia and the United States describing problems with urea-formaldehyde foam insulation. But even as his own senior official was issuing this warning, the Minister of Consumer and Corporate Affairs was sending out thank you notices to home owners with UFFI. I have in my hand a faded copy of one of them, and it reads:

> On behalf of the Government of Canada, I wish to express my appreciation for your participation in the conserving of energy through the Canadian Home Insulation Program.

It was signed by the minister's own hand, the Minister of Consumer and Corporate Affairs.

Only after several states had banned the use of the material, long after most of the 80,000 to 100,000 home owners took the government's advice and installed UFFI, did the Minister of National Health and Welfare (Miss Begin) begin to get concerned. There was then a series of news releases. I will just read the gist or the opening paragraphs of each of these releases. On September 19, 1980, the first time we heard of government concern, the government stated:

> "Increasing reports of health problems that have been linked to the use of urea formaldehyde foam insultation are of serious concern to my department", National Health and Welfare Minister Monique Bégin stated today—
>
> A primary concern with UFFI is the release of formaldehyde gas into living areas, both during installation and for several years afterward.

That was the government's warning in September of 1980. Then, in December, 1980 another news release stated:

> Steps to institute a temporary ban on the use of urea formaldehyde foam insulation were announced today by Health and Welfare Minister Monique Bégin and Consumer and Corporate Affairs Minister André Ouellet . . .The government's decision to act at this time flows from the committee's expressed "serious concerns regarding the health hazards posed by the presence of formaldehyde in homes insulated with UFFI".

That was the expert advisory committee which the government had set up to look into problems relating to UFFI. If I may correct a statement which the Minister of Consumer and Corporate Affairs made earlier during his remarks, the expert advisory committee said it was not prepared to recommend any level of formaldehyde as being safe. Therefore, I am wondering whether the Minister of Consumer and Corporate Affairs is now rejecting the basic advice which prompted the ban on the product.

The committee also stated that each individual will react differently to formaldehyde under different climactic conditions and under different methods of installation. The expert advisory committee stated that the level of 0.1 parts per million is not a definite level of danger; it is simply an arbitrary one picked out of the air. That level was used based on the law of averages in terms of the way it affected Canadians.

Finally, on April 23, 1981 the Minister of National Health and Welfare recommended that the ban on the use of the product, urea formaldehyde foam, be continued because of chronic exposure to formaldehyde from leakage of gas into the living space of homes over long periods of time.

• (1710)

We are discussing the product itself here, the urea formaldehyde foam insulation, which is unstable. That is what the expert advisory committee was talking about and that is what the board of review is investigating now, the safety or otherwise of the product.

If there was any incorrect installation or if there were any faulty licences distributed to manufacturers, that is a matter for the courts to decide. It is something on which the provinces could be pursued. The main thing we are looking at now is the foam itself which is causing Canadians headaches and heartaches. It is the product I am concerned about here.

That is a little of the painful chronology which makes us realize how deeply the federal government became involved in this UFFI crisis as far back as 1974. Here we are in the second week of May, 1982 and we are actually getting a chance to debate second reading of a program the minister first announced on December 23, 1981. It was fully four and a half months before the government could get some legislation before the House and four and a half years after the government started to utter warnings to itself about the instability of this foam product.

Then the government delivers this mouse of a piece of legislation which is somehow supposed to redress the grievances of several hundred thousand Canadians who became unwitting victims of this government's blundering into one of the most monumental gaffs in Canadian history.

What has the Minister of Consumer and Corporate Affairs been telling Canadians in the meantime? What encouragement does this umbrella ministerial spokesman for some five or six different government departments offer UFFI home owners? I do not know if the minister remembers a headline from Rock Forest in Quebec.

[*Translation*]

"Go and see a doctor if you are ill." The minister then added: "People should not wait for the government to act. If they have problems with their installation because it does not work as expected, they should sue the contractor or the manufacturer. If they have health problems, they should see a doctor."

[*English*]

In effect, the minister tells them not to wait for the government to act if they are worried about the foam, that they should take it out themselves. A few minutes ago the minister told the House that the evidence he has from the National Research Council is that it would make the problem worse if they took it out, or to take it out only as a last resort. Small wonder Canadians are very confused and angered by this urea formaldehyde foam crisis.

In answer to questions my colleagues and I put to the minister in the House of Commons, and again just a few moments ago, the minister has been quick to blame everybody else in sight for this disaster. He blames the provinces, the contractors and the installers.

[*Translation*]

The government also has the impression that there has been an excessive amount of bad publicity and very often too little action concerning the UFFI and that we, of the Official Opposition, should help to appease the fears of the building industry about this crisis.

[*English*]

The fact remains that people are hurting. They know who is to blame. They were counting on government legislation to help them out of a mess that the government created. What did they get? They got Bill C-109, a remedial measure blanketed in a lot of comforting verbiage which does not come to grips with the real problem UFFI victims face. Stated simply, it is how they can make their homes safe and saleable, and is the government going to help them? This corrective measure, as the minister calls it, is too little and, for many Canadians with foam in their homes, already much too late.

That is not just my view as the official opposition critic for consumer and corporate affairs. I would hate to be politically partisan all the time on this issue, so I will call on an editorial in the Ottawa *Citizen* of Monday, April 12, 1982, entitled "Government offer not adequate". The *Citizen* is not exactly known for its hostility toward this Liberal administration, to put it mildly. I draw the minister's attention to the last three paragraphs of this government's most sympathetic newspaper:

> The federal government will only offer up to $5,000 in grants for home owners suffering from foam fumes. And that maximum grant falls far short of the cost of removing the foam. Rather it will only cover cosmetic repairs to seal fumes from the foam inside the walls.
>
> Prospective home purchasers don't care whether the foam is sealed or unsealed.
>
> As Murray Coolican, Ottawa spokesman for home owners with foam, points out, the federal government's compensation plan is "too little, too late". Ouellet is duty-bound to provide compensation to deal with the problem his government helped create.

To lend some balance to this criticism that I have of the government's treatment of UFFI home owners, I will quote very briefly from three colleagues on the government side of the Minister of Consumer and Corporate Affairs. The hon. member for London West (Mr. Burghardt) has been receiving his share of flak from southern and western Ontario on this foam issue. I know because I recently attended a meeting in

London of 350 home owners who brought their legitimate concerns in a very forceful manner to that hon. member and myself. The hon. member for London West at the Standing Committee on Health, Welfare and Social Affairs said it for all of us when he told the minister:

> The thing that concerns me, though, and I am sure it concerns all of us, Mr. Minister, is this fear of the unknown. Many people today are experiencing health problems; there is no doubt about that. Whether they have evidence from their doctors or not, they do know that something is wrong, obviously because of some conditions in the atmosphere of their home. Other people are concerned about the value or the devaluation of their homes because of this—again fear of the unknown.
>
> I would urge you to urge your officials to try if at all possible to arrive at an answer as quickly as possible.

We now go to Toronto and the hon. member for Scarborough West (Mr. Weatherhead). He had this to say in a letter to the Minister of Consumer and Corporate Affairs:

> – I do believe that a good case can be made for the fact that the government unwittingly enticed home owners to take advantage of the CHIP program and the home owners were relying on the government's implied assurances that the substance was not dangerous to their health—

The letter adds:

> Every step should be taken to immediately accept replacing foam insulation in homes at the government's expense.

It should be pointed out that the hon. member for Scarborough West is chairman of the Ontario federal Liberal caucus. He said he is a Trudeau government supporter, but that he has to protect his constituents. While he is the first Liberal backbencher to speak out, he said "I won't be alone".

Completing our roster of members who have had the guts to speak out publicly on behalf of their constituents in this issue, I turn to the hon. member for Gaspé (Mr. Cyr) who spoke in an adjournment debate on May 3, a few days ago. Referring to the Gaspé, he said:

> The owners followed the directions given by the Government of Canada to save energy and applied for a grant to insulate their homes. Most owners who used area formaldehyde foam insulation are now facing a health problem and must find another place to live in and this is not easy in an area such as ours.
>
> • (1720)
>
> Mr. Speaker, even if the Government of Canada provided a $5,000 grant to remove that foam from the walls of a house whose owner is unemployed or is on welfare, where will this owner find the additional $10,000 to have the work performed? Even people who have permanent jobs but whose property was mortgaged to have that insulation put in can no longer afford to borrow at 20 per cent to have the foam removed from their walls and ceilings.

The hon. member for Gaspé told the House last week:

> —I intend to participate in the debate on second reading of this bill in order to defend the interests of the people I represent here in this House, the victims of urea formaldehyde foam insulation, and especially those who are in a precarious financial situation.

I am looking forward to hearing the intervention of the hon. member for Gaspé.

When *The Citizen* or anyone else, including hon. members on the government side, mentions the word "compensation", total or otherwise, those of us who are on the front lines of the UFFI battle are constantly pursued about the dollar value of such a program. My answer is yes, the cost of restoring victims' homes to being safe and saleable places will be expensive, and yes, it could amount to hundreds of millions of dollars; but I can never recall a bottom line where the health of this nation is concerned. I will say more about financing later, but this $110 million remedial program has now been scaled down by half for actual disbursement to homes with the foam. The other $65 million presumably has been used for testing, publicity, dosimeters—

Mr. Ouellet: No.

Mr. Scott (Hamilton-Wentworth): Some of it has certainly been used for the delightful little pamphlet I have in my hand entitled "What you should know about UFFI" which the government has been circulating telling people that the stuff looks life shaving cream when it is first blown into their walls. I would appreciate a breakdown from the minister, at his convenience, as to where the other $65 million has been spent in terms of this program.

Mr. Ouellet: The next fiscal year. You should read the bill correctly, at least.

Mr. Scott (Hamilton-Wentworth): The $55 million remaining is as useless to UFFI victims as the June 30, 1983, deadline to qualify for the grants.

There is no way to paper over this issue. Home owners know it, real estate agents know it, provincial governments know it and, having talked with hundreds of UFFI victims across Canada during the past 18 months, believe me, I know how desperate many thousands of innocent victims of the foam crisis are for federal government assistance. They know how woefully inadequate this remedial bill is. They are looking to government for much more meaningful compensation for their shattered lifestyles.

I am particularly saddened and, indeed, sickened by letters and reports which flow into my office every week from UFFI victims all across Canada. One newspaper just yesterday carried a story of a couple in Downsview, Ontario, who watched their $135,000 home of 15 years being bulldozed because of urea formaldehyde foam insulation. With their home, this couple which had emigrated from Italy also watched their lifetime of hard work and cherished memories being demolished. Now they are starting over. They are building a new home and plunging into debt once again. Understandably, they are bitter and disappointed at an Ottawa government which had urged the country to save energy with insulation but which will not take its responsibility now. In a statement, which could be mirrored 100,000 times, the Downsview couple said:

> They pushed us to put in the insulation, and now they want to wash their hands of it.

Worse, these people cannot be eligible for any financial help. They tore down their house. Now they do not qualify for aid, according to a spokesman for the Minister of Consumer and Corporate Affairs. I find that an unconscionable abdication of this government's responsibilities, and I will have a recommendation to make in this regard in a few moments.

Let me put on the record the views of some Canadian home owners plagued with UFFI. Their own words speak volumes about the issue now confronting this Parliament. My office here on Parliament Hill has been in continuous touch with HUFFI— Home owners with Urea Formaldehyde Foam Insulation—group leaders across Canada who represent thousands of home owners with UFFI. The Minister talks about some of us who raise this issue as being deliberately politically partisan. I do not know or care what the politics of UFFI home owners are, but we are in constant touch with them, and they continue to bring to us the real stories of the home owners they represent. The minister talks about people like John Owen from Vancouver; Dr. Penny Tilby from Vancouver; Fred Palen from North Calgary; Stan Wilson from Regina; Glenn Markowski and Lloyd Maynard from Winnipeg; Ace Willsie, Pam Snow, Jim Inch and Margaret Vagalaid from Kitchener-Waterloo; Ms. Pat Clarke from Scarborough; Dr. Frank Spitzer from Toronto; Ed Smee from Hamilton; Lee Kennedy from London; Bob Ord from Welland; Rick Patten, Murray Coolican and Mrs. Pat Strickland from Ottawa; Len Cocolicchio and Mr. Larry Gee from Montreal; Madam Nicole Lamer and Yves Nantel from Ste. Therese, Quebec; Carl Wentzell from Riverview, New Brunswick; Mr. Mark Poirier from Halifax, Nova Scotia; and Danny Williams from St. John's, Newfoundland. Almost on a daily basis these people keep us informed on the progress and plights of many thousands of home owners.

Incidentally, I want at this time to pay a special tribute to my researcher, Mr. Sean Berrigan, who has become Parliament's unoffical ombudsman for countless UFFI organizations which have been springing up across Canada. Many of my colleagues in this House are aware of Mr. Berrigan's untiring dedication to the plight of UFFI home owners, whether individuals or vast organizations, across Canada. I just want to take this opportunity to thank him for his painstaking research for me and my colleagues in our collective attempt to gain justice for so many Canadians who have been so aggrieved.

I have a letter here to the aforementioned Mr. Larry Gee in Pointe Claire from A. E. LePage, a real estate firm, and this letter says it all:

> It is certainly unfortunate that although all of these indications suggest a market value of $42,000, I feel that because of the type of insulation (i.e. urea formaldehyde foam) in your home it would be virtually impossible to market.
>
> Since the insulation in your home appears to be impossible to remove without virtually removing the building, I would have to consider the building to be worthless. In fact it is a liability, as someone would have to spend money to effect its removal.
>
> The land value in the area indicates that your lot because of its location should sell for $15,000; however the cost of removal of the building may have to be deducted from this amount.

That is the kind of financial situation Mr. Gee has ended up in as a result of this crisis.

I have here an open letter to the Prime Minister of Canada (Mr. Trudeau) from Felice and Frank Spitzer of Toronto. Mr. Spitzer is head of the Ontario HUFFI Association.

> Naturally the most serious repercussion of this whole issue is that of health. In our particular instance, my husband has been severely affected with a sinus problem. He was operated on just one and one-half years ago and is unfortunately no better. Naturally he suffers and as a consequence the normal routines of family life are somewhat hindered. It even goes so far as with tiny matters such as the fact that we cannot talk to him in the mornings while he has to rinse his mouth out for long periods at a time so that nobody can have any conversation with him until we actually sit down to breakfast.

The litany of health problems goes on and on.

I have here a letter to my colleague, the hon. member for Waterloo (Mr. McLean), from Donna, Wayne, Sue and Terry Gravelle of Waterloo:

> Several days ago my husband went to see Dr. Wyse for pulmonary and allergy tests. He has been attending doctors for quite some time as he has had sore eyes, running ears and severe breathing problems. Dr. Wyse has stated he feels positive that his problems are caused by the UFFI in our home. He feels we should move out of the house because of Wayne's problems and the problems the rest of the family are experiencing. He has also stated he is willing to testify that he feels the foam is causing these problems.
>
> Is there anything that can be done! WE ARE DESPERATE!

That is signed by Mrs. Donna Gravelle.

I have received a letter from a Mr. Peter Lake of Edmonton, Alberta who says:

> My problem is as follows. I am faced with having to sell my house within the next 16 to 24 months for a work-related move. Since I have urea formaldehyde foam insulation in my walls, the marketability of my house is nil, and I am faced with the prospect of losing all of my equity and possibly being left with a mortgage to pay off as well. This would leave me with no chance to purchase another home in my new location as I would have no downpayment and, since I have already used my RHOSP eligibility, no easy way to save.

• (1730)

> The Government has suggested a number of ways of making UFFI houses habitable with sealing and chemical absorbers, but clearly, the only way to make a house marketable is to remove the foam.
>
> The Government has mentioned the possibility of (but has not yet promised) aid of up to $5,000 towards making UFFI homes safe, but I have received estimates of $15,000 to $20,000 to remove the foam. My house has stucco outside and plaster inside.

That letter raises a point that I think should be cleared up. Many Canadians are under the impression that if they qualify for a grant, if the level of urea formaldehyde warrants a grant, they will get the whole $5,000. While that is not nearly enough to remove the material from their homes, most people seem to think that they are eligible for that amount. I think that the minister and the government should make it clear to home owners who are applying for grants that they can get up to $5,000 but that they could receive a much smaller amount.

In the few minutes remaining to me, Mr. Speaker, I want to raise some questions and offer some recommendations to the government. Perhaps the Minister of Consumer and Corporate Affairs (Mr. Ouellet) can deal with these questions later in the debate or when he appears before the Standing Committee on Health, Welfare and Social Affairs later in the week.

These are the questions that I should like to have answered. What about residents of buildings other than single family homes? Urea formaldehyde foam has been used as an insulation material in a number of apartment buildings, offices and commercial complexes. Is the government satisfied that it has a full list of such buildings and is it satisfied that it can accurately test levels of gas in the various segments of such buildings where people work and live? Then there is the question of

who is responsible for testing. Is that up to the person dwelling in a building or working in a building, or does the government accept the responsibility for seeking out and testing dwellings that are not owner occupied but which have been insulated with UFFI? If not, how can workers in office buildings or residents of apartment buildings find out whether they should have their place of work or residence tested? Who would pay the cost of such tests?

Then comes the matter of retroactivity to which I referred earler in the case of the couple from Downsview. Is compensation available to people who had UFFI removed from their homes because they or their families had fears of or had experienced a health problem? If so, how far does retroactivity extend—to the temporary ban, to the permanent ban or to the introduction of this bill, either last December or just a few days ago at the end of April? Do such people also have unlimited rights to sue in the courts? These questions are asked at virtually every home owner's meeting.

In terms of minimizing the financial risk of court action, does the government plan any special measures that would make it easier for victims of UFFI to launch suits in the court with a minimum of financial risk? What about health problems which emerge later? If the health problems emerge as a result of exposure to UFFI four, five or ten years ahead, will a legal obligation to pay compensation still be recognized by the Government of Canada?

There are a number of very critical questions that must be answered in connection with this bill but, I repeat, we must see the draft regulations before we know what course the government is going to pursue in implementing the bill, because that is where the guts of the legislation really lies.

Above all, we feel that more money must be made available to this program until the government gets beyond remedial aid to UFFI home owners and lives up to its responsibility for meaningful compensation. The $55 million is woefully inadequate when you consider the number of Canadians who are sick as a result of the mistake of the government. I would recommend that the bill and the remedial program be made retroactive. All Canadians who removed the foam or spent money trying to rectify the problem should be eligible from the date of the government's temporary ban on December 18, 1980. Any removal or structural corrections prior to that time would, presumably, be a matter for the courts to decide.

I would certainly recommend that amendments to be made to the bill to extend the life of the program or make provision for it to have long-term effects. The present expiry date is meaningless to those who are not experiencing problems now but in whose homes trouble may show up in the years ahead.

Let me conclude with my own personal thoughts on this UFFI crisis. Many describe it as a catastrophe. It started in 1980 and the early part of 1981 as a sleeper issue. Some people in government began to wake up to the realization that we might have a real problem on our hands, and some home owners began to experience a variety of problems directly attributable to urea formaldehyde foam. Many home owners suddenly began to wonder what the growing controversy might do to the saleability of their homes. Government departments have been accumulating frightening evidence in the meantime, and there have been mounting fears from UFFI home owners about the effect on their health and on the sale of their property. An awakened and aroused public has escalated this issue into a national catastrophe.

We are faced with a problem without precedent. As elected representatives, we must do something about it. The people do not care which level of government is to blame. That is where the issue transcends partisan politics as far as the victims are concerned. A lot of Canadians are being hurt, whether because of their health or because of the value of their real estate or other economic reasons, and they are looking to government, any government, for help.

I want to close as I started, by suggesting that if you put all the heads of UFFI households in Canada in our two largest stadia there would be about 250,000 or 300,000 people there or roughly the population of Hamilton or Ottawa. They would all say what I have been saying this afternoon, that this UFFI mess is a disaster of the first order. Had all those Canadians been concentrated in one city would the federal government, the provincial governments and the municipal governments, not considered this mistake a true national disaster? Would all governments not have made this matter a top priority and quickly agreed on emergency measures on behalf of their afflicted taxpayers? It happens that these people are not all concentrated in one city but are spread from one end of the country to the other.

I do not minimize the responsibility of the prime offender in this UFFI mess, namely the federal government, but the provinces and the municipalities have a responsibility in terms of property taxes and re-assessment in light of this crisis. In short, governments must act at once, led by the federal government, to provide much more meaningful compensation than is set out in the bill.

It used to be said that the Canadian dream was to own one's home. For many thousands of Canadians that dream has turned into a nightmare. I think that this government and this Parliament must act at once to restore that Canadian dream for those home owners who have been afflicted with UFFI.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Ouellet: Mr. Speaker, I rise on a question of privilege. The hon. member for Hamilton-Wentworth (Mr. Scott) referred in his speech to an article in the newspaper *La Tribune* of Sherbrooke in which Gilles Fisette badly misquoted me. I believe that it is important to clarify this statement. I have never told this reporter that I believed that the victims should go and see the doctor. The manner in which my comments were quoted obviously misrepresented my suggestion which was aimed at helping people rather than at laughing at them. I want to clarify this point and put this statement on record to make what occurred quite clear.

• (1740)

[*English*]

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I have waited long for this opportunity and it is with great anticipation that I take part in this debate. I would like to go back for a moment to comment on some of the minister's remarks, particularly his comment that he did not want to get involved in petty politics in considering this basic issue of urea formaldehyde foam insulation. I suggest to the minister that it is through the political process that a decision is made about the allocation of scarce and valuable resources. What that minister and that government have said continuously since the advent of this issue is that they are not willing to allocate adequate resources to meet the needs of a large number of home owners which arise from this very serious problem. The previous speaker tried to give some indication of the magnitude of the problem. Obviously, to some degree, it fell on deaf ears. On the other hand, perhaps if each one of those members were prepared to spend $1 in the minister's constituency, he would not only be driven away from his office as minister but would be driven away from this House altogether, which might be fair and just in view of the kind of program he has been supporting here today.

This issue has really two basic characteristics. One is that it is a national disaster. We are talking about homes being damaged and health jeopardized. It is an incredible situation in that if the problem were not scattered across the country, governments at all levels would leap to assist with substantial funds to rectify it. The other characteristic is the dishonesty of the program put forward. In presenting this thesis of dishonesty, I am suggesting that the following method is being used. Some time before 1977 a board was set up to approve this insulation material for use in homes. If the material was approved, a description was given of how the material was to be used. At the end of April, 1977, the Minister of Energy, Mines and Resources (Mr. Lalonde) wrote to one of the industrial organizations involved and told them they would not be pressured into putting a substandard product such as urea formaldehyde foam into the homes of people. He was concerned about health problems and about it being a poor insulator, and he indicated there was no way the government was going to be pressured into supporting this material. Two months later that decision was completely reversed. The decision came not only from the Minister of Energy, Mines and Resources in a telex to the companies involved, but misgivings were also expressed by CMHC and NRC officials. The only enthusiasts for this material were the manufacturers, and they sat on that board. No greater conflict of interest can be seen. That in my opinion was dishonest.

There is another aspect to it. When that decision came about, the Canadian Development Corporation acquired a share in a company which owned or controlled one of the manufacturers. The thesis that works now, is that there was political pressure to change that decision, especially on government officials on the board, and to gain approval for this product. So a company which was earning very little revenue and was close to bankruptcy, went on to become extremely profitable as a result of this change of decision. Then, just before the ban, it was sold to another outfit, unsuspecting that the ban was coming into place and which, I assume lost its shirt on the deal.

The first thing we would like the minister to do is to hold a public inquiry to inquire into, under oath, the relationship between the CDC, Innocan, Rapco and Lorcon with a view to determining what the connections were between those organizations and the government officials in the approval of this product for use in Canadian homes. That is the first thing which must be done to lift this web of dishonesty which falls over the approval of that product. Second, I would like to point out that the program itself was put forward by the minister in very loud and vigorous terms in this House in an attempt to defend what the government has done and to curse the opposition for its petty political manoeuvring. The minister did nothing to alleviate the fears and concerns of people with that material in their homes. In fact, I suggest the government created a program designed to break the back of the political strength of the home owner's movement.

About two years after the approval, Mr. Speaker, the government of Saskatchewan asked the federal government to please ban the product. It fell on deaf ears again. The federal government was not interested in banning that product, in spite of the fact that Saskatchewan at that time was helping home owners with health problems by becoming involved in a relocation program. This is the second thing that we in the NDP would like to see the government do if it has any honesty. It should develop a relocation program so that those people with extremely high gas concentrations, who are suffering from health problems in their homes, can be relocated. Those who do not have the funds can be given a federal government grant to move out now before they and their children and other members of their family succumb to the health problems associated with that product.

These are two suggestions. A public inquiry would cost next to nothing but it might lift the web of dishonesty which appears to have fallen over this whole issue. The second suggestion is for a relocation program such as the one Saskatchewan became involved in long before the ban was ever announced. I notice the minister is off in some other area thinking of something else, but certainly those are two valuable suggestions.

Next we have the development of this program. The ban was eventually announced in December of 1980 after a great deal of persistence. But then no action was taken. There was a delay of a year before the government developed its program. Certainly a testing program was started and it took up a lot of time. Then the minister developed his answer to the Canadian problem: a $110 million program for home owners. But he announced it on December 23, a good time to avoid the political consequences of a tremendous inadequate program, the day before Christmas Eve. It was beautiful. A $5,000 grant, and a testing program, which, I assume, was based on the dosimeter approach to determine whether or not you had

0.1 parts per million in your home or had a health problem. Then you could qualify for a grant of up to $5,000. But there was a great delay. Groups began to form and, they believed that with some pressure they could get the government to realize and understand what their problem was. Then, lo and behold, an answer from the government.

It is interesting that when the minister announced the program he said that the next honourable thing to do would be for the provinces to become involved. They should get in and help, because the federal government was the only one doing anything. Really that was not true. Other governments were doing things. They were asking the federal government to ban the product before thousands more homes were filled with it. They were testing, and they were relocating. Not only that, they were asking the federal government to become involved in some of these activities. In no way did the federal government do that. But the minister could do something at this late stage. For example, when the minister put the program in place he wrote a letter to the provinces asking them whether they would like to participate in a program to help these home owners. One of the provinces indicated it would be interested and wrote for more details. However, the provinces read about the federal program in the newspaper. That is the kind of consultation in which the minister is prepared to engage. In the last week, I have visited five provinces and I have spoken to home owners, officials and consumer and corporate affairs ministers. They tell me they are prepared to help. But what kind of consultation do they get from this minister and this government? They get none. The reason is that it is basically a political manoeuvre on this government's part.

• (1750)

Third, we ask the minister to leave this House now and to call a federal-provincial conference of ministers responsible for the problem. I am certain that with any effort and some willingness to acknowledge at least some responsibility for the problem before us today, the minister would get the co-operation of provincial governments. Even some co-operation is better than what he is getting today. Provinces are indicating they are prepared to help. If the minister would call a federal-provincial conference I am certain that he would get those people here today. I urge him to do that. I urge him to develop consultation and a meaningful program, not an ad hoc, off-the-cuff program like the one he has developed and presented to us in this House. I hope the minister will have a little more respect for his provincial colleagues who are faced with the problem.

I have outlined three suggestions: the public inquiry, the relocation program and the federal-provincial conference. The minister will not walk away empty-handed. Throughout all of this time, there has never been proper consultation. Most of the officials and the ministers in the provinces would acknowledge that immediately.

It is interesting to look back on this matter. The minister announced the federal government had set up the Canadian General Standards Board, which was a program to show how to utilize the material. There must have been tremendous misgivings about this product. It appeared, until the end of April, that there was no way it would receive approval because of reactions form NRC and from CMHC and even from what the minister wrote in the telex. But when the reversal came in the two-month period, it really appeared as though political pressure came into play in the decision. But when the decision came, it was not a simple one. Great concern was expressed about the product. As a condition of approval, the manufacturers were told to notify a customer directly the product was used of the terms and methods by which it should be used. There was also great concern about setting standards for installers in the field. Everyone knows that if you are in downtown Courtenay on Vancouver Island installing this material you do not have very much control over it. As a result, instead of following the directions laid down by the standards board, the manufacturers never sent out the required information to home owners, which was a condition of approval to use the product. When they failed to do that, approval was rescinded. But from what we can gather, one of the CMHC officials was under such tremendous political pressure to reinstate approval that two days later approval was given and the individual eventually resigned. That is a very serious situation. But there was no control on the installers in the field. Instead of using the material as recommended in exterior walls of wood frame houses, the installers poured it into masonry houses, into ceilings, into floors, and below ground level. In fact, they did everything conceivably wrong in the installation of UFFI. The chain of events is as follows. Officials representing the government on the standards board knew the material was hazardous. In some way they were coerced to recommend and approve the product, contrary to their best knowledge of what the dangers were. In laying down the conditions under which the material was to be used, they expressed serious concerns about being able to control them. Eventually we wound up with a dilemma.

Clearly, the government is responsible for that. It failed to act in the best interests of the consumer. It failed to provide adequate supervision. It failed to respond effectively to the problem we have before us today.

My colleague who spoke before me mentioned the serious concerns expressed by people. The minister said only a few complaints had been received in 1979 and only 100 were received the following year.

Let me recount an incident, which has been repeated hundreds of times. Urea formaldehyde foam insulation was installed in a family's home. The wife worked during the day and was home in the evening. She began to experience a very serious allergic reaction. The doctor could find no source and suggested that she was suffering from nerves. He advised her to quit work and spend more time at home. She did this, and her condition became worse. There was no medical tie to the problem because the people did not know what was in the home. The insulation had been installed by a company. Adequate information had not been given to the family. Eventually this family read in the newspaper that UFFI could

cause certain health problems. They confirmed they had UFFI installed in their home. They attempted to get information about it. They decided to have the UFFI removed, and their health problems cleared up immediately.

I sat down with a man at a kitchen table last Thursday. He is head of the UFFI home owners group. His wife and children had terrible reactions to his product. He told me that he could not wait for the government to decide what it would do and that he had had to get the stuff out of his house. He told me his house was covered with stucco. He rented a concrete saw, stripped the stucco from the outside of his home and before the foam was removed the concentration of gas had sufficiently dropped in the home so that the family's health began to improve. He had difficulty gathering the funds to perform this operation. However, he is now in the process of putting his house back together again. But this individual has some serious questions because the minister has said that removing the deleterious substance from his home, which resulted in his family's health improving, disqualifies him from receiving any compensation. If the minister were to do a fair and honest thing, he would make an announcement that those people who have removed the foam from their homes, whether before December 23, 1981, or after that date, will qualify for whatever grants are available. I would urge the minister to make that statement here today. People cannot sacrifice their families to the uncertainties surrounding this material.

I have put only two examples on the record, but there are many, many more. In the cities of Winnipeg and Vancouver, people are pulling the stuff out of their homes. These people are asking why someone who pulled this insulation material out of his home before December 23 should qualify for the grant when they cannot? I would urge the minister to make a statement tonight that those people who are removing this insulation now can be considered for grants.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please! It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8.00 p.m.

[*English*]

Mr. Skelly: Mr. Speaker, at six o'clock I was discussing some suggestions which the government might follow. I should like to return to that train of thought by referring to some of the problems we see in this legislation and in the over-all program of the government. The first one was generally a severe criticism of the consultation in which the minister was involved with provincial governments when in fact there was no consultation whatsoever. In fact, some provincial governments were willing to provide assistance. We suggested that the minister should call immediately for a federal-provincial conference of ministers responsible for the urea formaldehyde problem and attempt to develop a coherent and co-ordinated program so that we could end the rather off the cuff or off-the-wall approach to the problem to date. I should like to elaborate on some other important features.

Earlier the minister indicated that there was not really a serious health problem with urea formaldehyde foam, when in fact there is very good evidence that it is a serious health problem. In some cases, family physicians have conducted various tests on their patients. Their patients, who suffered symptoms from being in UFFI homes, and those symptoms clear up when they moved from the home and then the symptoms reoccur when they went back to the house. The government of Saskatchewan was attempting to relocate people. Therefore, the second suggestion was to provide relocation assistance immediately to those people who were suffering severe reactions to the foam in their homes. It has been 14 months or 15 months since the ban was announced. Pensioners and lower income individuals in particular who cannot afford to relocate are still living in those homes. We urge the minister to improve the bill and to develop a relocation program quickly so that relocation assistance could quickly be provided when a physician decides that a home is unsafe for a family.

• (2010)

We also dealt with the serious concern of individuals with the entire approval system. The minister went into great detail to explain how the Canadian General Standards Board approached the process for the approval of urea formaldehyde foam insulation. However, in reality, if the documents pertaining to exchanges between ministers and other individuals were publicized, they would show that the National Research Council and the Department of Energy, Mines and Resources were extremely skeptical and seriously concerned about approving this material. This was not the case of the industry officials who were very eager to have the product approved. Suddenly we saw, after some changes within the Canadian Development Corporation and acquisitions that they made, that there was a rapid move toward approval of UFFI. Since that process has not been reviewed, the government should organize a public inquiry into that very question. There is an extremely good reason for conducting this inquiry. First, it would prove very helpful in any lawsuits which may develop and it would save home owners tens of thousands of dollars, if not hundreds of thousands, in investigative research. Therefore, those facts should be published in order to provide the public with information which they have a right to know. As I say, a public inquiry into that facet of the process is extremely important.

We advocate a public inquiry into the relationship between the Canadian Development Corporation and its subsidiaries as well as into the approval process of the Canadian General Standards Board.

The next area I would like to discuss is the question of research which has been conducted into this product. If there is any justification—which there is not—for the existence of this problem of failure to act quickly it would be that there is

really no solid foundation of information on urea formaldehyde and its potential effects on homes and people and what could possibly be done to alleviate the situation.

It is interesting to note that I asked a question in the House on April 20, concerning the research project. It appeared that there were problems with the safe level of concentration of gas and the level which the government would accept as a criteria for assistance. There was no clear understanding of what type of gases were developing in the UFFI or what the actual allergic agents were. Rather than answering the question, the minister stated:

I am surprised at the hon. member's question, because just before the Easter adjournment I sent all members of the House an information document which included a list of research projects started by the National Research Council of Canada and the Department of National Health and Welfare. I should be happy to send the hon. member some more copies.

Unfortunately, when we went back to review the document which the minister delivered, there were some very sketchy details about some projects. I telephoned his office, and one of his aides said that the minister made a mistake when he said that a list of research projects had been distributed before Easter. His department was currently making a list of projects initiated by the National Research Council and the Department of National Health and Welfare which would be ready "tomorrow", which was April 22, 1982. Therefore, on May 7, after a great deal of pressure was applied, the National Research Council finished and delivered a list of the research projects which seemed to have been undertaken. There must be more than appear on this list, but it does describe in some detail projects which had been undertaken by the National Research Council.

They seem to be widely varying projects but only one deals with the health question. The report from Bruce M. Small and Associates appears to be the only project dealing with the health question. He prepared a handbook on the sensitization effects of UFFI, and he was to investigate the research that had been done on chemical susceptibility UFFI. Basically, this has been the only information we have received on the adequacy of the research program. There appear to be 23 contracts but very little information on the medical effects. After having completed his study, Mr. Small seemed very concerned about the question of immunity. In his analysis of the research he believes that what appears to happen is that exposure to urea formaldehyde gas tends to break down a person's immunity system and therefore makes individuals more susceptible to disease. Whether or not that condition has been substantiated still requires addition research. Certainly the symptoms people experience from the presence of UFFI in their homes, the stated concerns of government and other public health officials as well as statements of those concerns in research literature would certainly be sufficient indications that we have, a serious health problem, contrary to what the minister says.

There is another study which was done by Professor Albert Nantel. He is a professor who is involved in toxicology at the Laval University. Professor Nantel made a presentation to the Lamoreux Commission on urea formaldehyde foam. I will read a short portion of what he had to say:

What I found was at first sight surprising and, at second sight, frightening. Whether it is formaldehyde itself or any other contaminant released in the ambiant air of these houses insulated with urea-formaldehyde, I had to come to the conclusion that something does produce a severe depression in the natural defence mechanism of their organism.

Again, he is talking about the body's immunity system. He also raised serious concerns about the fact that in some of the homes which he studied, with even less UFFI than 0.1 parts per million, symptoms were displayed at concentrations well below that figure.

It was pointed out that the standard of 0.1 parts per million was arrived at in a very arbitrary way from industrial standards in Europe and then transferred to domestic standards in Canada. This fact deserves more attention. Since normal, healthy individuals only spend up to eight hours a day in the working environment, it is difficult to see how the government could implement its entire program in Canada based on this standard of 0.1 parts per million in an industrial environment. We now have a standard of 0.1 parts per million in a domestic environment where there are elderly people, people with allergies, young children and families who are in the home for much longer periods than those workers in Europe. In many cases, women and children would get maximum exposure and children and elderly people in particular would be extremely vulnerable. Instead of the minister's developing a program based on a maximum of 0.1 parts of urea formaldehyde per million as the starting point of health problems, he should be seriously considering a program that would simply remove UFFI from homes which have it.

Professor Nantel goes on to say that 0.1 parts per million is not a good standard because there are many health defects which occur at lower levels than that. He suggests that the level be lowered and that UFFI should be considered to be a very serious health hazard. Apparently, Dr. Nantel is concerned about extending his research into this subject, and there is a very limited amount of medical research material coming forward. The government should be seriously looking forward at providing additional funding to Nantel and other individuals to examining these serious health hazards.

• (2020)

Another aspect, as we look through the list of research documents is the question of dealing with the building structure itself. The minister proposes to go around and measure concentrations in homes. When the dosimeter indicates a reading greater than 0.1 parts per million, he will then order a comprehensive test. Should the concentration be borne out, he will look at applications for remedial action, but the question remains as to what happens to homes which do not have levels 0.1 ppm or greater. As I understand it, he will either go through a remedial program in the high concentration homes and give people certificates saying their homes are certified safe for all time, or else, I presume, he will give those homes which measure less than 0.1 parts per million some type of safety certificate to tell the occupants that it is safe forever. However, in reality the testing program is very scanty and poor.

First of all, there is a real question concerning how people are handling dosimeters in the field. There is a question of the timing during this period of the year, delaying the testing program, from winter to late spring. When the windows and doors in homes are open, we do not know how the readings in the springtime will compare with those in the wintertime. When the temperatures in homes are up and there is a certain internal humidity and the gas concentrations will change. The timing of those readings is extremely important. The building structure itself, the trapping of moisture and the growth of fungus in the walls must be considered. Fungus might give off spores which penetrate the walls, making it possible for allergic reactions to be set off, reactions which could cause problems.

As well, at certain times of the year some areas in the house reach higher temperatures than other parts of the house. During the wet period in the winter, moisture might be trapped, beginning the rapid decomposition of what would appear to be stable insulation. We must consider the trapping of moisture, the breaking down of formaldehyde and the rotting of the wooden structure, which could weaken the structural integrity of the home. We must consider the question of corrosion in wires, nails and metals which, again, could not only weaken the structural integrity of the home but could also cause dangerous electrical problems. Then again, we must also consider the question of the release of gas other than formaldehyde. In short, there is a tremendous need for research into this area. There is a good possibility that the very real kind of testing program which has been developed, will probably catch only 10 per cent or maybe 20 per cent of the homes and will miss the problems in other homes which the minister claims are safe, and this is a serious concern.

Therefore, with the development of the government's program, I assume we will see strengthening of research. I do not think these are simply token programs. I think we will see a systematic development of research into these areas and the government will be prepared vigorously to pursue this research, especially into the question of the removal of the insulation from homes. As well, there will be work toward establishing the relation of health problems to exposure to urea formaldehyde gas and the possibility of the existence of other gases in that insulation which might be released and cause problems. It has been suggested that phosgene and several other fairly serious compounds are released. So in terms of the funding program and the development of a better approach, we would suggest to the minister that this research program is not adequate and that much stronger emphasis should be placed on health.

Quite a number of provincial home owner associations are considering bringing in people like Albert Nantel and other experts in the field to hold seminars with local physicians. These family physicians are very reluctant to relate the symptoms of their patients to formaldehyde gas. There is a very serious problem in getting enough expert information to physicians. Some home owner groups are attempting to do this. This is certainly the type of role the government should be undertaking through the Department of National Health and Welfare to ensure that physicians have adequate information with which to deal with this problem. We have requested this of the Minister of National Health and Welfare (Miss Bégin) long before the ban was announced. So the research question is extremely important.

It is also rather interesting to note the government's position in the material that it has published to date. I wish to quote briefly from a document entitled "Building Practice No. 23" by R. P. Bowen, Shirtliffe and Chown. The preamble states:

> This document has been prepared to meet the demand by consumers and contractors for guidance in solving problems related to urea formaldehyde foam insulation. The need to provide immediate information has not allowed for intensive research or extensive field trials of the remedial measures presented.

I think the salient point there is that most of the information coming forward is still pretty sketchy.

The second question regards the term "formaldehyde gas". As used in this document, it refers to the mixture of gases released by UFFI. Formaldehyde gas is usually predominant. Since the composition of gases may vary from product to product, the gas is difficult to characterize and might be called UFFI gas, so that we really do not know the product with which we are dealing or to which we are exposing people in homes, people such as the elderly, children and people with other problems. This is the entire document which people seem to be using as their guide for rehabilitating their homes. It goes through removal procedures, sealing and other procedures which will generally make their homes safe from the minister's certification standpoint. Let me simply read the National Research Council's position concerning what it recommends homeowners to do.

> The National Research Council of Canada or any person acting on its behalf assumes no liability arising from the use of information contained in this document nor warrants that such use will be free from privately owned rights.

That statement is almost a disclaimer of responsibility for recommended procedures. There is a very clear need for a better base of information from which home owners can work. There is a definite need for clear information as to the need for removing that material from the home and making the home secure, as well as information regarding its effect on health. We need to know what is involved in this gas and its effects on human beings. I would urge that the minister very quickly move forward to resolve this problem.

It is interesting that the minister spent a great deal of time criticizing the American position on this matter. He takes great pride in saying that we were the first to ban it, but the government never should have approved it in the beginning. Once the government became aware of the problem, it allowed thousands of homes to be filled with the material. It finally put on a temporary ban and then a permanent ban. Then, when asked to set up a compensation program, to inform physicians of the problems, and to take an active role in informing home owners, it opted for a more passive, and inadequate program. The minister takes great delight in saying that we were the first, and that no one else was involved but us.

Mr. Scott (Hamilton-Wentworth): Massachusetts.

Mr. Skelly: And Connecticut, and many other areas.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Skelly: Just to bring my comments very quickly to a close, Mr. Speaker, I would draw attention to two last points. One of the findings which seems to be coming out of the research is that urea formaldehyde is an unstable compound. If we deal with only 10 per cent of the homes and if the minister is prepared to pay roughly $1,000 on an average to seal off that gas and reduce its concentration in homes, he should be paying out about $8 million from the program, if that guess is anywhere near correct.

• (2030)

The problem is that urea formaldehyde in safe homes will continue to degrade, break down and release formaldehyde gas. After the cutoff date of June, 1983 when this program is no longer continued, we will have a situation where other homes have a gas buildup and there will be health reactions. We have to look toward a program that covers all homes. The only way to be certain that we have covered all homes is for the government to guarantee that it will remove, without cost to the home owner, that material from the home. Basically, it was a federal government error.

The second point is the legal situation. Very early on the minister said it was not the fault of the government. If homes owners wanted to go after somebody to find fault, they should sue the manufacturers, suppliers or installers of this material. In every province in Canada there were attempts to explore legal action which the minister suggested they pursue. In fact, the minister was going to make an amendment to the Crown Liabilities Act in this bill so that accepting a grant would not bar a civil action. I wonder if the minister knew in the beginning that legal action was an impossibility. Those who have looked closely at the possibility see that civil action will cost tens of thousands, if not hundreds of thousands, of dollars in extremely complex law cases. There are statute of limitation problems and the difficulty of financing those legal actions. This makes it virtually impossible for victims to sue. The minister must have known this when he suggested civil action.

As an alternative, we suggest that the provincial and federal governments fund cases that groups might bring on behalf of a number of individuals. There is opportunity in British Columbia to sue under the trade practices act. Many individuals would like to launch a civil action against the manufacturer, and many would like to sue the federal government on the basis of the way this material was approved and the federal responsibility for setting proper standards and inspection procedures with regard to the installation of this material. The minister knew in advance that it was virtually impossible to launch civil action without help from the government.

In summary, we want a federal-provincial conference on the UFFI issue. This bill is hopelessly inadequate. There is the possibility of good, solid consultation and the development of a co-operative national program to deal with this national disaster.

There should be a relocation program for those who have health problems because of the high concentration of gas in their homes. They should be relocated. That should be done by the federal government without bickering as to who will eventually pay the bill. Their health is at stake.

There is the question of what the minister should do today. Fair play would dictate that he should clarify the situation as to whether home owners who remove the foam after they have documented it, and kept the proper reasons, can receive the same treatment as those who remove the foam from their homes before December 23. That is only fair.

There should be comprehensive research funding for an individual like Nantel and others who have to provide a proper information base. This bill is hopelessly inadequate. There should be a public inquiry into the relationship and approval procedure between RAPCO, CDC and Innocan and the approval process to shed light on the serious questions being asked. That would provide assistance by cutting some of the costs of discovery in legal actions that will develop from this issue.

Finally, the bottom line in this question is that the federal government made a very serious mistake. It approved a substance which many of its officials knew was inherently unstable and dangerous. It is basically a federal responsibility, not that of anyone else. It is not the responsibility of the provincial government, the opposition, the home owners, or people standing in front of the minister's constituency office with placards and gas masks, not the responsibility of anyone but this government. It made the mistake, therefore, it owes the people compensation. The compensation should be for removal of the foam from their homes at no cost to the home owner.

This can be structured in such a way that there are priorities for removal, such as the elderly, those with health problems, those with children in the home, or any others in jeopardy. Second, people can be compensated through a variety of mechanisms. The minister should have the courage to bring forward proper amendments before the bill goes to committee so that members of the House and Canadians can look at those amendments. Those who have to move because of job changes or other reasons and face an enormous equity loss in their homes should be given priority to remove the foam and renovate the home. It should come out of buildings where there are school children, elderly people or others who are vulnerable. Beyond that, people could be given the minister's certificate that they can have the insulation removed from their homes at their convenience. This could be funded by a variety of mechanisms. The only way to wind up with a home in a safe, habitable home with every manner confidence whatsoever is to remove the foam and rehabilitate the home. That is clearly the answer.

I have one parting shot before terminating. It would be interesting to hear what the Conservative Party members would advocate it and when they ever come to power. Every party in this House should put, no pun intended, their chips on the table. The government indicated it is not prepared to go further with compensation. This is the extent of the allocation of scarce and valuable resources that they are prepared to make in this situation. I suggest to my colleagues on my right that it is time they put their program on the table. So that owners will know where they really stand on the issue.

• (2040)

[*Translation*]

Mrs. Eva Côté (Rimouski-Témiscouata): Mr. Speaker, it is almost a duty to speak to Bill C-109, now being considered at second reading and intended to provide for payments to owners of dwellings insulated with urea formaldehyde foam. Considering all that has been said on the subject before, what was said today and what will probably be said tomorrow, I feel we should realize what formaldehyde gas is and the effects it may have on humans, as well as the straightforward and concrete action taken by the government since it became aware of the problems besetting people living in homes insulated with this product.

Mr. Speaker, formaldehyde gas is acrid and colourless, and exists in small quantities in the air we breathe outside. It emanates from a variety of sources including incinerators, engine exhausts and smog. Normally, air contains from 0.005 to 0.05 parts per million of this gas, although levels may be higher under unfavourable conditions. Formaldehyde gas may escape from urea formaldehyde foam insulation. The amount will depend on several factors, including the ambient temperature, humidity, the competence of the installer and the formula used in preparing the foam. In our homes, formaldehyde gas may come from sources other than home insulation. For instance, smokers are exposed to higher levels of the gas, since cigarette smoke contains 40 parts per million. Particle board and plywood, gas stoves and space heaters and also fumes of cooking oil may also raise levels of formaldehyde gas in the home. There are a variety of symptoms associated with exposure to formaldehyde gas, and they depend, of course, on the levels to which a person is exposed. If levels are low, there are no negative consequences. However, some people may be more sensitive than others to the presence of formaldehyde gas. Health and Welfare Canada has suggested a level of 0.1 parts per million as an acceptable standard for the quality of air inside the home.

The standard was established according to a safety principle, to protect the elderly, the young, those who are ill as a result of other causes, and the general public. Most people should not have any symptoms at this or lesser levels. Many people exposed to levels of up to 0.25 parts per million, that is, two and a half times the accepted level of concentration are not even aware of it. However, people who are particularly sensitive react to the presence of formaldehyde and feel a slight irritation of the eyes, nose and throat. When exposed to levels exceeding 1.00 parts per million, that is, at least ten times the accepted level of concentration for ambient air in the home, most people feel obvious discomfort and a number of symptoms may appear, such as irritation of the eyes, nose, throat and respiratory passages, dryness in the mouth, headaches, nose bleeds and insomnia. It was also found that certain people develop allergies when exposed to formaldehyde solutions and also that formaldehyde gas, even at low levels, could aggravate asthma attacks.

Although formaldehyde has been used since the last century, until now there has been very little research on its long term effects. A year and a half ago, it was discovered that formaldehyde caused a rare form of cancer in the nasal passages of rats and mice. However, the same type of cancer has not been observed in humans, not even in workers exposed to fairly high levels of formaldehyde gas. Nevertheless, a number of research projects are now underway, including complete epidemiological research programs, for the purpose of finding out whether there is a high cancer mortality rate among certain groups, for instance, undertakers and workers in the chemical industry. These groups are exposed to fairly high levels of formaldehyde gas. Any substance that causes cancer in laboratory animals should be considered dangerous to man, unless it is clearly established that the human body is able to break down or make a different use of this substance. This is a basic principle where health protection is concerned, and it is generally recognized, for instance, in the legislation on food and drugs. At the present time, researchers are trying to establish why formaldehyde causes cancer in certain animals.

If we assume that the risk of cancer is the same for men as for rats and mice, we can presume that the maximum additional risk of cancer in the air containing some .05 part per million of formaldehyde gas is equivalent to that incurred by smoking a cigarette per week, the risk incurred at a level of .1 parts per million of formaldehyde gas being less than a third of a cigarette smoked daily, Mr. Speaker.

Let us see now what happens under working conditions. In that environment, to establish the maximum concentrated level of formaldehyde which could be considered as being consistent with the security standards for homes, the Department of National Health and Welfare has examined the medical files of individuals usually exposed to formaldehyde gas at work. The actual threshold in an industrial environment is two parts per million for healthy adults working 48 hours weekly. Medical files kept for long periods show no sign or symptom of asthma resulting from formaldehyde exposure. A study of medical books and articles does not show any such case either. However, the Department of National Health and Welfare does not exclude the possibility that asthma sufferers, following formaldehyde exposure, could become more prone to other allergies.

Let us deal now with the conditions in our homes. In an average home, one can find babies, youngsters, sick persons or old people and since many could be living there 24 hours a day, the acceptable standard in an industrial environment, that is two parts per million, is deemed to be unacceptable for residents. Several health specialists suggest the application of a 10 factor and adaptations that take into consideration the likelihood of increased exposure in those houses.

The Department of National Health and Welfare has decided to provide an additional security margin by setting a standard twenty times lower than that used in the industry. Mr. Speaker, the Canadian standard is similar to that in other countries. For example, the governments of Norway, the Federal Republic of Germany, of Australia as well as the American Association for Industrial Health have set at .1 part per million the maximum allowable level of formaldehyde in the air inside a house insulated with urea formaldehyde foam.

What is urea formaldehyde foam? It is an isolating substance which is a compound made up of urea formaldehyde resin, an acid used as a hardening agent—usually phosphoric acid—and a gas—most of the time, compressed air. The substance is prepared on the premises where it is to be used. It is injected through hoses into the walls of a building where it hardens. It becomes therefore solid isolation. Before it is injected into the walls, the freshly made foam is some 75 per cent water, and during the hardening process, once it has been injected, formaldehyde is given off. Mr. Speaker, urea formaldehyde was used for the first time as an isolating substance in the early sixties. It has been used increasingly ever since throughout the world. Today, it is used mostly in Germany, Britain, Sweden, Italy, Switzerland, Spain, France and South Africa. It is also available in the United States, except in Massachusetts and Connecticut where it is banned. Canada and Israel were the only two countries to take it off the market.

Late in 1977, following a request made by the CMHC, the Canadian General Standards Board set up interim standards for the insulating foam. This Board makes decisions based on consensus. The Board is made up of 10 representatives from the industry, 9 from the Federal Government, 4 from British Columbia, Alberta, Ontario and Quebec, the four provinces which have agreed on standards for urea formaldehyde foam insulation. It is the industry's duty to meet these standards. Following the Canadian General Standards Board's decision, the Canada Mortgage and Housing Corporation accepted with the utmost reserve the use of this insulating substance which was added to the list of authorized substances under the Canadian Home Insulation Program, but only after the CMHC had brought this product to the attention of the Board and emphasized the precautions which were to be taken during the home insulating process. The Corporation even imposed the following conditions:

• (2050)

Installation specialists had to be trained. Second, a brochure explaining the installation process had to be given to the consumers before work started in their home. It behove Canada Mortgage and Housing Corporation to provide adequate information to consumers about the material used to insulate their home. Third, the product was not to be used to insulate ceilings, floors or basements. It could only be used in hollow spaces between the walls of wood-frame houses. It could only be used in walls where the foam could dry rapidly. It could only be installed when the outside temperature was within the prescribed limits. The manufacturers had to form an association. Mr. Speaker, these are the precautions taken by a government agency following representations or comments showing concern over the use of the foam. Unfortunately, the product was installed in homes with brick walls, aluminium siding or other types of siding which prevent the gazeous components of the product to escape outside the building. The people inside the building are then seriously exposed to the hazards of urea formaldehyde, which is the main cause of the problems or the illnesses which I described earlier, namely eye, nose and throat, and sometimes skin irritations. After reading the first international reports warning of the health hazards related to urea formaldehyde foam insulation, the hon. Minister of National Health and Welfare of Canada (Miss Bégin) established a committee of experts on UFFI to prevent any risk from this product, and soon afterwards, the government banned the sale of the product under the Hazardous Products Act. In its final report published in April 1981, the committee came to the following conclusion:

> The ban should not be lifted as long as the industry is not able to demonstrate to the appropriate government agencies that is has developed a stable and definitive product.

Early in June 1981, the cabinet announced that it had asked the Minister of Consumer and Corporate Affairs (Mr. Ouellet) to implement a government action program and direct and co-ordinate the activities of all federal departments in this regard. On June 15, 1981, the Information and Co-ordination Centre was created as an integral part of the Department of Consumer and Corporate Affairs to inform the public, administer the inspection of a national sampling of homes and provide federal-provincial co-ordination. In fact, consumer protection standards are set by the provinces. They must ensure compliance with these standards and several provinces have their own insulation program. On June 10, 1980, the hon. Minister of Consumer and Corporate Affairs sent a telex to his provincial counterparts informing them of the federal initiatives concerning foam insulation and asking them to appoint a representative to co-ordinate activities with the Canadian government. As you can see, Mr. Speaker, it cannot be said that the government of Canada has never even warned the provincial governments about the problem which could be related to this insulating foam. During the federal-provincial conference held in September 1981, the Minister of Consumer

and Corporate Affairs asked the provincial governments to accept their own responsibilities. On that occasion, he reminded them about his request over a year before at the federal-provincial conference in Saskatoon, in June 1980, and which I have just mentioned.

If I may, Mr. Speaker, I would like to quote from a statement made at that time by the Canadian minister. He said:

> A product of concern to us is urea formaldehyde foam. There have been enough consumer complaints concerning formaldehyde vapours to be concerned about short-term and long-term effects on health from exposure to the product. The problem stems partly from faulty application at the foaming stage. In order to assess consumer hazards from formaldehyde exposure, the National Research Council is setting up a program to measure formaldehyde concentration in a number of residences that were insulated with the product. The Canadian Department of National Health and Welfare also established an advisory council made up of health experts outside the government that have been instructed to evaluate potential toxic effects of the inhalation of the product at the concentration level found in actual homes.

The minister went on to say:

> Over and above health considerations, faulty application of the product can have significant economic consequences for consumers. Because of the fragmentation of that industry, consumers have a hard time recouping the costs of faulty installation. Indeed, we find in that industry resin manufacturers, specialized firms that mix the product and others that distribute it, and also installers. The latter often are small contractors unable to assume the costs of redoing a faulty installation, which costs can range from $15,000 to $35,000.
>
> We find that the product as such and the installation work are two important factors in the safety problem deriving from cellulosic insulators and urea formaldehyde based insulators. Regulations concerning the contents of the product are already in place in the case of cellulosic insulators, and it may become necessary to ban or regulate urea formaldehyde insulation, depending on the results of current studies.

The minister concluded:

> In any event, it seems essential that provinces take steps, at the installer training and certification levels, to ensure their qualifications and reduce safety and health hazards to consumers that could derive from the toxic and fireproof properties of such products. I would therefore ask you to convey the message and the contents of the discussion we are going to have to your colleagues in charge of those matters in each province.

As you see, Mr. Speaker, the state of the matter has always been of prime concern to the government, and particularly the minister in charge. Later on, a whole series of tests was developed to assess what I would call our homes' health condition. That check started on August 24, 1981. Of course, priority was given to homes whose owners reported health problems or uncomfortable levels of formaldehyde vapour. We inspected 2,400 homes and on October 31, the operation was completed and reports were tabled. For the benefit of all, I would like to say a few words of the Hazardous Products Act. Under that act, a manufacturer can appeal a government ban on a product and request that a board of review be established. In February 1981, the Energlobe company in Philipsburg, Quebec, requested that urea formaldehyde foam installation be referred to such a board. Under the act, the government had to proceed, and did so. The board is chaired by Mr. Jacques Lamoureux, from the Montreal law firm of Lamoureux et Rousseau. The other board members are Mr. Benjamin Lu, professor of chemical engineering at the University of Ottawa, and Dr. Robert Sutherland, a Toronto physician and industrial health consultant. A final decision on the product cannot be reached until such time as that board has given its verdict. In the meantime, the product is kept off the market. As soon as the report has been received, the government will of course make it public. So, without even waiting for the results of the report, the government has gone ahead and proposed an assistance program for those people whose homes have been insulated with urea formaldehyde foam.

I believe some of my colleagues will give you the details of the assistance programs the government is offering Canadians. I should also like to point out that, while the government was offering citizens whatever help they need to improve their situation, it was also calling for some involvement on the part of the provinces. Despite repeated requests, the provinces still refuse to give any direct assistance to the owners of houses insulated with urea formaldehyde foam. In fact, the provinces that had been offering testing facilities have now discontinued that service. All the provinces have been approached and invited to co-operate in a program aimed at training and registering insulating contractors. Three western provinces only have replied, two of them in the affirmative, and the third, in the negative. The New Brunswick government has offered a $40,000 subsidy to the UFFI Homeowners Association. The Quebec government is also implementing a temporary program in four points: medical tests, level of UFFI concentration in walls, a very limited aid to relocation and corrective measures assessment. Therefore, the almost complete indifference of provincial governments is evident. Being responsible for the quality of products, it is their duty as well as that of the federal government to protect Canadians. And once again, to say that the government of Canada has not since the beginning been concerned with the health of the people and adequate means to help them, is just not true.

I repeat that the government has assumed its responsibility with courage and that by banning the use of this foam it has given Canadians increased protection. Even without any legal obligation the government has set up a program to assist home owners. This program's objective is to reduce UFFI emanations to a bearable level, at which those home owners can safely live again in their houses. Mr. Speaker, I think that the program brought forward along with the bill now under consideration is very important and very urgent. A number of citizens are waiting for the government's help and in my opinion, it is in the interest of every hon. member to see that the delays which are already extremely long are reduced to a minimum in order to meet, as soon as possible and in the most efficient way, the needs expressed by the people who are experiencing serious problems.

• (2100)

[*English*]

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, the bill we are debating here this evening, Bill C-109, an act to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation, is a very important one. It actually should have been introduced months ago as we have had a lot of information, going back to 1960, as to the effects of urea foam. There are home owners all across Canada, as well as apartment dwellers and office workers and people in schools, who are going to welcome some type of action and compensation from the government so they can have some peace of mind. The minister should have detailed the amount of compensation more clearly in this legislation, as many people have already spent thousands of dollars in removing the insulation. I was at a public meeting two weeks ago in Winnipeg on this problem. A representative of the NDP government attended. He did not come forward with any sound information as to how Manitoba was going to help these home owners, and he received a very rough time from the gathering that evening. So if the provinces are going to become involved in providing compensation, I hope they come forward with some concrete plans in the near future.

The hon. member for Comox-Powell River (Mr. Skelly) stated earlier that if the Conservatives formed the next government he was worried about whether they will live up to any commitments made. I can assure him that the Conservative government will live up to all of the commitments in this or any other bill with regard to full compensation for the home owner and anyone else who has problems with this insulation. I would like to congratulate my colleague, the hon. member for Hamilton-Wentworth (Mr. Scott), who has shown real leadership in the House and done exhaustive research in regard to this problem. He has probably done more than anyone to get the minister to move on this problem.

Home owners in Manitoba with this insulation, Mr. Speaker, have been patiently waiting for satisfactory compensation from the Liberal government. The president of the Manitoba UFFI Association, Glenn Markowski, is to be commended for the yeoman service he has undertaken to assist all Manitoba UFFI home owners. But he cannot accomplish anything on his own. That association has been hoping the minister would recognize the seriousness of the problem and the many hardships that home owners are being made to endure. It is becoming apparent that the Liberal government does not have the concern for the health and wellbeing of Canadians, which it has stated so many times it has, because it has taken so long to bring this bill forward. Why do people have to see their families suffer medical problems which have become so serious that people are having to wear gas masks to enter their homes? This actions was taken on the advice of a federal government employee, but it did not ease their problem or get rid of it; it only disguised it. Still encountering health problems is a Montreal couple who moved from their hard earned home to an apartment as a temporary arrangement. The same couple is in the process of moving back. Their hard-earned money is tied up in their home, but they are not moving back to live in this house; they are having to move into their garage. Another couple has had to move into a mobile home parked in the driveway of their uninhabitable home.

Now, Mr. Speaker, acute and chronic health effects can and are happening. Individuals, as I am sure you are aware, vary in their reaction to formaldehyde gas exposure. Respiratory problems, eye, nasal and throat irritations will occur at different levels of exposure in different individuals. If a normal, healthy individual reacts to these gases, have you the evidence to allow you to set standards for the general population, which includes young children, the elderly, the infirm and pregnant women?

On April 20, in the House of Commons, the minister responsible brushed off all calls for the federal government to do more to help the victims of formaldehyde gas. Is this minister still insisting there is no real problem here? I believe that the government is attempting to divert public attention from the serious implications contained in the committee's final report of April 23, 1981. This report notes that UFFI is an unstable material of variable composition, which can break down and release formaldehyde gas. Formaldehyde is an irritant to the eyes, skin and breathing passages, and exposure to it can produce allergic responses in sensitive individuals. It has also been shown to produce cancer in laboratory animals.

On February 10 of this year the Minister of Consumer and Corporate Affairs (Mr. Ouellet) replied to a question asked by my colleague, the hon. member for Joliette (Mr. La Salle), that:

> —the Canadian government does not admit any legal responsibility in this matter.

On humanitarian grounds only the government decided to take action and assist on the basis of the government's responsibility for national health. How can the minister stand in the House and calmly say the government does not admit legal responsibility after approving UFFI in 1969, after tests had clearly shown it was a health hazard? Even as early as 1960 West Germany had proof it was a health hazard. The Liberal government approved UFFI in 1969 and withdrew its approval in 1970. The government approved this same material for a government funded grant program in the face of opposition from government agencies and departments in August, 1977. As an individual and an elected Member of Parliament, I would like to know how it is that a product which lost government acceptance previously due to instability was accepted for a nationwide home insulation plan, and why, after it was accepted, sponsored grants were given to encourage Canadians to use this insulation. How can the government now say calmly that it is not its responsibility?

• (2110)

It really is not necessary to conduct studies and reports on the health hazards of urea formaldehyde foam insulation. Between 1960 and 1981, 13 studies were completed on this same subject. These studies proved UFFI hazardous. A number of these studies were conducted by the Department of National Health and Welfare.

I will take a couple of minutes to document some of the studies that have already been conducted. First, was West Germany in 1960. In 1974 the Department of National Health and Welfare requested to review the material. In 1978, the head of chemicals and fuels safety in the Department of Consumer and Corporate Affairs stated that exposure could lead to medical problems. In 1978, the Department of Energy, Mines and Resources stated that a federal committee investigating found there was potential damage to children and old people from long-term exposure. In 1978, the United States called for a stop of all UFFI sales, and pressed manufacturers to have health warnings on foam insulation contracts. In 1979, lab tests showed a link between UFFI and cancer rats at low emission rates. In 1979, there was a complete ban on UFFI in the United States after eight months of study. There was no response from the Department of National Health and Welfare at that time. In 1980, a report of the Department of National Health and Welfare was submitted and the minister announced a temporary ban on UFFI. In 1981, the Department of National Health and Welfare continued its ban on UFFI. Again, in 1981, the Minister of Consumer and Corporate Affairs (Mr. Ouellet) appointed a review board and the United States confirmed that low doses of UFFI caused cancer in rats. Also in 1981 the National Research Council warned home owners of dangers. We have had many studies, Mr. Speaker. Now is the time for action, not more studies.

It is now a proven fact, which does not have to be proven again, that UFFI is hazardous to health. We need remedial action now. Is the government spending enough money on remedial action? The answer is no. Is the government spending more money on more studies to prove facts that have been proved so many times by so many reports and studies? The answer is yes.

Here is the current status report from the Department of National Health and Welfare on projects that are in operation or are under active consideration and the money that will be spent to prove a well-known proven fact, namely, that urea formaldehyde foam insulation is a health hazard. I say these reports and studies are a complete waste of money. We already know the results of UFFI in our Canadian homes. This is another example of the total disregard the Liberal government has for federal spending. I say this money should have been put toward a better use, such as assisting home owners' associations deal with these problems. Better still, this money should have been used to assist home owners to get rid totally of this hazardous product from their homes.

As part of the grants contribution program in support of consumer groups, such as the Manitoba Home Owners' Association, which is administered by the Department of Consumer and Corporate Affairs, home owners' associations are to receive financial assistance. This financial assistance is supposed to provide assistance and service such as inquiries into the nature and extent of the problems caused by UFFI in their area. To do this, people have to travel in and around the Winnipeg area. Names, addresses and telephone numbers of each home owner have to be collected and given to the government UFFI centre. Questionnaires are to be circulated by the association to each and every home owner. Telephoning, telex and advertising have to be undertaken. Halls and offices for meetings have to be rented to keep home owners informed. Photocopying has to be done and postage has to be paid so that members can receive the most up to date information by mail. These are just a few of the duties to be undertaken by home owner associations such as the one in Manitoba.

The government is proud of the fact that it is funding home owner's groups. It is funding these groups with the hope that it will cut down on work having to be done by government offices. For this service, which would cost the government millions to do it itself, what is paid in the form of a grant to the Manitoba Home Owners' Association? The Manitoba Home Owners' Association received a grant of $7,000. This $7,000 is expected to compensate for the time, travel, equipment, office work and every other detail required to assist approximately 2,000 Manitoba home owners receive assistance from the federal government. This is to correct an error that the federal government is responsible for instigating, but it is now saying "The Canadian government does not admit any legal responsibility in this matter." This $7,000 to Manitoba home owners works out to $3.50 per home. What does the Minister of Consumer and Corporate Affairs expect Manitoba home owners to accomplish with this grant of $7,000 which breaks down to the grand total of $3.50 per home? What is the minister's rationale behind the granting of this paltry sum? The Manitoba home owners requested $20,000, and this by far was not unreasonable to look after the interests of 2,000 home owners. But they received just $7,000.

What is the solution? Is the answer that home owners just lost out if they happen not to be living in the minister's own province of Quebec which received a grant of $40,000? Maybe Manitobans would be better off if they all moved to Ontario, which received a grant of $39,000. This figure is for the province of Ontario. It does not account for the fact that Ottawa received a grant of $30,000. These two figures add up to a total of $69,000 in grants for the province of Ontario.

Will the minister explain loud enough for all 80,000 concerned home owners with UFFI in their homes what they have to do to receive a fair share of the money allotted to home owners' associations? Maybe the minister would like to explain what he could accomplish with the grand total of $3.50 per home when all Canadians know how this government procrastinates. How long will it be before this issue is settled? What would the minister be able to accomplish on this size of grant?

On February 10, 1982, my colleague the hon. member for Hamilton-Wentworth (Mr. Scott), the Conservative Party spokesman on the subject of UFFI, asked the Minister of Consumer and Corporate Affairs if he would reconsider a much more meaningful compensation to owners of those many homes that are absolutely worthless. The minister replied that he was receiving positive responses to the very important and significant contributions by the Canadian government toward helping the victims of this product. Are all the minister's responses coming from the province of Quebec?

Let me just take a moment to review these "significant contributions by the Canadian government." The first one I have just discussed, that is, the significant contribution of $3.50 per home for the province of Manitoba to keep informed about what that province is supposed to be doing to receive assistance and, at the same time, to keep itself informed of the significant contributions by the Canadian government as the government announces them.

The second one occurred in December, 1981. The Minister of Consumer and Corporate Affairs announced that CMHC had been consulting with the real estate and mortgage and property insurance community whose activities had affected the owners of UFFI homes, in order to ensure that lending institutions continue to finance and renew mortgages on homes containing UFFI.

This also is one of the "significant contributions by the Canadian government". If CMHC had been successful in its dealings with these companies, which it was not, to whom would the home owners be able to sell? Who would want to own one of these health hazardous homes? Large mortgage insurers and lenders such as the Toronto Dominion Bank, the Nova Scotia bank and Canada Trust have now announced they will not handle mortgages on these homes. Where is the government's significant contribution in this area? The third but by far the biggest "significant" contribution by the Canadian government was when it announced that it will provide home owners with up to $5,000 tax free for necessary remedial action. The maximum payment to be made is $5,000. It is supposed to compensate home owners for problems arising from the insulation of their dwelling places with urea formaldehyde foam insulation. I do not have any idea how the government could have come up with this ridiculous figure—$5,000 will go nowhere toward correcting this very serious problem.

• (2120)

A family in Winnipeg has spent $8,000 to date to correct its problem, and a family in Verdun has received an estimate of $20,000 to remove the insulation from its home. In the meantime, this family is living in its garage after having tried to live in its hard-earned home while wearing gas masks. Some home owners have reported spending as high as $30,000 to have this insulation removed. The hon. member for Hamilton-Wentworth gave an example earlier today of a $135,000 home in the Toronto area which had to be demolished because there was no way in which the problem could be corrected. Will the minister provide $135,000 to that family? I hope he comes up with some answers. This money has to be spent either because the house is unsaleable otherwise or because adverse health effects make it essential. The "significant" contribution by the Canadian government of $5,000 toward a possible cost of between $10,000 and $30,000 to remove the foam is one of the contributions to which the minister says he is receiving a positive response. The government's contribution is a woefully inadequate drop in the bucket and an approach that comes too late. My party feels that the government should give fuller compensation both medically and financially to home owners.

Governments around the world have been conducting research since 1960. The government is responsible; it approved this insulation for use in Canadian homes and apartment buildings. The government encouraged home owners to insulate with this material by offering them a government-approved CHIP grant to insulate their homes with urea formaldehyde foam insulation. Now the government is claiming no responsibility or very little responsibility.

I say that the government is responsible. I say that all these studies, reports, investigations and tests which the government is conducting are useless. I say that the government is responsible for this hazard to health and the hazardous financial situation in which approximately 80,000 Canadian home owners find themselves. I can do no less than insist at this time that the government accept full responsibility for once in its life and make fuller compensation to these long-suffering Canadian home owners who put their trust in the government and are now being told that they have to sit and suffer. They have lost, and it is up to the House to see that they are fully and properly compensated for the problems with which they have had to live over the past 14 or 15 months. It has been an absolute disgrace and a burden upon these 80,000 Canadians.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, there are times when one is asked to respond, either as an individual or as part of an organization, or even as a country, to a crisis which can take place in a very short period of time. We are facing one at the present time with regard to the Falkland Islands crisis. If anyone had asked a couple of months ago what we would be discussing in our homes and in news reports from the capitals of the world, very few people would have suggested that the Falkland Islands would have dominated the newscasts.

There are other crises which are also being discussed, one of them right across Canada. It has been discussed for some time now, but in fact two or three years ago UFFI was simply not known. Nobody would have recognized what was urea formaldehyde foam insulation or the acronym which we have now come to accept as a household word, UFFI. It is not a very nice household word, either.

Mr. Scott (Hamilton-Wentworth): It is a dirty four-letter word.

Miss MacDonald: Yes, as my colleague says, it is a dirty four-letter word, one which we would much rather never have heard in our whole legacy of the English language. But now it is there as an acronym and as something which has become very familiar to Canadians across the country. It is there as part of another program for which we use a similar acronym, CHIP, the Canadian Home Insulation Program. UFFI and CHIP go together. Of course the minister does not think that they go together, but they are linked together in the bill. There is no way that they can be separated, regardless of what the minister has said.

We are examining Bill C-109 tonight which concerns restitution to persons encouraged by the government to use

UFFI in their homes. It is interesting to note that the legislation in Bill C-109 was promised last December and that on May 10 the government finally introduced the bill for second reading. The government could not begin to grasp the urgency which so many people feel about this issue. What we have before us is a bill which unfortunately is too little and too late for home owners who accepted the fact that the federal government knew what it was doing when it recommended that urea formaldehyde foam insulation was acceptable and government-approved insulation for use through the government's Canadian home insulation program. They knew that the government had recommended it and approved it.

On the other hand, the government had been warned as far back as March 18, 1977 and again on May 18, 1977 by Dr. Ian Efford, director of the energy conservation branch of the Department of Energy, Mines and Resources, that UFFI should not receive governmental approval. We must ask why he did that five or six years ago.

He gave that warning to the government because of his concern of possible structural damage to buildings in which that kind of insulation would be installed. Nevertheless, regardless of his warnings, the insulation was approved by CMHC for use in the Canadian Home Insulation Program in September 1977. Even after that some government officials continued to investigate the properties of UFFI because they were suspicious that its use could result in structural damage to homes or, worse still, that it could result in health problems for human beings in the homes in which is was being used. Given the possible implications of the use of UFFI, of which the government now pleads ignorance, the government, the minister and CMHC put it forward as one of the insulation alternatives for the Canadian Home Insulation Program.

The federal government brought CHIP into being and suggested alternatives or various types of insulation which could be used for insulation purposes. It did not go out and demand that everyone should have to use UFFI. That is not the way the government went about it. It merely suggested it as an alternative. It encouraged it by listing it with government programs. It placed the weight of the government's credibility behind it.

• (2130)

Now the government has the unquestioned moral, and perhaps even legal responsibility to accept the consequences of its decision to make UFFI one of the government's approved alternatives for the CHIP insulation program.

Is the minister of Consumer and Corporate Affairs (Mr. Ouellet) about to assume his responsibility for the actions he took? Not on your life. On February 10, 1982, in response to a question by my hon. colleague, the member for Joliette (Mr. La Salle), the Minister of Consumer and Corporate Affairs had the audacity to say this, in reply to one of the many questions about UFFI posed by members on this side:

> We have always maintained that the Canadian government does not admit any legal responsibility in this matter.

He went on to say in his answer:

> —we have decided, on humanitarian grounds, to take action and assist them on the basis of our responsibility for national health.

Humanitarian grounds my eye. The minister and the government are shirking their responsibility. They will blame anyone. They will blame the provincial governments, the home insulators and they will blame the very home owners themselves who are the victims of this use of UFFI. They will blame anyone for the government's disastrous mistake of judgment and, I might add, its carelessness in this issue.

What do we have before us as a result of this continuing tragedy of errors—not comedy of errors but tragedy or errors? What we have before us is a bill which allows $55 million for partial compensation to a very minimal number of Canadians. It is a very minimal number of those estimated 100,000 Canadians who own homes which have been insulated with urea formaldehyde insulation foam.

Bill C-109, which is the one under consideration tonight, allows home owners who qualify to receive up to $5,000 in tax free grants to help compensate for the problems caused by UFFI. That compensation is a mere drop in the bucket for what home owners really require. In order for a home owner who finds himself in this disastrous mess to receive a grant, he first must fit into one of two categories. He must first have his home tested to determine whether the home contains more than 0.1 parts of formaldehyde per million parts of air. This is regarded as the maximum safe level, according to the Department of Health and Welfare. The other alternative is that he just have a doctor's certificate to prove that any health problems he or his family are suffering from are related to urea formaldehyde foam insulation.

The number of UFFI home owners who qualify under these two qualifications will indeed be minimal compared to the 100,000 UFFI victims who all deserve compensation for the federal government's blunder. They all deserve to be considered. This bill will only allow the consideration of a very few who find they can fit into those narrow categories.

Another problem one sees when examining this bill is that the regulations by which the above mentioned criteria for qualification are determined are not even included in the bill. Before passage of this bill it is incumbent upon the government and imperative that we see the regulations by which eligibility and the level of payments are to be determined. The minister has had precedent in the House for having regulations presented beforehand when a bill is in passage. At least he should take that minimum step to help the people who will apply under the regulations of this bill.

I ask the minister: what are the necessary criteria by which a physician is expected to prove that health problems are related to UFFI? How is the doctor going to determine that? As an example, I will give the minister the instance of a man in my riding who recently developed throat cancer. He has now had UFFI in his home for two years. This gentleman also smokes. How can a doctor be sure that the cancer can be attributed to either his smoking, to UFFI or to a combination of the two? What are the criteria by which that doctor is to

determine the origin of the cancer that this man has developed since UFFI could very well play a major part in it?

It is also very important to see the regulations so we know the exact process by which a UFFI home owner can receive a compensation grant under Bill C-109. I mention the fact that it has taken six months to bring this bill before the House since the minister first mentioned it. However, if you look at the bill, you can easily see that the whole process of application, inspection, testing and analysis, all of which are involved, will be a very slow process, particularly if the government receives many more applications than it had first anticipated.

It is expected that the first compensation to any UFFI home owner who is seeking a grant will not be made until at least September. This is due to the long process which I have just described. The first payment will be made probably in the early fall, yet when looking at this bill, we see that the funding for it is to terminate in December of this year. Here we have the first payments not being made until the early fall while the money incorporated in the bill runs out in December of 1982.

What does the government intend to do if there is a greater number of UFFI victims who qualify for compensation? Are there any provisions for extending the level of compensation and the time limits so people who have applied will be able to qualify for this very limited payment? Otherwise, will we have to go through the whole legislative process again, such as we are doing now, to compensate additional victims of UFFI who did not have an opportunity to apply for compensation within that very limited and restricted time-frame which the government has placed under the provisions of this bill?

In fact, the bill applies only to a very limited number of UFFI victims in the near future. It only applies to those who realize now that they are victims of urea formaldehyde foam insulation. What about those people who discover they are victims of UFFI and develop health problems in five, ten or fifteen years from now? What provisions is the government making for them? It is very likely that many people will not know immediately that they have health problems because of this insulation. It may not become apparent for some years. Will the government have a legal obligation to pay compensation to these home owners in the future? The minister has not even made mention of these people.

The bill does far too little for far too few UFFI victims. The $5,000 grant will not even remove insulation in homes with serious health hazards. It will not pay for removing that insulation. It will only pay for government inspection and testing, and then, as an attempt to forget the problem, it will pay for the painting and sealing of walls, building double walls and increasing the ventilation as if to somehow paper or plaster over the problem. And then it will walk away from the whole problem to forget it ever existed. Unfortunately, that is not the case.

• (2140)

My colleague asks, "Who will buy these homes?" What about all those other home owners whose homes are filled with urea formaldehyde foam insulation but who do not suffer any health problems at the present time, nor do they have a level of 0.1 per cent in their homes? What about all of the others who, apart from those two criteria, are UFFI users? Those people simply do not qualify for any compensation under Bill C-109. However, the problem will not go away for them. If a person such as this still has UFFI in his home, thanks to the government's approval of UFFI as an appropriate insulation for his home, he will find that the goverment has completely reneged on its responsibilites to persons such as he and to the thousands of other home owners in this same category.

In my constituency of Kingston and the Islands, there are some 2,000 UFFI victims, 2,000 households where urea formaldehyde foam insulation has been installed. However, they banded together to form a chapter of the UFFI Homeowners Association. They have taken part in rallies and have invited the minister to come. They have made pleas to—

Mr. Blenkarn: He would not come, Flora.

Miss MacDonald: As my colleague, the hon. member for Mississauga South (Mr. Blenkarn) said, the minister simply would not turn up at these rallies. He never turns up at these rallies. He would rather ignore the whole situation and forget his whole role and his responsibility for shafting these unsuspecting home owners.

Mr. Blenkarn: Leave them out to dry.

Miss MacDonald: Many of the Kingston home owners, those 2,000 people whom I have mentioned, will not be eligible for compensation under this bill. They are in very serious difficulty. The market value of their homes has significantly dropped. It has significantly dropped because of the fact that they have UFFI in their homes. The real estate agents will not even list their homes for sale.

I want to quote from some of the many letters I have received. I am sure that all my colleagues have received letters like this from people who are suffering because of the program the government foisted on them. Perhaps it is their pleas in their letters which will touch the hearts of those in the government, if such hearts exist. I am not sure, considering that hard-hearted group over there, whether anything will touch them, but at least it might touch their pocketbooks and they might do something to provide some relief for those people. For example, consider a letter from a woman who wrote to me not long ago concerning this problem. She stated:

Dear Miss MacDonald,

We bought our first home, a one and a half storey, wood frame house, in November of 1980 and had urea formaldehyde foam insulation installed in December of 1980 under the Canadian Home Improvement Program grant. We had been very happy with the added comfort in our homes, both in summer and winter, and we suffer no health problems. Our son was born in 1981, and he suffers no ill effects either.

However, UFFI does present one serious problem for us—public opinion has made our home unsaleable and has drastically reduced the value of it. All the work we did and all the money that we saved for our home has now been for nothing. My husband, a biomedical electronics technician, had worked in Alberta for five years and accepted a maintenance mechanic job with a friend in

Kingston in order to return to Ontario where we were married. There was the understanding that he would return to biomedical electronics. However, we have now lost our mobility and no jobs are available in his field in Kingston.

The situation is very depressing to us. We have to set aside too many of the dreams and the plans that we had for our lives.

We feel that since CHIP supported us in having UFFI installed, we should now be receiving support from them. We need the UFFI removed from our home and our home made saleable to the public, so we can go on with living our lives.

That is one type of letter that I received. Another one came from a gentleman who said:

I am writing to ask you to urge the government to take immediate action to alleviate the intolerable suffering and mental anxiety being experienced by those home owners burdened with urea formaldehyde insulation. For a society that has accepted, and indeed has been conditioned to rely on government regulation of consumer products and services, an immoral situation arises when those agencies shirk the responsibility of their actions and ignore the people affected by them. It is incongruous that these agencies encouraged and assisted these home owners to use this material in the first place.

What now exists is a scenario in which

(a) hundreds are suffering from the symptoms associated with formaldehyde gas.

(b) others, while not exhibiting physical symptoms, are haunted by the thoughts of being surrounded by a suspected carcinogen.

(c) many thousands whose properties are treated as lepers, their homes an albatross about their neck, their savings, their dreams effectively wiped out.

No one in this situation was looking for a bargain—it was a premium-priced product. Some may even have been motivated by a sense of good citizenship.

From the evidence now available in the scientific literature it is obvious that further testing is unnecessary. I strongly urge that the government divert the millions already committed for testing to a program of restitution for all who are saddled with this unhappy mess. Once effected, some may even want to reaffirm their belief in good citizenship.

Another letter states:

Sir,

This letter is to inform you that the assistance program for UFFI victims, as announced by the federal goverment, is completely unacceptable to me, as I'm sure it must be to all similarly victimized home owners. I must reiterate that my previous claims of government fault in allowing the continued use of UFFI, after NRC warnings to the contrary, are still valid.

This then, necessitates the only honourable solution to this national disaster, complete compensation for the removal of UFFI from all such homes, irrespective of levels of gas—a criterion which has, after all, been proven unrealistic!

I have already informed the Minister of Consumer and Corporate Affairs by telegram of my disgust with, and rejection of, the proposed program. To you . . . and to all ministers to whom this letter is addressed—

This one was addressed to the Prime Minister (Mr. Trudeau) with a copy to me, and he states:

—I demand that you give the UFFI disaster the full attention it warrants and that the government cease the stalling tactics it has seen fit to practice since early last year when the dangers of this product were finally brought to the attention of the people of this country.

We victims have suffered enough from the complete disregard of human dignity that the federal government has seen fit to adhere to in this matter! I am sure that a similar circumstance arising in a third world country would have received the instant and full attention of the Canadian government—

In closing, may I say that I remain confident that right will prevail and that you in government will recognize your responsibilities—

I have a final letter, although I could go on with a number of them, which states:

In the summer of 1979, along with many thousands of other home owners, I succumbed to the pleas of the government and insulated the walls of my older home with urea formaldehyde. The contractor did a very satisfactory job. The home uses less fuel, the Queen's University Occupational Health Resources Centre has tested the inside of the house for formaldehyde gas and found no sign. However, I find that if I want to sell it or rent it, it has very little market value. Even the lending institutions don't want to put a mortgage on it. My wife and I have not experienced any ill health that might be attributed to the presence of gas, but it seems that the only course open to us, if we want to dispose of this home in the future, is to have the insulation removed.

I now have a quotation of $4,700 from a reliable contractor and would consider it only fair ball if the government, which considered its CHIP contribution in 1979 as a taxable benefit, would now allow the cost of removal as a tax deductible expense. It seems that we cannot expect any direct compensation in our circumstances. That creep Ouellet—

• (2150)

Those are not my words, but words I am reading.

That creep Ouellet is keeping a very low profile these days and I don't suppose you would get very far with this idea, but would appreciate if you would put forward the suggestion for consideration.

These are some of the many letters coming to people like me, members of Parliament, and, I would say, to those on both sides of the House, even if I do not hear complaints being raised by those in the Liberal back benches. However, I imagine there would be many such letters.

Mr. Frith: Mr. Speaker, I wonder whether the hon. member for Kingston and the Islands (Miss MacDonald) would entertain a question at this point.

Miss MacDonald: When I am through speaking, Mr. Speaker, I would be delighted to entertain a question from the parliamentary secretary.

These letters show that there are many homes throughout Canada that have lost their value. Therefore, many of the home owners have applied to tax assessors for tax reassessment of their homes. This is going on in every municipality across the country.

All of the UFFI home owners in Kingston have appealed for a reassessment. In light of the recent precedent set in Sault Ste. Marie in which 36 home owners won a 50 per cent reduction in their home tax assessment, the Kingston home owner appeal looks very probably and possible of acceptance.

Is the federal government willing to sit back and watch homes and properties be devalued? It will reflect very considerably on municipal tax revenues. That is the real cause of concern. In the case of Ontario municipalities, it can mean a possible loss of $5 million to $6 million a year. That is what is estimated as a loss in tax revenues in municipalities because of the devaluation of the homes and subsequent tax reassessment.

This issue has been raised persistently in the House. It has been raised over and over again by members of the opposition. The minister has persistently ignored the problem. Can the government not understand that it has a moral duty to the home owners where UFFI has been installed? When it approved the use of UFFI as part of the CHIP program, the responsibility for the CHIP program, the responsibility for the CHIP program and all of its consequences rested squarely on the shoulders of the government. That cannot be ignored.

The cost of complete removal of the foam has been estimated at anywhere from $10,000 to $100,000 per home. Thus, the implications for borrowing money to remove the foam are

clear. With existing high interest rates, borrowing money to remove UFFI is something that is beyond the consideration of home owners in Canada today.

One letter I received was from a man who was so desperate—and he was describing the situation to another person—that when he considered the situation in which he found himself, "his voice was shaky". Near tears, he told me that his family, particularly his children aged three and one, had been suffering from severe health problems caused by the foam. His wife was working, so with two incomes the family was able to move into an apartment. The health problems stopped immediately. However, his wife will soon lose her job. He will not be able to maintain the house and apartment. He cannot get rid of the house and will not able to afford the apartment in which they live because of health reasons.

What is this man and his family to do? Where do they turn? The least the government could do for all UFFI home owners is to permit them to claim the cost of UFFI as a tax deductible expense.

My colleague, the hon. member for Hamilton-Wentworth (Mr. Scott) has raised this option in question period as an extremely valid and acceptable direction for the minister to take in addressing the problems facing UFFI home owners. The recommendation, like all other questions on the issue of UFFI, was ignored by the minister, and any responsibility for the UFFI mess on the part of the federal government was categorically denied over and over again.

I plead the urgency of the issue, as do UFFI home owners everywhere. Last Saturday 500 members of HUFFI, a group which has banded together to try to do something about this, from across Ontario rallied in Toronto to state their concerns. These home owners are exasperated, confused and desperate. They want something done. They want to be able to remove the insulation now, while the weather is good. That is the reason for their urgency. They do not want to put up with another winter during which UFFI can do more and more damage.

Imagine living in a home, day by day knowing that the fumes or gases from the insulation in the walls is taking its toll on your health and the health of your family. What would you do in a situation like that? Wouldn't you complain? That is all these people are doing. All this concern, both for one's health and one's financial situation, were caused by a major error in judgment on the part of the federal government.

Bill C-109 is simply not acceptable if it is to be the federal government's only response to this serious and widespread UFFI crisis that exists all across Canada.

The president of HUFFI, Frank Spitzer, described the bill as "a mild bandage to help with the fact that you've got a major wound that needs surgery". The issue is not simply one of home owners in trouble needing support from the government. It is a moral issue which the government has the moral responsibility to address. It is as straightforward as that.

A federal agency, CMHC, accepted and approved UFFI as one of a number of alternative insulations which could be installed in a home owner's house under the CHIP program. The government approved it. If the approval had never been made, none of the thousands of UFFI home owners who took advantage of the CHIP program and consequently do not find themselves in this difficult situation would be in such a bind. If the government had not taken that step in the first place, these people would be free of the problems they are now locked into. They simply would have used one of the other forms of insulation and would be leading a much less troublesome and a much healthier existence.

The reality is that the government did approve UFFI. Therefore, the government cannot ignore its responsibility to compensate, not just a token number of UFFI home owners as Bill C-109 does, but rather all home owners who took the government at its word and believed in the credibility of the program that it was putting forward. For them and for many other Canadians, that credibility has now been shattered.

Mr. Frith: Mr. Speaker, I would now like to address my question to the hon. member for Kingston and the Islands.

The Acting Speaker (Mr. Blaker): The Chair could recognize the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Frith), but it is ten o'clock.

Mr. Nielsen: Don't see the clock.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): If it is by way of unanimous consent, the hon. member will be permitted to ask a question.

• (2200)

Mr. Frith: Mr. Speaker, some of the studies of the Department of National Health and Welfare cited by the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) involve the years 1960 and 1964—I am going by memory—through 1976 and 1978. I believe one of the years mentioned was 1979. Presumably those studies were also made available to the hon. member's government when it was in power in 1979. The hon. member's government evidently was made aware of the problems; she did cite those studies. Would the hon. member for Kingston and the Islands explain what programs her party placed before the House to deal with the same problems?

Miss MacDonald: Mr. Speaker, the hon. member has raised a question as to whether programs were put forward during the time we were in government. There were many programs put forward to improve the lot of home owners across the country. I only wish the hon. member had understood, when he was voting against the government's budget in December of 1979, that there would have been improvement for hundreds of thousands of home owners across the country if he and his colleagues had accepted the home owner's tax credit and mortgage deductibility program, which would have done more

to help home owners in this country right across the board than anything he and his government have dreamed of.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE ECONOMY—CABINET MEETING AT MEACH LAKE, P.Q.—(B) SITUATION IN CANADA VIS-À-VIS UNITED STATES—(C) GOVERNMENT POSITION

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on April 27 I asked the Minister of Finance (Mr. MacEachen) about the Meach lake conference, where members of the cabinet met together and enjoyed themselves for a weekend and came out with absolutely nothing to solve the economic problems of the country. A day after the cabinet meeting the Minister of State for Small Businesses and Tourism (Mr. Lapointe) was caught by a reporter in the province of Quebec, and he said:

> We are fearful that if there is a recovery in the United States we would not be able to join the band wagon.

It appears to be the view of the government that we will not be able to get out of the depression the minister and his colleagues have caused.

The three questions I asked on April 27 were about the Meach Lake conference, where it became clear to the government that it is totally out of touch with the realities of the country. The members of the cabinet came out of that conference, and the Minister of Justice (Mr. Chrétien) said, "We are going to carry on in the same way". The minister responsible for lotteries said, "We are going to carry on in the same way", and the next day the Minister of State for Small Businesses and Tourism said, "There is no way we can get out of this. Even if the United States recovers, we are down the poop-chute anyway."

I want to comment tonight on that very problem because the truth of the matter, as Mr. Mulholland of the Bank of Montreal has said, is that this government has developed an attitude of pessimism. It has developed the attitude that there will be a lack of growth. It has developed an attitude of anti-investment, anti-entrepreneurialism and anti-growth. In this country there is a negative outlook, to the extent that a survey undertaken by the Toronto *Star* showed that 60 per cent of businessmen surveyed felt that profits would be down, 75 per cent of businessmen interviewed said that this is not a time to invest and 55 per cent of businessmen interviewed said that the Canadian dollar would depreciate in value.

Because of the attitude of this government shown in its budget and national energy policy, because of its attitude toward foreign investment and, indeed, because of its attitude toward Canadian investment the government has engendered in the community a fear that no matter what happens, even if there is recovery in the United States, we will not have recovery here.

I was in the United States at the Easter weekend. There seems to be optimism there respecting growth and the future. There seems to be feeling that there will be a better tomorrow and that now is the time to make deals. When a recovery occurs in the United States, as it surely will—there is now a zero rate of inflation—money will flee from Canada to the United States to take advantage of the real opportunities which will be there. We will wind up not being able to take advantage of opportunities and still in the doldrums with more and more people out of work, without hope and without opportunity. That is what we have been left with—that is the legacy of a government that really does not care.

• (2205)

That government went to Meach Lake and enjoyed the sunshine of early spring in the Gatineau hills. What it did there we do not know. It may have had some economic discussions, but the minister would not say that. It came away from Meach Lake with nothing at all to offer. That is what it gives the people of Canada; no hope, no future, no possibilities. The ministry has to answer, Mr. Speaker.

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the hon. member is wondering about the capacity of the Canadian economy to respond to any recovery in the United States. There is no doubt in my mind that a recovery in the United States will have a favourable impact on the Canadian economy. At the moment, the weakness in U.S. demand is, not surprisingly, restricting our export opportunities. But when growth in the U.S. resumes within the next few months, export growth will contribute to the recovery in Canada. To the extent that the U.S. recovery will be accompanied by lower interest rates, this will mean lower interest rates in Canada as well; this will provide stimulus to our interest-sensitive sectors.

What is uncertain, and this might be what the hon. member for Mississauga South (Mr. Blenkarn) was trying to say, is the ability of Canada to get the most out of any U.S. recovery that would take place. As my colleague, the Minister of Finance (Mr. MacEachen) keeps pointing out, there is a danger that Canadians will price themselves out of world markets unless a sustained effort is made to reduce inflation.

The United States has made remarkable progress against inflation lately but we in Canada have made much less progress. In March, the year-over-year increase in the U.S. consumer price index was 6.7 per cent, whereas the corresponding rate in Canada was 11.6 per cent. It is important that the government stick to its non-accommodating fiscal and monetary policies, thereby reducing inflation and preserving our competitiveness in external markets.

Let me now turn to the hon. member's mention of an overpriced Canadian dollar. Does he realize that a lower value for the Canadian dollar means higher import costs for Canadian producers and higher import prices for Canadian consumers? This would result in significant upward pressures on our inflation rate. Of course a lower Canadian dollar would tend to improve our competitive position and encourage our exports. But the gain in our competitive position produced by the depreciation would be eroded quickly owing to the renewed impetus given to inflation by higher import prices.

CORPORATE AFFAIRS—INVESTIGATION OF CONSOLIDATED COMPUTERS INC. (B) ROLE OF ROYAL CANADIAN MOUNTED POLICE

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, over a month ago, on March 29, I asked the Minister of Justice (Mr. Chrétien) about the collapse of Consolidated Computers Inc. which cost Canadian taxpayers well over $100 million. A report from Treasury Board, the so-called Anderson report, on this debacle characterized its findings with words such as conflict of interest, incompetence and cover-up. I hoped that the minister would reassure me at that time that the commercial crime section of the RCMP was well on its way to an investigation of the whole scenario. Instead, the minister merely indicated "that a reference was made to the Department of Justice under the section of the relevant statute requiring the minister to see that the administration of the public sector is in accordance with the law".

The time has come once more, after all these weeks, vigorously to bring to the attention of the House and the government that enough time has elapsed so that the Canadian people should be informed precisely what happened to the government investigation, who was responsible for this debacle and who benefited from this vast amount of money that has obviously been squandered and frittered away.

• (2210)

Personally, Sir, I have reason to believe that more than just incompetence and bureaucratic duplicity are involved here. I am convinced what we have here is an example of rotten pork-barrel politics, and it is time for a full accounting. We know, thanks to the Anderson report from the Treasury Board, that the company had little or nothing in the way of meaningful controls, so much so that the respected accounting firm of Thorne Riddell, after discussions with Miss Dale Robinette of the firm of McCarthy and McCarthy, a respected Toronto law firm, would not accept the responsibility of making decisions on which leases would be purchased from Consolidated Computer. Instead, they preferred only, in the words of the Anderson report, to be administrators of the leased companies for which, incidentally, they received over $100,000 a year.

The Anderson report cites many examples of poor management and potential conflicts of interest. The chief executive officer of CCI, John McDonald Brown, the man touted so highly by the Minister of Industry, Trade and Commerce (Mr. Gray) in his letter of June 3, 1980, to the President of the Treasury Board (Mr. Johnston) is noted as having retained his membership on the Enterprise Development Board while he was chairman and chief executive officer of this wretched company, CCI. While the company completed its disintegration under Mr. Brown's leadership, he submitted a formal application on his own behalf and that of some associates to purchase some shares in the company. The Anderson report goes on to point out that he was simultaneously a member of the Enterprise Development Board which controlled the shares being offered for sale, the chairman and president of the company whose shares were up for sale, and an applicant to purchase the shares. The Minister of Industry, Trade and Commerce touted Mr. Brown as a saviour of this company. Well, if he was a saviour, I would hate to see what he would have done had he intended to do any harm, since about $30 million went down the drain under his stewardship in a very short time.

For this Mr. Brown was paid quite well with a contract for $110,000 per year, payable quarterly in advance, and other perks. H. J. Melanson, executive vice-president, was plugged in firmly, too, at $500 a week overtime, effective July 1, 1981, to supplement his annual salary of $49,000. And so the story goes.

Surely the minister will soon call for a proper inquiry under the Inquiries Act to look in a comprehensive way at the sorry affair. But one might well ask tonight: who is this John McDonald Brown? What were his real qualifications? Who are his associates? Did Mr. Brown became a computer expert because of his association with Mr. Gordon Hughes? It is interesting to note that Gordon Hughes is a close friend and confidante of the then premier of Nova Scotia, and he has numerous corporate interests in the province. He is also a director of the CRTC, a close friend of Senator Irvine Barrow, and a director of the CTC. Or did Mr. Brown pick up his expertise from Mr. Green? Here we have a situation where it might not be a tale of patronage in black and white, Mr. Speaker, but it may be one of Brown and Green. Mr. Green is a prominent barrister in the law firm of Kitz, Matheson, Green and MacIsaac in Nova Scotia, commonly known as "Kitz, Matheson, Green and patronage" by people who study the political scene. He is a prominent Liberal, a former executive legislative counsel to the Secretary of State (Mr. Regan) when he was premier of Nova Scotia, a former campaign manager and adviser, as well as former co-chairman of the leadership campaign of the Minister of Finance (Mr. MacEachen) for the Liberal Party in 1968, and federal campaign chairman for the Liberals in the federal elections of 1968 and 1972. Or did Mr. McDonald Brown get this expertise by virtue of work done by himself and his associates towards the electoral success of the Minister of Finance? In any case, Sir, Brown, Green and Hughes, and others I could name, are all close business and political associates, all prominent Liberals and have all participated in one way or another in numerous soft loans and other advantageous deals in Nova Scotia. The question is now, have they moved on

to the national scene, perhaps through the ill-fated Consolidated Computers Incorporated?

What I would like the Minister of Justice to do is to forget for once that he is a Liberal cabinet minister and to encourage the commercial crime section of the RCMP to use their full scope and resources to investigate all the ramifications involved in this cabal of Liberals which has cost taxpayers over $100 million, some of whom appear in the province of Nova Scotia by virtue of the very soft loan guarantees passed by the then minister of development, now the Liberal leader, Sandy Cameron, under the stewardship of the Secretary of State for a couple or more companies I could name which have cost the Nova Scotia taxpayers millions of dollars. So we have the same old recurring example of what Mr. Diefenbaker would say was the same old bunch, with the same old noses in the same old trough.

It may seem irrelevant, Mr. Speaker, to a casual observer what the dealings are between CCI and Command Services Atlantic Limited, and of course Command Services in Mississauga—which are joined by a common director, incidentally. But that is only if you are not on the inside. One must really ask where the cash flow for Command Services Atlantic originated to justify a $250,000 loan from the Royal Bank of Canada. Is there any CCI money involved there? The answer is beyond a simple Member of Parliament such as myself. It will require the resources of a judicial inquiry by the RCMP. But the amounts are too large and the face is too familiar to let this go and be swept under the rug. Justice and political expediency and accountability demand that something more be done by the government to look into this sorry mess.

• (2215)

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, as the hon. member for Central Nova (Mr. MacKay) has indicated, he asked the Minister of Justice (Mr. Chrétien) on March 29 about information regarding an investigation of Consolidated Computer. The Department of Justice has been requested by the Treasury Board to review the report entitled "Report Concerning Involvement of Government of Canada in Affairs of CCI" from the standpoint of its legal implications. The hon. member wanted to know if it was a departmental inquiry under the Inquiries Act.

This examination, he should know, is being conducted, pursuant to Section 4 of the Department of Justice Act which makes it mandatory for the minister to, "see that the administration of public affairs is in accordance with law" and not under the Inquiries Act, as suggested.

The task which the Department of Justice has before it is large and complex. The report and the background material will require a detailed study. It is difficult to assess the length of time such a detailed study would take. However, the urgency of the matter is appreciated. I may add, however, that if a need for further investigation is indicated this will be done.

Adjournment Debate

EXTERNAL AFFAIRS—REPORTED CANADA-FRANCE AGREEMENT ON SAINT PIERRE AND MIQUELON ISLANDS. (B) REQUEST THAT AGREEMENT BE MADE PUBLIC

Hon. John C. Crosbie (St. John's West): Mr. Speaker, on April 27 I asked the Secretary of State for External Affairs (Mr. MacGuigan) a question about the dispute between Canada and France over the problem of the boundaries between those two countries surrounding Saint Pierre and Miquelon. The minister showed an amazing lack of knowledge about this very serious matter, serious because it affects a huge area of the continental shelf and the possible gas, oil and other minerals under that continental shelf, and because it affects fishing areas jointly claimed by both countries.

In responding to my question, the minister said he was not aware of an agreement which the government had signed in 1972. As a matter of fact, it was signed on May 26, 1972, in Paris. This agreement was signed by the representative for Canada, Mr. Alan Beasley, head of the Canadian delegation, and by the head of the French delegation. The document was headed "relevé de conclusions". Under the terms of that document, this government blundered tremendously.

This is the reason, in my view, why ten years later we still have no answer or settlement of the boundary dispute between these two countries. The matter has not gone to arbitration because the Canadian government botched so badly ten years ago when that document was originally signed by the ambassador on behalf of the Canadian government. What did that agreement do? What it did was to give France, through Saint Pierre and Miquelon, rights and special privileges in an area of 22,000 square miles of the continental shelf off the south coast of Newfoundland. On about half of that area Canada was to be required to give oil companies designated by France exclusive rights and on the other half the Canadian government was to recommend that its permitees in that area would have to form joint ventures—Mobil and Gulf were involved—that would have to give French companies substantial rights. In the case of both of these areas the government of France would be able to remove oil and gas found through Saint Pierre. In return, France was to renounce formal legal claims to the area and would get sovereignty over a 12-mile territorial limit around Saint Pierre and Miquelon.

Saint Pierre and Miquelon are two very small islands. Saint Pierre is ten square miles and Miquelon is 83 square miles. Miquelon has a population of 500. The total population for both islands is 5,800. Those islands are only 15 miles off the mouth of Fortune Bay in Newfoundland.

Canada owns an island called Little Green Island only three miles away from Saint Pierre and Miquelon. It can hardly be serious that anyone should think France would have a claim for 22,000 square miles or do anything like that under international law.

• (2220)

The minister also went ahead on April 27 to say that negotiations had not been going on for 11 years on these issues but that they had only commenced in 1976. This was the same

minister who had just met with the French prime minister several days earlier to discuss this issue. How could he properly represent Canada when he apparently did not know that these negotiations started not in 1976 but in 1966?

I have here an answer which was made by the French minister of foreign affairs in the National Assembly of France on October 29, 1975 when he said:

> Negotiations were begun in 1966 between France and Canada with the view of delimiting the continental shelf of the two states in the area of the islands of Saint Pierre and Miquelon.

Then he went on to describe how the French were claiming that the "principle of equidistance" applied and that Canada invoked the principle of "special circumstances" to reduce the French claim. Then he went on to say:

> —at a meeting held in Paris on 26 May 1972 the heads of the delegations signed a "relevé de conclusions"—

He was referring to an agreement to deal with this matter. Also he said:

> Despite France's repeated requests, the Canadian government has never approved this document . . . On his visit to Paris in autumn 1974, Mr. Trudeau told the Prime Minister that he would make efforts to bring about the settlement of the matter.

Of course he was referring to the French prime minister. This is a matter where negotiations, according to the minister, did not start until 1976. The minister, in his answer to me, said that he was unaware that an agreement was ever signed.

The agreement has been embarrassing the Canadian government ever since. It was a blunder. It was stopped. The Canadian government was stopped from ratifying it by the government of Newfoundland and Labrador. The new Conservative administration which had been elected in January 1972 had started inquiring as to what was happening with reference to this boundary dispute. When that government started inquiring, the Canadian government realized that it had made a blunder and never ratified the agreement signed by its ambassador. It has been an embarrassment to Canada ever since.

Back in March 1971 the then Canadian secretary of state for external affairs said that the Canadian argument was that special circumstances justified another boundary. Then he went on to indicate that if a settlement satisfactory to Canada could not be reached on the basis of negotiation, the government would be prepared to refer the matter for arbitration. It was 11 years ago that the then secretary of state for external affairs said that if a settlement satisfactory to us could not be reached on the negotiation, the government would refer it to arbitration. There have been 11 years of known negotiations, and the time has long since gone for this to be referred to arbitration. The only possible reason there might be for not referring the issue to arbitration is the damage done by this administration by having this agreement signed in May 1972.

This is an important matter. About a month ago French authorities in Saint Pierre and Miquelon made a request of Paris to send out a gun boat because the Canadian government was inspecting certain French fishing trawlers. Canadian fishing trawlers had been stopped by France. On November 24, 1981, officials from the French vessel *Tenace* boarded two Canadian fishing vessels and searched them in the disputed area. What is Canada to do if France sends out a gun boat? We all know that our navy is not in shape to even defend us from a gun boat. If we were in the position of Argentina and we were to occupy these islands, we would have to row across the 13 miles from the mouth of Fortune Bay over to Saint Pierre and Miquelon. I just cite this example to show that it is a very serious matter over which there can be trouble in the future if it is not settled.

How can the government protect our interests if the government does not even have a Secretary of State for External Affairs who knows the most rudimentary points about the history of the situation, who appears to be unconcerned, who is not negotiating now to have the matter settled, who is not prepared to refer this to arbitration, and when we have a Prime Minister (Mr. Trudeau) who exhibits utter indifference? He met with Mr. Mitterrand several times in the last 12 months. He met with the Prime Minister of France in the last 12 months. Yet nothing continues to happen with reference to this situation.

• (2225)

I also point out that in a case which went to the International Court of Justice and arbitration in 1979 between the U.K. and France concerning the delimitation of the continental shelf, the International Court of Justice accepted the agreement of May 26, 1972, which I mentioned earlier, as an agreement between Canada and France on the continental shelf. That will show you the damage that has been done to us by that agreement.

Therefore, when will this matter be pressed to a solution? Will the government publish this agreement? Will the government give us the details of what the French are claiming, and will this matter go to arbitration this year and not be allowed to be delayed another 11 years?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in 1972 Canada and France signed a fisheries agreement which included a provision delimiting the territorial sea and fishing zone between Saint Pierre and Miquelon and Newfoundland, that is the area landward of the French islands. In that same year a "relevé de conclusions", or a summary of conclusions, was signed at the level of officials dealing with the continental shelf seaward of Saint Pierre and Miquelon. This latter document specifically stated that the agreed conclusions would be submitted to the two governments for approval. Thus the relevé was not an agreement or even an agreement ad referendum since, had it been approved by governments, another document constituting a formal agreement would have had to be drafted. Indeed, the relevé itself expressly foresaw the need for a bilateral agreement of the delimitation of the continental shelf in the event neither government ever approved the relevé.

In late 1977 it came to our attention that the relevé had been referred to in the pleadings and in the decision of the Ad Hoc Court of Arbitration in the Anglo-French Channel islands

case. In a diplomatic note to France, Canada noted the Arbitration Court's reference to the relevé as an agreement, and indicated that in the absence of the requisite governmental approval the document clearly did not constitute any such agreement. In response, the French acknowledged that the relevé, "may not be considered as an agreement, even of a provisional nature" as it never had been approved by either side.

Following Canadian and French extension of jurisdiction of 200 miles in 1977, Canada and France undertook to proceed with negotiations on the delimitation of the area seaward of Saint Pierre and Miquelon. Several rounds of negotiations have taken place since then. This matter was most recently raised by both Prime Minister Mauroy and Foreign Minister Cheysson during their April visit to Ottawa, and the two sides agreed on the need actively to pursue efforts to delineate this disputed maritime boundary.

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until 2:00 p.m. tomorrow afternoon.

At 10:27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 11, 1982

The House met at 2.00 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

SUGGESTED REINTRODUCTION OF MORTGAGE INTEREST DEDUCTIBILITY—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, it is widely recognized that the construction industry in Canada is in a serious decline, largely because of the budget and the high cost of mortgage money. HUDAC told us this morning, for example, that 30,000 housing units already started at budget time have since had to be abandoned. In order to turn this disastrous prospect around and get the construction industry, to begin with, moving upwards, I move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

That this House urge the government to reintroduce the mortgage interest deductibility feature of the budget introduced by the Clark government in December, 1979.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC WORKS

AWARDING OF ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under the provisions of Standing Order 43 to take strong exception to reports that the Prime Minister (Mr. Trudeau) has again short-circuited the merit system by engaging his friend, Arthur Erickson, as architect for the proposed new Canadian Embassy in Washington. Mr. Erickson was vaulted by the Prime Minister over the four finalists recommended by the selection committee. I therefore move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this represents pork-barrel politics of the worst kind and makes a complete mockery of the tender and competition process, and that the decision be returned to cabinet for honest review and the ed177;-1 eventual appointment of one of the four candidates recommended by the selection committee.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

SUGGESTED REIMBURSEMENT OF EXPENSES FOR COMPETING FIRMS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in view of the fact that the alleged architectural contest for the design of the new Washington embassy was fraudulent and deceitful in that Arthur Erickson was guaranteed the job over two years ago, and this action by the government calls into question the entire bid system for public works, I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House directs the government to reimburse all architectural firms that submitted proposals to the committee set up by the government for their expenses, including some 71 firms which were alleged to have spent $8,000 to $10,000 each on the general presentation, and 11 semi-finalists who spent as much as $60,000 in their semi-final presentation, and that the Prime Minister apologize to the Canadian people for his dishonesty and deceit and resign in accordance with parliamentary precedent.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DISARMAMENT

LETTERS PUBLISHED IN TORONTO NEWSPAPER—MOTION UNDER S.O. 43

Mr. Dan Heap (Spadina): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Recently over 1,200 readers of the *Toronto Star* in many parts of Canada wrote to that paper supporting nuclear disarmament. The *Star*, as it promised, offered the letters to the Secretary of State for External Affairs (Mr. MacGuigan), who expressed interest in reading them but said he could not receive them outside this House. Therefore I move:

That this House encourage the hon. Secretary of State for External Affairs to read the letters sent to the *Star* and in so doing consider how widely the Canadian public is dissatisfied with the government's failure to take a stand against the arms race.

For that purpose I offer the letters to the minister. My motion is seconded by the hon. member for Beaches (Mr. Young).

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

ANNOUNCEMENT OF JOB-CREATION PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, the Minister of Mines (Mrs. Erola) announced on the weekend a $2.3 million dollar job-creation program for her riding of Nickel Belt and workers at Inco in Sudbury. Therefore I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this same minister immediately advise this House how unemployed people get on this preferential list if they do not reside in the cabinet minister's riding, or like architect Erickson are a personal friend of the Prime Minister. Perhaps the Minister of Mines would make this $300 per week program available to unemployed Cape Breton steel workers until the CNR gives them some more rail orders, to the auto workers of Oshawa, the lumber workers of British Columbia, and to the steel workers of Hamilton.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEMBERS OF PARLIAMENT

SUGGESTED CUT IN INDEMNITY—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, as the only independent Member of Parliament I am in the unique position of being able to move motions with the unanimous and unqualified support of my caucus. Having said that, I have concluded, Madam Speaker, that MPs should lead the nation in the fight against inflation and unemployment. Therefore I move:

That all Members of Parliament voluntarily accept a 10 per cent cut in their basic indemnity during the remaining duration of the 32nd Parliament and that the $1.5 million arising from this salary cut be used to create 1,000 student summer jobs per year.

Madam Speaker, I am certain that each and every member of this House will be pleased to second and support this initiative.

Some hon. Members: Oh, oh!

Madam Speaker: There was no seconder to that motion.

• (1410)

HOUSE OF COMMONS

PUBLICATION OF "CANADIAN PARLIAMENTARY HANDBOOK"—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I move, seconded by the hon. member for Don Valley East (Mr. Smith), and I know that the hon. member for Mission-Port Moody (Mr. Rose) is in concurrence with us:

That this House express its congratulations to John Bejermi, an employee of the House of Commons, who has authored a new and unique book entitled "Canadian Parliamentary Handbook", published by Borealis Press Limited of the City of Nepean, and request that the Standing Committee on Management and Members' Services forthwith consider the proposition that the administration supply to each member of the House of Commons a copy of the said book.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

STATUS OF WOMEN

SUGGESTED PROVISION OF STATE BENEFITS—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. While the federal government evades action by conducting studies and holding conferences, hundreds of thousands of Canadian women are struggling to survive on low wages, without adequate training programs, decent day care, or equal pay for work of equal value. Many have been laid off and thousands more face permanent unemployment due to technological change. Therefore I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the federal government and the minister responsible for the status of women set a positive example for the provinces by establishing adequate pension plans for women, providing start up funds for universal day care, implementing mandatory affirmative action, and expanding pre-employment and high tech training programs for women, with allowances to cover child care.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CORPORATE AFFAIRS

CALL FOR INVESTIGATION OF GASOLINE PRICE INCREASES IN OTTAWA AND PROVINCE OF QUEBEC—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In light of the fact that Quebec and Ottawa motorists are being ripped off by the oil industry by up to 15 cents per gallon, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House instruct the Minister of Consumer and Corporate Affairs to investigate the imposition of a 3 cents to 4 cents a litre increase by the oil companies in Quebec and in the City of Ottawa above the increases in the provincial sales tax in the province of Quebec, and that, if these charges are proved to be true, the minister order an immediate rollback of these excessive increases in the price of gas and oil.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN ARMED FORCES

NAVAL CAPABILITY AND PLANNING—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Because of the urgency of the current state of the development of our fleet replacement program, I move, seconded by the hon. member for Annapolis Valley-Hants (Mr. Nowlan):

That the Minister of National Defence take the earliest opportunity on motions to defend statements by the Prime Minister that all is "first class" with Canada's navy; to indicate clearly the government's planning for our naval fleet, including its armament systems, mix of roles and the means of achieving the taskings to be given the fleet; and, in addition, in such a statement explain why it is the government will not produce a white paper on defence policy, the present policy having been produced on information almost as old as our aging naval fleet.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT—QUERY RESPECTING GOVERNMENT POLICIES

Hon. David Crombie (Rosedale): Before I ask my question, Madam Speaker, I am sure the Chair and the House would want me to extend on behalf of the House our condolences to the Right Hon. Leader of the Opposition (Mr. Clark), whose father passed away last night.

• (1415)

My question is directed to the Right Hon. Prime Minister. He is aware from the figures published last Friday that unemployment in the country now stands at the highest level since the depression. Yesterday the Minister of Finance said in Paris that unemployment is unlikely to rise further and that there was a new urgency for efforts to promote what he called sustainable recovery. What new policies is the Prime Minister or his government bringing forward in order that we have the recovery about which the Minister of Finance spoke in Paris, without throwing more hundreds and hundreds of people out of work?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, certainly I want to associate myself and my party with the condolences expressed by the hon. member to the Right Hon. Leader of the Opposition and to say that that sad event is felt by all of us.

In so far as the reference to the minister in Paris is concerned, I am in the process of looking at his speech notes. As I understand it, he was in that forum at the IMF urging measures which would lead to a worldwide recovery and would permit the Canadian economy to recover along with the economies of other major countries. He was pointing out the seriousness of unemployment rates in our country and in all other countries represented in the IMF, and urging particularly that high interest rates prevailing in the United States be addressed so that we all have greater incentive facilities.

REQUEST FOR REMOVAL OF TAX ON BUILDING MATERIALS

Hon. David Crombie (Rosedale): Madam Speaker, my supplementary question is directed to the minister responsible for housing. I am sure that he will know that the unemployment level in the construction industry now stands at 20 per cent, that is, in the order of 150,000 construction workers out of work. It is the worst situation in which the construction industry has found itself in two decades. Also the minister will know that the Canadian construction industry has repeatedly asked the federal government either to withdraw or seriously reduce the federal tax on construction materials. The construction industry regards that as fundamental to stimulating its economy and the economy as a whole. Does the minister support its request and, if so, what will he do with it? If not, why not?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in anticipation of the challenge to the industry and the strength of the demand for units in the country this year, particularly multiple units, the government decided, rather than adopt the step just mentioned by the hon. member for Rosedale, to include funds in the budget of last November which would be of direct and massive assistance to getting multiple construction of units. This is why, for example, $350

million was designated to start the construction of 15,000 units of rental accommodations across Canada and why, for example, just a few weeks ago, that 15,000 units were accelerated with a commitment to start the construction of 30,000 rental units in the country this year, depending upon the ability and the response of the industry to take up those funds. We think that that $350 million, compared with the small benefit of the other tax incentive which is being talked about, is much more significant and much more useful.

Mr. Crombie: Madam Speaker, I am sure the Canadian construction industry takes that as an answer saying no, that the government will not take off the federal sales tax on construction materials. I suggest that the minister may want to meet with those people again to see whether he can find some way to assist them. They regard that as fundamental to the recovery of the construction industry.

* * *

• (1420)

SMALL BUSINESS

INCREASE IN NUMBER OF SMALL BUSINESS FAILURES—REQUEST FOR SHORT-TERM FUNDING

Hon. David Crombie (Rosedale): Madam Speaker, my third supplementary is to the Minister of State for Small Business and Tourism. I am sure the minister is aware that small and medium-sized businesses have suffered very badly during the current recession. Indeed, the figure now stands at 3,651 bankruptcies in the first four months of this year alone.

The small business organizations have repeatedly asked the minister if he would establish emergency short-term loans under the Small Businesses Loans Act. Does the minister intend to act on their request, or will he continue to refuse to do so?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I agree with the hon. member that small businesses are suffering as a result of the present state of the economy. However, the hon. member will recall that as far as the Small Businesses Loans Act is concerned, in 1981, 19,600 small Canadian businesses received guaranteed loans from the federal government under this legislation, an increase of 31 per cent over the previous year. I think we are making a serious effort to promote the use of programs available to small businesses, and according to the response from this sector, it is clear that utilization of these programs has increased.

[*English*]

INDUSTRY

QUALITY OF RAILS PRODUCED BY SYDNEY STEEL CORPORATION

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is for the Minister of Transport. He knows that unemployment is rampant in Cape Breton and that thousands of workers in that area of the province of Nova Scotia are dependant upon Sydney Steel Corporation and its success. Therefore I would ask the minister about his statements, which have been widely reported, questioning the quality of the rails being produced at Sydney Steel Corporation, which are rigidly inspected. The company has enjoyed a national and international reputation for quality rails. What evidence does the minister have to back up or justify his counterproductive statements? Can he produce any tangible evidence of current bad quality and, more important, can he say when any of these alleged deficiencies were brought to the attention of SYSCO management, and has he bothered to check? As well, what about the deleterious effect on the company, its work force, and its future prospects?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is something which is well known by the people at SYSCO. The proof of it is simply the fact that CN has been forced, because of these circumstances, to reduce the level of rail purchases from the SYSCO plant.

The management of SYSCO has asked for another meeting with the CN management on that subject. This will take place. CN accepts the current proposal that an independent assessor be appointed in order to determine the degree of technical difficulty encountered by SYSCO in the production of some types of rail.

Mr. MacKay: Madam Speaker, I want to take issue in a most respectful and vigorous way with what the minister has said. I would question the basis of his information.

IMPORTATION OF RAILS

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I would ask the minister again about the rails which are imported by Canadian National from other countries. Can the minister explain why Sydney Steel Corporation was never given an opportunity to tender on these rails or be informed of any specifications which made them unique, if in fact they are so, so that it also would have an opportunity to manufacture them and further the company's future?

Would he not agree that it would be more appropriate for him to concentrate on arranging more CN rail orders instead of making these counter-productive statements which can only keep the work force in Cape Breton from achieving not only orders for the CN, but for other customers as well? The reputation of SYSCO has been badly damaged by the minister, and I think he should verify his facts, because any problems which existed with Sydney Steel rails were in 1980 and

most of the rails involved were re-inspected and accepted by CN. In any event, the rails are now the best that have ever been produced there, and they are nothing to be ashamed of in any way, shape or form.

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if my hon. friend insists on talking and thinking the way he does, it is okay with me. He can go on. Unfortunately, however, the facts are different.

Mr. MacKay: You do not know the facts.

Mr. Pepin: In 1980-81, CN was purchasing 151,000 tons of rail from SYSCO. In 1982 it was brought down to 97,000 tons, while 11 per cent of CN's needs in 1981-82 were purchased abroad. This, again, is something it does when it has to, when the two Canadian plants, SYSCO and Algoma, cannot provide CN with the quantity or quality it needs. CN has to operate a railway. It has to be certain that the track it buys will stand the wear and tear of everyday operation. It has to do that in the interest of safety. Please bear this in mind. In 1982-83, CN will purchase 88,000 tons of rail, none from outside the country. Again, CN only purchases rail outside Canada when it cannot avoid it. That is all.

* * *

• (1425)

LABOUR CONDITIONS

QUERY RESPECTING JOB-CREATION PROGRAMS

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. Yesterday in Paris, the Minister of Finance suddenly discovered—abroad—that unemployment was a problem here at home. If the Minister of Finance is at long last saying that unemployment is the number one priority here in Canada or ought to be, with more than a million Canadians unemployed and a record level of unemployment since the great Depression, does the Prime Minister have a single new job-creating program to announce to the people of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would not want the hon. member to be misled as to what the minister said in Paris. He did say what he always says, that he is disturbed, and increasingly so, by the high level of unemployment, but not that it was a problem which could be solved without solving the inflationary problem. I refer the hon. member to the minister's speech.

In so far as single new programs are concerned, let me just announce—reannounce a few of the recent ones—

Some hon. Members: Oh, oh!

Mr. Trudeau: —on direct job creation and training initiatives.

Some hon. Members: Oh, oh!

Mr. Trudeau: On March 25 there was an announcement of expanded use of job-creation provisions of UI funds to support summer forestry and fisheries stock improvement projects, amounting to funding of $220 million over the next two years.

A couple of days earlier we had announced increased funding for construction of rental housing and renovation of existing houses, totalling $130 million, a matter which was just referred to in an earlier answer given by the minister responsible for housing. On March 11 there was a boost in training and job-creation programs by $208 million. There were other announcements in April, with a designation of several special areas in eastern Ontario and Quebec which are dependant on the textile, clothing and footwear industries. On March 23 the CHIP eligibility date moved forward from 1961 to 1971 in Newfoundland, in Yukon and in the Northwest Territories. I could go on.

As I have answered the hon. member before, every month, and often every week, we are announcing new job-creation programs. The hon. member has to be constantly reminded of these, because he always forgets the one that was announced yesterday and is wondering what will be announced tomorrow.

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, unlike the Prime Minister, we do pay attention to what his ministers have to say. For example, we know that the grand rental program he just announced—

Some hon. Members: Reannounced!

Mr. Broadbent: —reannounced, to use his own term, will not meet the nation's needs. That program will scarcely meet the rental needs of Vancouver alone, let alone the rest of the cities in Canada. I take it, from his answer, that he has nothing new to announce.

* * *

THE ECONOMY

REQUEST FOR INTRODUCTION OF STIMULATIVE PROGRAMS

Hon. Edward Broadbent (Oshawa): I would also refer the Prime Minister to the statement made by the United States Secretary of the Treasury at the same meeting in Paris. He said that the United States' high interest rate policy will not change. If independent action is not taken, this will have devastating implications for many economies around the world, as the Prime Minister knows.

Considering that François Mitterrand brought in special programs for home owners, for small businessmen, and also for other sectors of the French economy, and considering that Chancellor Schmidt of the Germany added between $3 billion and $4 billion to provide additional stimulus some two months ago to the German economy, does the Prime Minister now have anything new, of this magnitude, to offer the people of Canada, or will he just reannounce the same old stuff?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot comment on the announcement by a United States official. I would merely say that if he is quoted or interpreted as inaccurately as the hon. member interpreted the speech of the Minister of Finance, then I would want to look at the speech before commenting on the quote.

• (1430)

I find it strange that the hon. member refers to actions which President Mitterrand and Chancellor Schmidt took several months ago and claims them to be great new announcements, whereas ours, which were made just a few weeks ago, he describes as old hat. It seems there is a double standard there.

Some hon. Members: Oh, oh!

Mr. Trudeau: I appeal to the hon. member. Why is he claiming as a recent announcement measures taken several months ago by these two heads of governments, whereas ours were announced in the past few weeks and, incrementally, they are as significant as anything done over there.

Mr. Broadbent: Madam Speaker, the matter is very simple. It is twofold. First, the action they took was some time ago, which means they recognized unemployment as a serious issue well ahead of this government. Second, the impact of their programs in terms of their economies is all out of proportion to what this government has announced. They are not trying to nickel-and-dime their countries to death and pretend they are doing something; they are doing something.

* * *

HOUSE OF COMMONS

REQUEST THAT BYELECTIONS BE HELD

Hon. Edward Broadbent (Oshawa): My final question to the Prime Minister is as follows. There are three constituencies in Canada, namely, Timiskaming, Broadview-Greenwood, and Leeds-Grenville which are not represented in the House of Commons, one since as long ago as Christmas when it lost its member, and two since then. Will the Prime Minister at least give to the people in these constituencies their democratic right to have members in the House of Commons? Let the people in these areas decide what they think of the government's economic performance by announcing byelections.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the first step in ascertaining what the people think would be to convey to them clear facts and thoughts, which the hon. member is failing to do. He refers to the impact of others' programs. If he is talking of the impact of President Mitterrand's program, it has been to send interest rates up to 20 per cent, as the Minister of Finance told him the other day. The impact of Chancellor Schmidt's program has certainly not been to prevent an increase in unemployment, which has increased substantially since he introduced those measures, as well as seeing a devaluation of the mark. I put it to the hon. member that if he is going to go to the electorate with such false representations—

Mr. Broadbent: Call the byelections.

Mr. Trudeau: The point I am making is that the hon. member cannot understand the facts in this House. How can we rely on him to convey them to the people?

* * *

PUBLIC WORKS

AWARDING OF ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. It has to do with his friend, Mr. Arthur Erickson. We are advised today by *The Globe and Mail* that Mr. Erickson knew two years ago, in 1980, that he was going to be chosen as the Canadian government architect for the Washington embassy. We are told he was offered the embassy in China and the one in Saudi Arabia by the Prime Minister, but decided to wait for Washington. We are told that he phoned Mr. Guy Desbarats, the assistant deputy minister of public works, when the committee was announced and, was told by Mr. Desbarats that the appointment of the committee was just a formality, the job was his. We are told by Mr. Erickson's assistant, Mr. Charles Gurd—

Madam Speaker: Order. Does the hon. member have a question?

Mr. Crosbie: I do.

Madam Speaker: Will he please put it now.

Mr. Crosbie: In other words, before the selection committee was appointed in 1981, the job was promised to Mr. Erickson. Will the Prime Minister reverse this award to Mr. Erickson and award this commission to the recommended firm, Zeidler Roberts of Toronto? Will he disallow any further extension of the Erickson patronage principle in the public service? Finally, will he resign his position, having failed to be truthful and scrupulous in his conduct, having participated in a series of fraudulent misrepresentations to the people of Canada? Will he do that?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, many of the allegations made by the hon. member seem to have been drawn from a report in this morning's newspaper. If I read it correctly, the allegation is that Mr. Erickson was promised this job two and a half years ago, not two years ago as the hon. member says. Of course, two and a half years ago the Clark government was in power.

Some hon. Members: Oh, oh!

Mr. Trudeau: I cannot, of course, contradict Mr. Erickson on that. I just know that he was one of a group of 11 semi-

finalists, if I can use that expression to satisfy the hon. member. I took the view that the recommendations would be of people qualified to build an embassy. I never believe that the government has to take number one on the list. This is a view that I explained in the House before. I think the government should be helped by the professionals as to who would be qualified to build the embassy, but I do not believe the government has to take number one on the list. If that were the case, the government would lose all discretion, and I do not think that is a proper course. The government should be given a choice, and we exercised that choice.

REQUEST FOR APPOINTMENT OF JUDICIAL INQUIRY

Hon. John C. Crosbie (St. John's West): Madam Speaker, these allegations are from Arthur Erickson and his associate architect, Charles Gurd. They have not been repudiated or refuted by the Prime Minister. He has not said they are false. I ask the Prime Minister this. On May 2 when you were at St. Francis Xavier University, you gave the graduates this advice. You spoke of the need for a new code of international morality. When is the Prime Minister going to apply this new code of morality and these new ethics to his own conduct in this shameful, tawdry affair? The allegations are from your friend that you appointed—

Madam Speaker: Order.

Mr. Crosbie: —a committee after you promised him this job—

Madam Speaker: Order.

Mr. Crosbie: —and then engaged in a fraudulent course of conduct. What is the Prime Minister's answer?

Madam Speaker: Order.

Mr. Crosbie: Will the Prime Minister answer that question?

Madam Speaker: Order. On two counts I have to call the hon. member to order. Members are not supposed to refer to other members either by name or as "you", but should address the Chair. On that count I must call the hon. member to order. On the other count, I must call him to order on a question that is not a question. It is obvious to anyone in this House that that was a speech. I urge the hon. member to ask questions, which he is entitled to do, but they must be questions.

Mr. Crosbie: Will the Prime Minister appoint a judicial inquiry in view of these allegations to tell the public—

Some hon. Members: Oh, oh!

Mr. Crosbie: This is not amusing, gentlemen—a judicial inquiry to investigate and give the facts of this situation to the people of Canada? Also, will he resign if it is found that he did promise the job to his friend and then set up this fraudulent course of conduct with a selection committee that was doomed in advance? Will he do that?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not see the need for a judicial inquiry. I am prepared to give all the facts here and answer all the questions—

Mr. Crosbie: Do it.

Mr. Trudeau: —if they are asked in a sequence in which I can order them, and if I can get the attention of the House. With regard to the alleged statements of Mr. Erickson and Mr. Gurd, I am informed that both of them are now saying they have been misquoted.

Some hon. Members: Oh, oh!

Mr. Trudeau: Well, this draws laughs, but if they are saying that, I imagine they would say the same thing to a judicial inquiry.

Mr. Crosbie: Let's see. They are under oath then and so are you.

Mr. Trudeau: This is what I mean, Madam Speaker. We listened to the hon. member's questions. I attempt to answer them seriously and I keep getting this bellowing from across the aisle from the hon. member. If he is interested in morality, I indicated that I did not feel the government had to choose the one at the top of the list. If I read the same newspaper, apparently Mr. Zeidler finds this, that he was at the top of the list and therefore thinks that he should have had it. I imagine that is the point of view of the hon. member for St. John's West. That is not my point of view, Madam Speaker.

• (1440)

Some hon. Members: Oh, oh!

Mr. Trudeau: I do not see any reason why the Government of Canada should not have a say in the kind of embassy which is going to be built in a prestigious location as is the case in Washington.

Since I have been in government all kinds of embassies have been built abroad. I have never had a say, nor do I remember the government ever having had a say, in the choice of those embassies or those architects.

Some hon. Members: Oh, oh!

Mr. Trudeau: I am prepared to see that changed. I do not have to tell it to a judicial commission. Indeed, I think the government should be able to choose the architect. I would admit, Madam Speaker, that in the case of very important embassies like this one, the government should be guided in the choice, by having a small number of qualified architects recommended by the architects' institute. I do not believe that we have to choose the top one off the list.

An hon. Member: What about the Minister of Finance?

Mr. Trudeau: I can understand the other side not liking that system, Madam Speaker. I can see, too, that if the hon.

member were in charge of choosing a design, I too would be very frightened. That is why I think that there should be a small list of people who are qualified to build. But within that list I see no reason at all why the government would have to take that name which is recommended by the Royal Institute of Architects—which is another form of patronage.

Some hon. Members: Hear, hear!

REQUEST THAT COMPETING FIRMS BE REIMBURSED FOR EXPENSES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, methinks the Prime Minister doth protest too much, and too long.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Madam Speaker, there is a lot of interruptions from the Liberal Party. If I may use a spoonerism, the Liberal Party is a bunch of shining wits. May I ask the Prime Minister this? The indictment comes from the Prime Minister's own lips. He indicates that Mr. Erickson was not the first choice, indeed he was not in the first four choices; and Mr. Ritchie, the chairman of this selection panel, has said with regard to Mr. Erickson that he was unlikely to do as good a job as the four finalists in this case. If they put on a charade of having a selection committee, and if in fact the Secretary of State for External Affairs has indicated that this is the wrong way of proceeding, and that they are going to revise the method respecting these architectural candidates, I want to ask the Prime Minister, in view of the fact that over one and one-quarter million dollars has been spent by the 71 architectural firms which were involved in this process, whether he will not, under the circumstances, indicate whether they will be reimbursed for the very substantial amount of money they have put out—under false pretenses by this government.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know where the hon. member gets that figure, but whatever the figure was, it was obviously spent by a lot of people who knew that only one would be chosen, therefore, that there was going to be money lost, to use the hon. member's phrase, by all but the winner. Now he says that there was a group of four recommended by the board. That is true, Madam Speaker, but I understand from the member for St. John's West that somehow we would have had to choose the one at the top of the list.

Mr. Hnatyshyn: No.

Mr. Trudeau: Am I being told now that it would have been okay if we had chosen one of the four rather than one of the 11? I would like to know what the opposition is taking as its morality in this particular case. Do members opposite think the government has any choice at all, or was it necessary to choose among four, or among 11?

The point I am taking, Madam Speaker, is that these boards can be useful to narrow down the list, in order that people who are capable of building and who have the reputation of building good buildings, will be chosen; but I do not think, I repeat, I do not think that the government should automatically choose one which has had the first place. And I do not think that is the point of view of the member for St. John's West either, but he keeps saying it.

Some hon. Members: Oh, oh!

REQUEST FOR INDEPENDENT INVESTIGATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the point I want to make for the Prime Minister is that the Prime Minister is in effect saying to the selection panel that they are a bunch of incompetents and that, no matter what they suggest to the government, they are not going to be given attention. They did narrow down the number of architects to the last four.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I repeat "shining wits", and maybe they will pick that up a little later on. I want to ask the Prime Minister this. In the interest of the integrity of the office, why is it that the Prime Minister, when there are obviously differing statements with respect to what actually transpired—and the Prime Minister is so obviously embarrassed about this matter—he has been caught with his pants down on this issue—refuses to accept the legitimate proposition of having an independent investigation into this matter? Why? Does he think he is above the law? Does he think that the Charter of Rights does not apply to him?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can remind the member of the hundreds of times that the opposition has called for commissions of inquiry. The facts are not being hidden by me. I am admitting I did not choose the first. I am giving the reasons why. There may be a political difference here.

I feel that amongst the top ones chosen by the committee there were several people who could have built the building. I think that within those choices it would have been even nicer if we could have said to four, five or six of them, "Let us see some designs, let us see some mock-ups of the building, let us choose." I have seen a lot of our embassies now, Madam Speaker. As I say, I have been Prime Minister and travelling abroad for some years. I think it amazing that until now not a single project, to my recollection, has ever come to the Government of Canada for even a look at these prestigious buildings, and that it is some people out there who make the choice.

An hon. Member: No, no.

Mr. Trudeau: At least as far as this government is concerned, I think we have a sense of taste which perhaps would not exist on the other side—

Some hon. Members: Oh, oh!

Mr. Trudeau: —and that we are able to make some choice in this case, Madam Speaker.

Madam Speaker: Order. Order. I am sorry to interrupt the Prime Minister, but that answer was rather long.

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CORPORATE AFFAIRS

REPORTS CONCERNING DOMINION STORES LTD.

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Last week there were reports that Loblaws Ltd. was trying to buy shares in Dominion Stores Ltd. This came only a few days after reports that Steinbergs and Dominion were trying to get together. Since gobbling up Dominion may be good for the supermarket companies but certainly is not good for the consumers, the farmers, or the smaller independent Canadian food processors, can the minister tell this House whether his ministry has investigated these attempts to buy into Dominion and, if so, what are the conclusions of himself and his department regarding this further concentration of ownership and control in the retail food market?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, as you know, it is not appropriate to deny or to confirm that an inquiry is being held. I can give the hon. member the assurance that his remarks will be brought to the attention of the Director of Investigation and Research.

[*English*]

CONSOLIDATION OF PURCHASING POWER

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, the minister will remember that the Leach inquiry in Ontario heard a great deal of testimony some time ago from farmers and smaller food processors about chain store buying techniques, like demanding volume rebates, co-operative advertising allowances, and a whole lot of other ways that the supermarkets have of reducing their procurement costs. While at first glance this may appear to be an advantage to the consumer, does the minister agree that over time this sort of growing, privately-controlled power in the hands of the supermarkets will eventually bring higher prices to consumers? If he does agree, what do he and his department intend to do about it?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Yes, Madam Speaker, indeed I share the concern of the hon. member. This is one of the reasons why we hope in the next session of Parliament to introduce appropriate amendments to the combines legislation.

* * *

[*Translation*]

STATUS OF WOMEN

MEETING OF MINISTERS IN OTTAWA—INQUIRY RESPECTING MEASURES TO PROMOTE ECONOMIC EQUALITY OF WOMEN

Mrs. Céline Hervieux-Payette (Montréal-Mercier): Madam Speaker, my question is directed to the Minister of State responsible for the Status of Women. The ministers responsible for the status of women in the provincial and territorial governments have been meeting in Ottawa for the last two days. Madam Speaker, I should like to know whether the ministers have reached any conclusions, and whether the minister can inform the House of these conclusions and any measures the ministers intend to take to implement the Charter of Rights and improve the economic status of women in Canada.

• (1450)

[*English*]

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I welcome this opportunity to explain what happened during the past day and a half in Ottawa. This was a rather historic event, the first meeting ever of the ministers responsible for the status of women. We were delighted to come to conclusions that I think will improve the status of women in Canada on a very general basis. We agreed that the machinery of government must be improved both at the federal and provincial levels. There must be a greater understanding of those problems which face women in the work force today. Daycare, maternity benefits, sexual harassment, all came under intense discussion.

* * *

EMPLOYMENT

JOB RETRAINING FOR WOMEN HEADS OF FAMILIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Regardless of the Prime Minister's approach to the unemployment situation, nevertheless the situation with regard to 1.5 million unemployed Canadians is really tragic. One of the groups that is suffering most from unemployment is women who are heads of single-parent families. The number of people in this group without jobs has doubled in the last year from 25,000 to 51,000.

In view of the fact that these women, on their own, have to provide for their children, maintain their homes, and put food

on the table, is any special emphasis being given to job retraining for these women who are probably the most vulnerable group in our society?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I certainly agree with the hon. member that this particular group in our society is the one that faces by far the most serious difficulty in the workplace. I can report to the House that one of the major emphases of the new national training plan we have put forward will provide special incentive grants to employers to take women into non-traditional training programs and provide them with the opportunity to gain training in a wider range of occupations than has previously been the case.

We also have a special direct employment program, Canada Community Services Projects, which particularly hires women who are single parents to work in a wide variety of community-based services. I believe the enrolment is about 70 per cent women in that direct employment program. We are targeting our efforts to meeting the problem, and we would certainly appreciate any support that the hon. member could give to those efforts.

CANADA MANPOWER DECISIONS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a supplementary question for the minister. I should like him to consider the case of a single parent who is a 42-year old female sales clerk, with two children at home, who was given two weeks termination notice. She applied through Canada Manpower for retraining in word processing. She was told she would need a typing speed of 50 words per minute to qualify. She did not have that, so she applied for retraining in typing. Then she was told at Canada Manpower that that would not do, because typing leads to a dead end occupation for women and therefore she would not be allowed to retrain in typing. Then she was told, "Besides that, you are listed as a sales clerk."

How long are women like this going to be given the runaround by the department, and when is the department going to consider seriously the fact that such women are desperately in need of retraining?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would be very pleased to receive specific information on that case from the hon. member. I would be prepared to look into it. I would point out that, in order to deal with the problems she raises concerning the need for special counselling, we have opened eight special women's employment centres across Canada in the past year. They are designed specifically to look at the problems of women coming into the work force who need training or need to change occupations.

I would be very glad if the hon. member would give me a report on this case which I would refer to one of the special women's employment centres that we have established to deal with that kind of problem.

[*Translation*]

PUBLIC WORKS

ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.—GOVERNMENT POSITION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Right Hon. Prime Minister and concerns the embassy project. I have the impression that the Prime Minister gave a very poor defense of his point of view in a matter that is extremely important, considering his position. The Prime Minister mentioned 11 finalists, who today have become "semi-finalists". The Prime Minister knows perfectly well that the committee recommended four firms, and I believe he has a duty to the public to give his real reasons for not selecting one of the four recommended firms or finalists and for selecting a firm that ranked lower on the list.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is asking me to repeat what I said earlier. It is my view that the government had to make a selection from a group of architects who were recognized as being eminently capable of building an embassy of this size. Whether there were 11 in the group or four, I suppose it hardly matters, unless the hon. member is trying to claim that the government has to select the first one on the list. That is what I asked his colleagues, and I did not get an answer. Is the government bound by the selection made by a group of government officials and architects, in which no politician had a say. Is this selection to be imposed on us or should the government act responsibly and exercise its discretion in selecting the architect? It so happens that in exercising that discretion, we selected one of the 11 finalists or semi-finalists, and it so happens that our choice fell on an internationally acclaimed architect, whose reputation is well established in Canada and beyond our borders. Personally, I cannot accept the principle that in selecting an embassy of this size, the government is bound by the decision of a group of officials or architects and that the government itself has nothing to say in the matter. If that is the hon. member's theory, he probably made this discovery since he became a member of the opposition, because it was certainly not his position before.

Mr. La Salle: Madam Speaker, I can assure you that not my theory but the Right Hon. Prime Minister has changed during the last thirty years, since the time when he attacked the Union Nationale in Quebec on contracts. The Prime Minister knows perfectly well that his government asked for a special committee to do an evaluation of this prestigious project. The opposition never requested that the first person on the list should be selected, but the Prime Minister is sticking to this story although he knows perfectly well, and that is where he is misrepresenting the facts, Madam Speaker—

Madam Speaker: Order, please. I am sorry, but I must ask the hon. member to put his question.

Mr. La Salle: Madam Speaker, since the Prime Minister received four recommendations and was not bound to select the first person recommended, why did the Prime Minister refuse to consider representations made by a competent committee? Does he want to give us the impression that the government is more competent than the task force he himself formed to help the government and the country to carry out this prestigious project? That is what Canadians would like to know.

Mr. Trudeau: Madam Speaker, the hon. member is saying now that we were not bound to select the first one on the list. Madam Speaker, I may refer the hon. member to his colleague from St. John's West, who earlier seemed to indicate the exact opposite, when he spoke in support of the press report, and, more specifically, named Mr. Zeidler, who said that he was the first one on the list and that he should have—

Mr. La Salle: There were four recommendations and you ignored them!

Mr. Trudeau: Yes, Madam Speaker, but I cannot seem to make the hon. member agree with his colleague. He should first get things straightened out with him and tell us whether according to their side, we are bound to select the first candidate or whether we have some latitude to select among those who qualified. If the hon. member, unlike the member for St. John's West, is saying that we do have some latitude, I would ask him now why this latitude should extend to four rather than to 11 people, because none of the 11 and none of the four submitted a real project or even a mock-up or sketches, and that the point was to select a competent person. I suggest that there were probably several competent architects among the 11, but I do not think that anyone in this House or in the country will deny that Mr. Erickson is competent. The hon. member said that he happens to be one of my friends. I would like to tell the hon. member that if Mr. Erickson is a great architect, it is not because he is my friend. Perhaps the reverse is true.

* * *

• (1500)

[*English*]

EXTERNAL AFFAIRS

NAMIBIA—SELECTION OF ELECTORAL SYSTEM

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is for the Secretary of State for External Affairs. He will know that Pretoria and Washington seem to be combining to hold up as long as they possibly can, if not forever, the independence of Namibia, which the minister himself said last November he hoped to see come about this year in accordance with the UN resolution. Can the minister explain why Canada, as a member of the contact group, is not protesting in the most strenuous way possible the manner in which various electoral systems are being proposed? First of all there is the suggestion that there be one person with two votes, and of course SWAPO turned that down; and they are now proposing there be one person with one vote but each vote be counted twice. As the minister knows, all these devices are contrary to what we should be pressing for in the contact group. I ask the minister are we pressing for or is there any hope of having a genuinely democratic system in Namibia of one person, one vote?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, as the hon. member knows, there are a great many valid electoral systems in the democratic world. In each case it is important that the system be devised with the needs of the people in mind. Namibia is a country in which there are a great many different groups, none of which, I understand, comprises as much as half the population. Therefore it is important to get an electoral system which gives some weight to all of the various groups in that country. That is what the contact group has been trying to facilitate with its various proposals. It is not open to me to discuss those proposals in this formula, but we have been trying to facilitate the process. This is not a process which involves bad faith on anyone's part, as some have alleged, or some kind of blindness to the needs of the situation. Indeed, it is an attempt to meet the needs of the situation exactly.

POSITION TAKEN BY SOUTH AFRICA AND UNITED STATES

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I would like the minister to note specifically that one person, one vote, under a system of proportional representation, which is what many in the area have proposed, or something comparable to Zimbabwe, is what would be the most fair in this circumstance. I agree with him there are a great variety, and I believe a proportional representation system would be the most appropriate. Would the minister not agree to that, and also agree that the hopes he had, when I questioned him last November in committee, of Namibia achieving independence in 1982 are now being once again totally stalled by South Africa, and possibly even by Washington as well?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I would agree with the hon. member that some measure of proportional representation may well be needed in that situation. I would tell her that the timetable we had last fall has proved to be overly optimistic in light of events. But I can certainly deny that the kind of difficulties which have arisen have arisen because of any specific attitude on the part of South Africa, and of course not on the part of the United States which has been working with other members of the contact group to try to facilitate the process.

Order Paper Questions

BUSINESS OF THE HOUSE

Mr. Nielsen: May I ask the government House leader to confirm the business for tomorrow and Thursday.

Mr. Pinard: Madam Speaker, the business for tomorrow will be the consideration on second reading of one of two bills resulting from the splitting of Bill C-93, namely Bill C-111. On Thursday we will be dealing with the second reading of Bill C-112.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

ENERGY LEGISLATION—PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mr. D. M. Collenette (York East): Madam Speaker, I have the honour to present the third report of the Standing Committee on Energy Legislation, in both official languages.

[*Translation*]

HEALTH, WELFARE AND SOCIAL AFFAIRS—PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mr. Marcel Roy (Laval): Madam Speaker, I have the honour of tabling, in both official languages, the third report of the Standing Committee on Health, Welfare and Social Affairs.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,829, 2,870, 2,937, 3,531, 3,554, 3,705, 3,706, 3,707, 3,708, 3,709, 3,710, 3,711, 3,712, 4,096, 4,163, 4,164, 4,215, 4,217, 4,219 and 4,223.

[*Text*]

POST OFFICE—EDUCATION LEAVE COSTS

Question No. 2,829—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Post Office Department at page 13.6, Volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $36,430 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): I am informed by Canada Post Corporation as follows: 1. (a) and (b) The guidelines contained in the Canada Post Personnel Manual, Chapter 9-1 which are in accordance with Treasury Board policy as expressed in the Personnel Management Manual, Chapter 110-5.

2. None.

3. (a) and (b) None. (c) Employees are usually granted educational leave not because of a change in their capabilities but rather to increase their capabilities so that they become more valuable employees for the organization.

4. Of the five employees recorded on page 13.6, Volume I of the 1979-80 Public Accounts of Canada, 20 per cent left the public service.

POST OFFICE—HOSPITALITY SERVICES

Question No. 2,870—**Mr. Clarke:**

With reference to the professional and special services recorded by the Post Office Department at page 32.25, Volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts of a value more than $2,000, to whom was it paid (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $70,786 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant-Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): I am informed by Canada Post Corporation as follows:

(a) Meals and receptions only.

(b) The amount paid was $70,786 as recorded in the Public Accounts of Canada and no contracts were issued for $2,000 or more.

(c) The guidelines set out in Treasury Board Administration Policy Manual, Chapter 360.

(d)(i) 42 per cent (ii) 20 per cent (iv) 18 per cent (vi) (vii) (ix) 20 per cent (iii) (v) (viii) (x) (xi) (xii) Nil.

POST OFFICE—TRAINING SERVICES

Question No. 2,937—**Mr. Clarke:**

With reference to the professional and special services recorded by the Post Office Department at page 32.25, Volume II of the 1979-80 Public Accounts of

Canada, with particular reference to training services (a) how does the department explain the 24 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000 (d) what services did George Brown College in Toronto provide?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): I am informed by Canada Post Corporation as follows:

(a) The 1978-79 reported amount of $591,072 included only individual payments in excess of $2,000. The 1978-79 amount of $802,495 includes all payments including those under $2,000 and as a result a comparison is misleading. If in 1978-79 the under $2,000 payments are included the compared amount would be $802,495 and 1979-80 would in fact show a decrease of 8.2 per cent.

(b) The training program services include the costs related to University, College, Public Service Commission and correspondence courses as well as technical training.

(c) Not available for 1979-80. We were required to list only individual payments $25,000 and over.

(d) The George Brown College in Toronto gives technical training for postal employees. This training provided the prerequisite skills and knowledge to maintain postal equipment and to undertake further specialized training to maintain complex equipment systems in the mechanized postal plants.

SALARY OF GOVERNOR OF BANK OF CANADA

Question No. 3,531—**Mr. Cossitt:**

1. Did the Governor of the Bank of Canada recently state that "if all workers demand pay increases of 10 to 12 per cent annually, inflation will never be licked" and, if so, at what location and under what circumstances?

2. Did the Governor recently accept an approximately 10 per cent salary increase and, if so, how does the government and the Governor reconcile this statement with the sizeable increase received by the Governor?

3. What is the salary of the Governor now and what was it before the raise?

Hon. Pierre Bussières (Minister of State (Finance)): 1. The Bank of Canada has no record of a statement in these terms by the Governor. What the Governor said in his speech to the Board of Trade of Montreal on December 1, 1981 was the following: "The more readily we Canadians accept the fact that more moderate increases in total spending imply more moderate increases in money incomes and prices for everyone, the better will be the trend of employment, output, and real income in Canada in the months ahead."

2. The Governor of the Bank of Canada received a salary increase effective April 1, 1981. The salary of the Governor had been frozen for six years from January 30, 1973 to January 1, 1979. From 1973 to date, the salary of the Governor has increased 39 per cent; during the same period, average wages in the entire economy have increased about 130 per cent.

3. For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of the Governor of the Bank of Canada.

FORMATION OF UNION AT HARBOURFRONT

Question No. 3,554—**Mr. Blenkarn:**

1. With reference to Harbourfront, is it the government's policy to resist any effort by employees to form a union in order to bargain collectively with Harbourfront?

2. Did the directors of Harbourfront vigorously oppose the efforts by theatrical stage employees to join the International Alliance of Theatrical Stage Employees Local 58 and, if so, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1 and 2. There is an application now being heard by the province of Ontario Labour Relations Board for certification of a small group of employees at Harbourfront. The board is the suitable body to hear this matter and it is therefore not appropriate for the federal government to comment. I am satisfied, however, that Harbourfront management, as the local organization responsible for the site, is carrying out its responsibilities in a proper manner.

MR. GERALD BOUEY

Question No. 3,705—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Gerald Bouey, Governor of the Bank of Canada, as of February 2, 1982 and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Gerald Bouey, Governor of the Bank of Canada.

MR. EDGAR BENSON

Question No. 3,706—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Edgar Benson, Chairman of the Canadian Transport Commission, as of February 2, 1982 and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Edgar Benson, Chairman of the Canadian Transport Commission, is paid as a DM3, the range for which is $84,300 to $99,200. Since Mr. Benson's appointment in September of 1972, the DM3 range has been adjusted as follows:

April 1, 1973	—	10 per cent
April 1, 1974	—	9.1 per cent
April 1, 1975	—	10 per cent
April 1976	—	3.6 per cent *
April 1, 1977	—	3.5 per cent
April 1, 1978	—	3.4 per cent

* No increase provided to individuals

April 1, 1979 — 6.7 per cent
April 1, 1980 — 9.5 per cent
April 1, 1981 — 9.2 per cent
Nov. 1, 1981 — 6.0 per cent **

** No automatic increase provided to individuals

Individuals within the DM3 classification may receive adjustments either greater than or less than the movement of the range structures based on assessed performance. Where position in the range stucture or level of salary increase reflect performance judgments, individual salaries and salary increases are not released.

MR. FRANK ROBERTS

Question No. 3,707—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Frank Roberts, Chairman of VIA Rail, as of February 2, 1982, and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Frank Roberts, Chairman of VIA Rail.

MR. WILLIAM HOPPER

Question No. 3,708—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Bill Hopper, Chairman of Petro-Canada, as of February 2, 1982, and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Bill Hopper, Chairman of Petro-Canada.

HON. MITCHELL SHARP

Question No. 3,709—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Mitchell Sharp, Commissioner of the Northern Pipeline Agency, as of February 2, 1982, and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Mitchell Sharp, Commissioner of the Northern Pipeline Agency.

MR. AL JOHNSON

Question No. 3,710—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Al Johnson, President of the CBC, as of February 2, 1982, and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Al Johnson, President of the CBC.

MR. CLAUDE TAYLOR

Question No. 3,711—**Mr. Cossitt:**

What is the salary to the nearest dollar paid to Mr. Claude Taylor, President of Air Canada, as of February 2, 1982, and what are the percentage increases he received since taking office?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Claude Taylor, President of Air Canada.

MR. MICHAEL WARREN

Question No. 3,712—**Mr. Cossitt:**

1. What was the exact salary to the nearest dollar paid to Mr. Michael Warren, head of the Canada Post Corporation, at the time of his appointment effective September 1, 1981?

2. What is the exact salary to the nearest dollar received by Mr. Warren as a result of an increase approved by cabinet last week?

3. What were all the reasons justifying such a large raise in salary when Mr. Warren has only been in office for a relatively short period of time and was one of the reasons that Canadian postal rates for first-class mail were recently raised to provide for funds in order to increase Mr. Warren's salary?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): 1 and 2. For those positions to which a salary range is not attached and where the determination of salary increases includes considerations of assessed performance, as a matter of privacy the government does not release individual salaries or the percentage increase in salary applicable to individuals. These circumstances apply in the case of Mr. Michael Warren, President of the Canada Post Corporation.

3. It was agreed with Mr. Warren, when he accepted the position of the Canada Post Corporation on April 2, 1981, that his salary would be included in the 1981 annual pay review for

Crown corporations, which was concluded on January 27, 1982. The salary of the President of the Canada Post Corporation is not a factor in the establishment of Canadian postal rates.

DND CONTRACTS

Question No. 4,096—**Mr. McKinnon:**

1. Did the Department of National Defence place a $5,000 contract with Carleton University for a "study of the cohesiveness of the Warsaw Treaty Organization—Phase II" under contract serial No. 05SU-0141105 (2SU81-00400) and, if so (a) for what reason could the study not be done within the department (b) on what date will it be completed (c) how many parts or phases are there to the study and what is the total expected cost (d) will the study, in whole or in part, be made available to (i) Members of Parliament (ii) the Department of External Affairs?

2. Did the department place a $148,000 contract with W.R. Davis Engineering Limited for "study of the motion of a cable towed flexible cylinder" under contract serial No. 07SC-3210154 (8SC81-00248) and, if so (a) for what purpose is a towed flexible cylinder used (b) what is the unit cost of a cylinder?

3. Did the department place a $276,860 contract with Air Canada for aircraft passenger seats under file No. HE.2721361-HE80 (2HE81-02038) and, if so (a) for which and for how many aircraft are the seats being purchased (b) how many seats are being purchased?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of National Defence and Supply and Services as follows:

1. Yes. The study is carried out under the sponsorship of Carleton University and jointly funded by several organizations including DND.

(a) While DND provides project co-ordination, it does not have the linguistic capability nor the human and financial resources to carry out the project on its own.

(b) Fall of 1983.

(c) Four phases with several parts to each phase. The total expected cost up to and including Phase III is estimated at $153,889. The cost of Phase IV, which will be the final report, has still to be determined.

(d) The study will be available to Members of Parliament and to all interested government departments; it will also be distributed throughout NATO.

2. Yes, the said contract was issued by DSS on behalf of DND to W.R. Davis Engineering Ltd.

(a) The work under the contract is for the development, validation and implementation of a computer program to simulate the motions of a long, flexible, neutrally buoyant cylinder towed by a long, heavy cable. The "flexible cylinder" could be any long, flexible object, cylindrical in shape, that could be towed behind a ship. This could be a fish net or an antenna array used in detection systems.

(b) The project is a computer exercise only and no "cylinder", as such, will be used or purchased.

3. Yes, the said contract was issued by DSS on behalf of DND to Air Canada.

(a) The seats are being purchased for the five DND CC137 (Boeing 707) aircraft.

(b) A total of 215 used refurbished seats are on order.

ECONOMIC STRATEGY

Question No. 4,163—**Mr. Nystrom:**

1. Has the government made reference to an economic strategy based on megaprojects and, if so (a) which projects (b) what are the projections for the next 20 years (c) where will they be located (d) under which sector of the economy will they come (e) what is their (i) total (ii) individual value (f) for (i) all projects (ii) each project, what industrial benefits are forecasted for Canada's economy (g) for (i) all projects (ii) each project, how many jobs will be created?

2. Are there guidelines stipulating that subcontractors and other companies must be Canadian-owned in a given percentage and, if so, what are the details?

3. Does the government contemplate investing in the projects and, if so (a) approximately how much for (i) all projects (ii) each project (b) under what form (grants, guarantees, tax credits, etc.)?

Hon. Pierre Bussières (Minister of State (Finance)): 1. (a) The government has not made reference to an economic strategy based exclusively on megaprojects. The government in its policy paper entitled "Economic Development for Canada in the 1980's", tabled at the time of the November budget, stated that the 1980s hold great promise, offering opportunities of unprecedented magnitude and the potential for lasting benefits from economic renewal. Specifically, the policy paper set out three areas of major opportunity:

(i) the development of our natural resources; energy, food products, such as grain and fish, forest products and minerals, such as coal and potash.

(ii) the second area of economic development opportunity lies in manufacturing activity. The paper cites the published report of the Major Projects Task Force which identifies $440 billion in potential projects predominantly in the energy and resource sectors, noting the opportunity presented to the manufacturing sector to both supply machinery, equipment and materials needed for resource development and to extend the further processing of resource products beyond the primary stage.

(iii) the third area of growth is in the innovation, development and exploitation of advanced technology and high productivity goods and services. The paper notes that Canadian creativity has proven in the manufacturing, engineering and service areas, such as nuclear technology, aerospace, communications, electronic data processing, retailing and urban transportation equipment, that we can place ourselves at the forefront of technological change in selected world markets. It is equally clear, however, that we must build upon and strengthen our technological infrastructure.

(b) The major project task force report of June, 1981, provides an inventory of specific projects to the year 2000 having a cost of $100 million or more. The government in October, 1981, published a major capital projects inventory containing projects with an investment value of more than $100 million. These projects were divided into categories of "committed", "planned" or "possible" to the year 1990

depending upon the status of industry plans. The government inventory also provides an address list of all the sponsor companies, including a contract name and other relevant project information. It is intended, if industry agrees it would be useful, to annually up-date this inventory. Canadian industry is therefore to be kept appraised of possible current and future opportunities arising from major projects.

(c)(d)(e)(f) The two above-mentioned publications not only set out a project, specific inventory of currently identified projects, but as well set out the costs, projected employment where known and sectoral and regional distribution of the project inventory. It is expected that the massive investment in these resource development projects will generate many billions of dollars worth of opportunities for supplying these projects or developing new resource-based products.

2. In order for Canadian industry and workers to benefit to the maximum extent possible from major activity the federal government announced new initiatives in August, 1981. These initiatives were (i) the announcement of industrial benefits objectives and guidelines for owner-sponsors of major projects, (ii) the creation of an office of industrial and regional benefits within the Department of Industry, Trade and Commerce; and (iii) the formation of a committee on industrial and regional benefits replacing the existing advisory committee on industrial benefits. These measures are intended to increase the federal government's ability to identify and stimulate industrial benefits associated with, in particular, the development of Canada's natural resources. They also respond to a need to have a system in place to administer the industrial benefits provisions of Bill C-48.

With respect to supplier development, a critical role must be played by project sponsors. The government will encourage sponsors to put in place policies and practices that ensure that Canadian suppliers benefit from supplier development activities that are seen as good procurement strategy in many industries. These include phased contracts, performance milestones, early definition of requirements, participation in start-up costs, assistance with technical or managerial skills, etc.

3. The government, through Crown corporations, may invest in some megaprojects. The level and nature of investment in any specific project will depend upon several factors, including the magnitude of the project and the role which the project plays in the achievement of national economic objectives. For example, through Petro-Canada the government may invest in major energy projects which have the potential to add significantly to Canada's domestic oil supplies, and thus contribute to the achievement of oil self-sufficiency. The precise nature of each Crown corporation's investment will depend upon its nature and financial situation.

It is not possible at this time to estimate how much the government will invest in the several projects listed in the major capital projects inventory. Many of these projects are still in a preliminary planning stage, and even those in an advanced stage of planning may not yet have received full review by regulatory bodies and government departments to determine whether they are consistent with the public interest.

It also is not possible at this time to predict the precise form which government financial participation might take. Crown corporations will participate as equity investors in some projects. In other cases, the government may provide tax and direct incentives. The form of the government's participation will be dependent upon, *inter alia*, its judgment as to the national economic benefits to be derived from the project, the capability and willingness of private sponsors to assume the associated risks, the financial benefits to be derived by Crown corporations from investments, and the impact of different forms of participation such as tax expenditures upon related government policies and programs.

STATE VISIT OF PRESIDENT OF SOMALIA

Question No. 4,164—**Mr. Siddon:**

With reference to the state visit of President Siad Barre of Somalia (a) how many Somalian flags were purchased and installed in the National Capital Region for the visit (b) which department paid for the acquisition and installation (c) what was the total cost of their (i) acquisition (ii) installation (iii) removal (d) what will be the disposition of the flags when they are removed (e) are the flags to be stored and, if so (i) where (ii) what will be the cost of storage?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) Three hundred and four.

(b) Acquisition and installation paid for by Public Works Canada. $3,764.43 is to be recovered from the Department of External Affairs.

(c)(i) $3,764.43, (ii) $3,365, (iii) $2,753.18.

(d) Public Works storage.

(e)(i) Yes, at Public Works Stores, Plouffe Park, Ottawa, (ii) $70.20 per year.

CANADIAN HUMAN RIGHTS COMMISSION

Question No. 4,215—**Mr. Robinson (Burnaby):**

1. With reference to the education leave costs recorded by the Department of Justice for the Canadian Human Rights Commission at page 13.6, volume I of the 1980-81 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted leave with pay (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. (a) Guidelines used are contained in Training Administration Guide issued under Section 7 of the Financial Administration Act and the government's policies on staff training (chapters 110-1 and 110-2 of the Personnel Management Manual). (b) The skills to be acquired were needed on a permanent basis.

2. (a) and (b) Nil. (c) One hundred per cent of the education leave was necessitated due to changes in the capabilities of the employee.

DEPARTMENT OF JUSTICE—EDUCATION LEAVE COSTS

Question No. 4,217—**Mr. Robinson (Burnaby):**

1. With reference to the education leave costs recorded by the Department of Justice for the Law Reform Commission of Canada at page 13.6, Volume I of the 1980-81 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted leave without pay (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Page 13.6 of Volume I of the 1980-81 Public Accounts of Canada appears to contain a misprint as regards purported information regarding the Law Reform Commission of Canada. In fact, no personnel of the commission were on education leave during that fiscal year and, consequently, no costs were incurred for that purpose.

MR. DONALD MARSHALL, JR.

Question No. 4,219—**Mr. Crosby:**

1. Was an application made to the Minister of Justice or another officer by or on behalf of Mr. Donald Marshall for a pardon, new trial or other remedy with respect to his conviction for a murder?

2. Does the minister or other official have any information indicating that Mr. Marshall was improperly convicted of the murder of Sandy Seale or does he or any other official have any information respecting the person who did murder Sandy Seale?

3. What action can be taken or what remedy can be granted to a person who has been improperly convicted of murder in Canada and who has spent a substantial period of time in prison and is there any financial or other compensation available to such a person?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Dartmouth lawyer Stephen Aronson met with one of my officials on April 1, 1982, to discuss the case of Donald Marshall, Jr. He has just lately tendered written materials in connection with Mr. Marshall's application for a pardon, or for one of the remedies under Section 617 of the Criminal Code. Section 617 permits me to order a new trial or appeal proceeding where I feel that such relief is warranted.

2. This case is currently being investigated by my officials, and I hope will be resolved with some dispatch. I cannot comment on any substantive aspect of it, until the matter is concluded.

3. There has been no suggestion that compensation might be sought from the federal government in a matter such as this, for we had no role in the investigation or prosecution of this case. I cannot speculate about what recourse might be sought from others if there were any impropriety.

VETERANS CONTRACTING MULTIPLE SCLEROSIS

Question No. 4,223—**Mr. Friesen:**

1. How many veterans of World War II who served with (a) the Canadian Armed Forces (b) other allied forces were interned in (i) Japanese (ii) German prisoners of war camps and, in each case, how many surviving veterans are now known sufferers of multiple sclerosis?

2. Of those veterans who have died, how many contracted multiple sclerosis before their deaths?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. No such statistics maintained or available. Compensation under the provisions of the Compensation for Former Prisoners of War Act is currently being paid to 980 former members of the Canadian Armed Forces who were prisoners of war of the Japanese during World War II, and to 4,936 former members of the Canadian Armed Forces who were prisoners of war of other powers during World War II.

2. No such statistics maintained or available. The Canadian Pension Commission does not maintain statistics on the number of former prisoners of war who are now suffering from multiple sclerosis, or who suffered from this condition prior to their death.

[*English*]

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

Mr. Stevens: Madam Speaker, if I may, I would like once again to ask the parliamentary secretary why he has not been able to give us a reply to question No. 2,042, which touches on the Prime Minister's December-January world tour of 1980-81. I point out to the parliamentary secretary that there are questions on the Order Paper which go back two years and one month. There are 278 pages of unanswered questions. Surely the government, if it has the will, could answer these questions more promptly, including not only the question I have referred to but my five questions Nos. 3,216 to 3,220, all dealing with these trips the Prime Minister has taken to various exotic spots around the world.

Mr. Smith: Well, Madam Speaker, as we all know, the hon. member is a very cost-conscious Member of Parliament, but I point out that the government has as of today answered 3,128 questions during this session. The hon. member has raised this question before and the answer is in progress. We have tabled some answers which have been three inches thick and cost several thousands of dollars to compile. Notwithstanding that, we are endeavouring to answer these questions in a reasonable and expeditious way.

Mr. Nielsen: Madam Speaker, if I might briefly address a question to the parliamentary secretary, would it not be appropriate, out of respect for the memory of the late hon. member for Leeds-Grenville, to answer his question with respect to Air Canada passes which has been on the Order Paper for some five and a half years?

Mr. Smith: Well, Madam Speaker, of course having been on the Order Paper that long it was there the entire time the hon. member for Yukon was a minister and his government did not get around to answering it during their nine-month period. I would point out that the government answered two of the questions standing in the name of the late hon. member for

Leeds-Grenville today. We have been answering his questions regularly on a daily basis, and we will continue to do so.

Mr. Nielsen: How about that one?

[*Translation*]

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

Some hon. Members: Agreed.

• (1510)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECT OF ECONOMIC POLICIES ON SMALL BUSINESSES

Mr. Chris Speyer (Cambridge) moved:

That this House, alarmed by the fact that over 1,500,000 Canadians are unemployed and aware that small businesses generate more than 60 per cent of all new jobs created in Canada, condemns this government for its ruinous economic policies, particularly those contained in the budget, which have effectively destroyed the spirit of entrepreneurship in the small business community, have contributed substantially to the loss of job-creating opportunities and which have drastically diminished investment in Canada.

He said: Mr. Speaker, in commencing debate on this important motion, let me waste no time in stating that it is difficult to exaggerate the sense of rage, frustration and anger felt in the Canadian small business community as a result of the disastrous economic policies which are being pursued by this government. That vital sector of our economy which we call the small business community has special qualities which distinguish it from other economic groups in our society.

The Canadian small businessman and woman have the characteristic of being the risk-takers flowing from their belief in the free enterprise system. This economic group creates 60 per cent of all new jobs in Canada. These men and women believe in the values of initiative, incentive and the spirit of entrepreneurship. These traits which are the hallmark of the small business community of our society are being sapped because of government interference and ill-conceived economic policies.

From the small service company in the petroleum industry in western Canada to the manufacturer of auto parts in Ontario to the small vessel construction industry in Atlantic Canada, the over-all outlook for prosperity is grimmer than it ever has been since the bleak days of the depression.

In normal times, statistics demonstrate that one-half of all small businesses fail in the first two years. Further, four out of five businesses are unsuccessful after five years. This is primarily because of under-capitalization of the enterprise, mismanagement or a combination of both. But in today's economic climate, superimposed on these factors the small businessman and woman must contend with punishing interest rates and a budget that snuffs out any sense of incentive. It is not enough for me to speak in terms of bold generalities. I wish to direct my attention to certain aspects of the budget which are presently having a crippling effect on small business people and must be changed.

In a budget which was replete with policies that extinguish incentives and one's personal sense of enterprise, no proposal was more destructive in the budget for the small business person than the decision to tax dividends by a distribution tax of 12.5 per cent.

The small business rate of taxation is normally 25 per cent, subject to provincial variations. But the effect of this proposal will actually raise the corporate tax on active business to thirty three and one-third per cent when funds are paid out of dividends.

Let me illustrate a typical situation by way of specific example prepared for me by a pre-eminent tax lawyer. Let us assume we have a small businessman who has a non-working wife. He has two children both under the age of 18 years. The businessman draws $2,000 a month for living expenses and when profits allow he takes $10,000 in dividends. Let us assume that the gross income from the business is $39,000 including the payment of dividends. In comparing this factual information on the basis of a 1981 return with that of a tax return which must be filed in 1982 pursuant to the provisions of the budget, there is a 10.1 per cent increase in the tax payable by such a small business person. This is so even after including the benefit of indexing and the change in the tax credit.

Thus we have the following incredible situation. We have a gross income in these two years which is exactly the same. But inflation has to be taken into account. Therefore, the purchasing power of that income is reduced in the second year, that is in 1982, by 12 per cent or more. In addition there is an increase in tax of 10.1 per cent. This is a common situation. The numbers I have used are conservative—and I use that word in the best sense—namely $2,000 by way of a draw and $10,000 taken out at the end of the year when profits allow.

A second and equally important example of a policy that works to the detriment of a small-business man pertains to the treatment of capital cost allowance. The new provisions cut the write-off in half in the year of the asset in which it is acquired. The Minister of Finance (Mr. MacEachen), in a piece of propaganda that was sent out to 200,000 small business people in Canada, stated that the change in depreciation write-off in the first year "merely alters the timing of the depreciation". This is simply not true. Let me give an example to back it up.

For depreciable property there is what is known as class 12 write-offs. Class 12 write-offs apply to restaurateurs, doctors, plumbers, electricians and to people who have small tools. In my community there is restaurant called "The Mill". Assume that restaurant has breakage amounting to $500 a month. Taken over a year, it totals $6,000. Formerly under class 12

depreciable property a person was entitled to write off the total amount of breakage, but that amount is now cut in half.

Let us take a look at another illustration. A small businessman or woman wishes to purchase a building for $500,000. The capital cost allowance is 5 per cent. In year one, the owner of that building under pre-budget conditions would write off $25,000. Under the provisions of the budget, a person is entitled to write off only $13,500. At the end of ten years, the difference in deductions is $7,878.12. That is the difference after ten years and yet the Minister of Finance says it is only a matter of timing.

I want to pause for a moment to make a point. I am concerned that there is no one in this House who has not received, quite rightly and quite justifiably, many protests from the insurance industry. The insurance industry has mobilized a blitzkrieg which would make Hitler pale. There is going to be a change in the budget as a result of the pressure that has been applied by people with insurance policies who have been writing to their Members of Parliament. They have also been phoning their Members of Parliament. It is very easy to understand the inequity of the situation which occurs when a person has to pay income tax on a benefit he or she has not received. That is easy for anyone to understand. But my concern with respect to the Minister of Finance is that most people do not understand what capital cost allowance is. It is complicated but it is essential and important to the small business community. Most Canadians do not understand what dividends are, the taxation and the effect of dividends. My concern is that people will not understand.

Only political pressure, I think, will initiate any change in this disastrous budget. But for the small business community which is the backbone of our economy, in spite of the good work by the John Bullochs, and the Jim Bennetts, by our party and the other party to my left, in terms of pressuring the government, I do not see the Minister of Finance moving from his position.

I want to use one more illustration because I want to make the point that although some of these matters are very complicated, they are very, very important. The third illustration of duplicity and inconsistency in government policy applies to the raising of the limits from $750,000 to $1 million in terms of retained earnings for a company to qualify as a small business for the preferred rate of tax. While the raising of the limit is to be welcomed, in my opinion it does not go nearly far enough to take into consideration inflation. Dividends paid out of retained earnings will no longer cause a reduction in retained earnings for the purposes of tax.

• (1520)

Again I wish to give an illustration. Suppose company A and company B were set up in 1975, each earning $100,000 per year and paying $25,000 in taxes. Further suppose that company A annually pays dividends out of its funds, whereas company B retains all its earnings. If company B shareholders pay out the retained cash after budget night, they will be subject to a corporate distribution tax of $50,000. Further, company B has cumulative deductions of $600,000 as of January 1, 1982, leaving only $400,000 available for the small business deduction.

The point is that every Liberal minister of finance has encouraged small business people of Canada to retain earnings within the company. Now we have a situation where the small business person who has stripped the treasury by way of paying out dividends has a preferred advantage because he has from $1 to $1 million to go, whereas the company that retained earnings in the circumstances is in a less preferred position. In addition, the company that has abided by government policy in terms of retained earnings, if he wants to take it out by way of dividends, will have to pay the 12.5 per cent tax on dividends. I think this is totally wrong. Despite the fact that it is complicated, I insist that the Minister of Finance pay attention to it because it is one factor which has provided disincentive to the small business community.

During the course of the budget debate a document was sent out to 200,000 small business people in Canada. It was replete with fraudulent statements and inaccuracies; it was a piece of propaganda. I have given three illustrations of where it is incorrect, one being the 12.5 per cent tax dividend and the other the statement that investors will pay less tax. That is just absolute nonsense, and patently so. It is absolutely not the case that changes in depreciation or write-offs do not have a significant effect upon small businesses.

One of the hallmarks of the system of taxation has always been the confidentiality of the tax returns of taxpayers, yet the 200,000 recipients of this piece of propaganda received this brochure as a result of the computers of Revenue Canada being utilized for the purpose. If that is not a formal breach of the Income Tax Act, it is a tremendous violation of the spirit of the act. Whether or not a person is a prostitute or whatever, everyone is compelled to disclose their income. The *quid pro quo* is that no one will know about it except if a person lies or commits a fraud, yet the Minister of Finance utilized the facilities of Revenue Canada for this purpose. It does not surprise me; it is consistent with the conduct of the government. I register my protest with respect to the way this political propaganda was disseminated.

I have tried to illustrate, by the examples I have given, the betrayal in specific terms of risk-takers and small entrepreneurs, those people with incentive who have traditionally been the backbone of our economy. Although the ways and means necessary to implement the policy outlined in the budget have not been passed, there is no sign that the Minister of Finance is willing to change his posture.

As of Friday, Statistics Canada told us that there were officially 1.2 million Canadians unemployed, yet we know that the real figure is closer to 1.5 million. My community is in the heartland of southwestern Ontario. In Cambridge we have 17.5 per cent registered unemployment. We have gone from a situation where there has never been any question of employment in Cambridge to a situation where one out of five men and women cannot obtain jobs. We have 14,000 people from Portugal and 15,000 people from Newfoundland who came to

Cambridge because they could always find employment; it is in the industrial heartland of Ontario. We also know that with respect to new jobs 60 per cent are created by the small business community.

In an excellent speech which was given by Mr. J. K. Gray, vice-president of Canadian Hunter Exploration Limited, he referred to the United States senate committee which in its recent investigation concluded that 97 per cent of new jobs being created in the United States were created by companies that did not make it into the list of the top 1,000 in *Fortune* magazine. A report of the Massachusetts Institute of Technology demonstrated that small firms with 20 or fewer employees generate 66 per cent of all new jobs in the United States. This dovetails almost precisely with our statistics on small businesses. We need new small companies to create jobs, yet the government established an economic climate which stifles initiative and enterprise.

When massive numbers of people are out of work as they are today, one only has to pick up the morning paper and look at the rocketing number of insolvencies of businesses in Canada. The statistics published by Statistics Canada for the first four months of 1982 show that bankruptcies increased by 37 per cent over the same period last year. In Ontario the number of business bankruptcies increased from 198 to 288 over the first four months. Yet bankruptcies are only one form of insolvency. Previously I told the Minister of Consumer and Corporate Affairs (Mr. Ouellet) that since the change to the Bank Act in the mid-1960s the number of bankruptcies does not fairly represent the number of businesses which have gone broke. This is because of what is known as the floating charge debenture which is utilized by banks today. When a creditor signs a floating charge debenture securing the money borrowed for his small business, it is only between him and the banks, not between the government, the bank and the borrower. What has happened as a result is that the number of insolvencies in Canada today cannot be calculated because we have absolutely no figures. It is my estimation that there are four insolvencies caused by receivership for one bankruptcy.

The reason is that the people who go bankrupt are the people who want to have their debts extinguished after a certain period of time. What normally happens to a businessman when the banker sees that he cannot meet his liabilities as they come due is that the bank walks in and exercises its security. Although people might be reading the morning papers and saying it is tragic that 37 per cent more businesses have gone into bankruptcy, it does not tell the whole story. Receiverships do not include the group of people who have lost faith, who have some money but are not making money and decide to close the doors because there is no economic environment in which they can sell their goods.

• (1530)

There are three categories in this area; those who close the door, those who go into receivership and those in bankruptcy. There are no statistics available for those people in the first two categories to show how serious the situation really is.

What is a better indicator are the unemployment figures. The reason most people are unemployed is that businesses have either laid them off or shut down. Therefore, unemployment statistics are a better gauge. When you see 17.5 per cent of the people of Cambridge registered with Manpower as unemployed, it gives an indication of how many businesses are shutting down and laying people off.

I will now move on to another point. Our way of life has been guided by this government which has an insatiable appetite for revenue. There is no better illustration of its insatiability than the new provisions of the budget dealing with the use of company cars. I would like to talk about the average Canadian who has the use of a company car for the purposes of his business. The provision with respect to company cars affects thousands of people in every province.

Since it is a complicated measure people do not want to pay attention and examine its details, but it is my duty to explain as simply as possible the ramifications of this proposal. The stand-by charge, which is a technical word for the minimum charge for the personal use of a car, is being raised by 150 per cent if the car is owned by the company; that is, from 1 per cent to 2½ per cent per month. In the case of leased vehicles, the minimum charge is being increased from two-sixths to five-sixths of the leasing costs of the undepreciated value of an automobile.

Let me expand on that point. Whether the car is being used for five years or ten years, the charge is based on the undepreciated value of that car. There is no consideration of when it is bought or how long it has been used but only of the sticker price of the car at the time of purchase.

Once again, the percentages used in the case of a company owned or leased car will be taken on the basis of the undepreciated value of the automobile, notwithstanding that such a car might be three, four or ten years old.

Let me cite a further illustration of the effect on a $15,000 company car at 1981 and 1982 rates using the stand-by charge. In this case, the amount to be added to income in 1981 would be $1,800. The stand-by charge in 1982 will be $4,500 which must be added to income. For a taxpayer earning $22,000 this will mean a $689 increase in his tax. For a taxpayer earning $35,000 this will amount to a $841 increase. For the income earner in the $60,000 bracket, the increase in tax due to the stand-by charge will be $945.

Under the new provisions of this budget, the taxpayer will have to satisfy the Minister of National Revenue (Mr. Rompkey) that the personal revenue he received was less than that minimum charge. To do this, every time an employee uses his company car to go to church or to the grocery store, he had better itemize the mileage. I predict that there will be more cheats and frauds created by reason of this new iniquitous measure respecting the use of company automobiles than on any other aspect of the budget.

An hon. Member: Canadians do not cheat.

Mr. Speyer: Not with respect to this provision. I ask the hon. member if he would record—because the taxpayer will have to prove it to the Minister of National Revenue—every time he used his car for personal use. Can you imagine Mr. Speaker, the book work necessary and the cost?

Every member of the House knows that punishing interest rates are the most serious problem that small-business men and women have had to contend with. Due to annual inflation of more than 12 per cent, the prospect of interest rates coming down significantly are not good. Just as the Solicitor General (Mr. Kaplan) told the truth about the budget when he called it a disaster, it was refreshing for me to hear the Minister of State for Small Businesses and Tourism (Mr. Lapointe) quoted as saying, "We are fearful that if there were a recovery in the U.S., we are not sure whether we would be able to join the bandwagon."

The minister is correct. Everyone took cognizance last week of the new American statistics, showing that for the first time in 17 years the United States experienced a month where the cost of living actually went down instead of up. There was deflation instead of inflation. Inflation for the first quarter of this year in the United States is running at 3 per cent, and if this trend continues, as economic indications show it will, interest rates will plummet in the United States later this summer. Yet this is not the case in Canada; our prospects are that high interest rates and high rates of inflation will continue unabated while more businesses go broke.

The Small Business Development Bond was established in the Crosbie budget of 1979. The emphasis of that bond was on development and expansion. Its purpose was to give the small business community a cushion against high interest rates and to permit expansion and development. It would accomplish that by giving small business the incentive through cash flow—a term for which the government has no understanding—to purchase machines and increase development. When a business has expansion and development, jobs are then created. But what has this government done? It has made the Small Business Development Bond nothing more than a bail-out bond. The bond is only used in cases of desperation and where it is to the advantage of the bank to bail out a customer who is about to go under. This is just one more illustration of the element of disincentive which exists in this budget.

In order to dramatize the insensitivity of this government, I ask the House to hark back to the comments of the Minister of Consumer and Corporate Affairs, who said; "I cannot accept that businessmen have to rely on the post office to make a living; if they do, they had better find other ways". Could any statement by a minister be more illuminating? If this is an indication of the thinking of this minister, who is in charge of the post office, in his attitude towards small business, surely this demonstrates how impoverished and out of touch the cabinet is with the real world on the street where the small business person is.

I take you back to last summer, Mr. Speaker, when businesses were folding as a result of lack of mail service during the postal strike. Almost immediately after the strike ended, the post office was transformed into a Crown corporation and postal rates were raised to 30 cents. The minister is still in charge and responsible for the Crown corporation. In effect, the public—including the small business community—were barely recovering from this serious jolt to the solar prexus when they received a judo chop to the neck in the form of a dramatic postal increase. Even with these increases, there are very few of my constituents who would argue that the postal service has improved.

During the course of my speech I have attempted to enumerate and expand upon in some cases the causes of resentment within the small business community and the public at large.

Mr. Speaker, since I am the first speaker I assume I have longer than 20 minutes?

Mr. Deputy Speaker: The hon. member has one and a half minutes remaining.

Some hon. Members: Continue.

Mr. Speyer: Let me say a word about the Federal Business Development Bank. On February 18 last, the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) came to Cambridge armed with briefing notes about my community. There are 75,000 people who reside in the city of Cambridge alone. It came to light that during the last nine months of last year, the Federal Business Development Bank advanced one loan in the amount of $30,000 within my community. I am not sure of the experiences of other members, but when constituents attended at my offices having been turned down by the chartered banks, the first solution I thought of since reading the government propaganda was to send them to the Federal Business Development Bank. The government has indicated that the bank of last resort was the Federal Business Development Bank. What did we find? Last summer, people in my community of 75,000 were paying interest rates of 25 per cent as opposed to the prime rate, and sometimes more. We found that the Federal Business Development Bank, which charges two points above prime, made one loan.

• (1540)

Mr. McGrath: Some "last resort".

Mr. Speyer: It has been what seems to me an eternity, almost a year, since the minister promised the small business community that he intended to release the information garnered from the small business financing review. In an economic climate that includes record bankruptcies, skyrocketing interest rates and a recessionary decrease in business demand, where is this financing review that the minister promised? When the most serious problem facing small businesses today is the drying up of working capital, and the consequent inability of the businessman or businesswoman to meet his or her debts and obligations as they come due, this financing review is desperately needed. How long does the minister—

Mr. Deputy Speaker: I regret to interrupt, but the hon. member will need the unanimous consent of the House to continue.

Some hon. Members: Agreed.

Mr. Deputy Speaker: There is unanimous consent.

Mr. Speyer: How long does the minister expect Canadians patiently to listen to this government's empty promises? We on this side of the House pray that this review, whenever it is released, will contain some new measure of help to alleviate the crisis which has developed in the small business community with respect to short-term cash flow problems. That is the problem to which the hon. member for Rosedale (Mr. Crombie) alluded during question period today.

The difficulty is that with respect to small businesses, people are not paying small businesses for 90 to 120 days and, in some cases, longer than that. These small businesses go to the banks, they cannot cover the inventory, and they are closing up. This is a serious and desperate problem. In order for small businesses to survive, they must be able to extend credit to their customers. Today, many of our small businesses have reached the extent of their credit lines through chartered banks and there is just no money available for them to finance their operations while waiting for customers to settle their accounts. If they cannot obtain some working capital financing, they must halt their operations, lay off some or all of their work force and wait to collect their accounts receivable.

I am about to conclude my remarks. I wanted to mention a few more things, but I wish to make one last point. I was very impressed by what the hon. member for Kingston and the Islands (Miss MacDonald), the former minister of external affairs, told me in casual conversation after she had stepped down from that portfolio. She said that in her experience while we were in government, the most brilliant man that she had come across was the former external affairs minister in Great Britain, Lord Peter Carrington. He was a leader among leaders in the international community. He was a brilliant man, yet because he had improperly assessed the Argentine invasion of the Falklands, he felt he should resign as a matter of honour. I look to the Solicitor General. When he called the budget a political disaster, he was doing nothing less than telling the truth. In my opinion, he would have served as a far better member, in terms of his own credibility, if he had resigned.

I now look to the minister who is responsible for small business and consider the disastrous shape of the small business community. I like the minister. He is a man of goodwill and a fine man. But I say to him that he has been undercut, dramatically and seriously, by the Minister of Finance and the policies he has implemented. I say to the minister that if he is to retain the credibility and respect I have for him, he had better give serious consideration to tendering his resignation.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we debate a motion today which we in the NDP are happy to support. We must look at what is going on in this country and realize that we are facing the kind of recession which this country has not seen since the 1930s, just before World War II. Unemployment last month affected 1,233,000 people, or 9.6 per cent of the work force according to Statistics Canada. Added to that are another 250,000 workers who have not been counted because they have given up looking for work as there simply is not any work to be found.

The figures are so large that we cannot really realize what this means. Each one of these people, when he or she worked, was producing goods, was purchasing homes, appliances or clothes, was taking holidays, paying taxes, spending money which would help employ other people. For each of them, unemployment is a disaster. Inflation is running 11.6 per cent; that is higher than it was in 1975 when the government imposed its wage and price controls. Interest on housing mortgages is running at 20 per cent, so it is effectively stopping most Canadians who need homes from being able to purchase them because they cannot afford to carry mortgages at the rates now being charged. The rates now being charged may go up six months or a year from now. The days when people could buy a house knowing that the interest rates they were charged on their mortgages would remain the same for at least five years are long gone. The bank interest rate for the best customer is 17 per cent and, for the ordinary small businessman, it is probably 20 per cent or more.

In April, housing starts were so low that it was projected we would build only 142,000 homes in the year. That figure is down by a third over what we were building until recently. Bankruptcies are up by 45 per cent over the same period last year. In April, 850 companies went bankrupt. The liabilities for outstanding debts from business bankruptcies across Canada rose by 82 per cent from April of last year, to $139 million this year. Let us keep in mind that for every company which went bankrupt, probably five to ten went into receivership or voluntarily closed up because they realized they would not be able to continue to operate successfully.

John Maynard Keynes once said that if a company had to borrow a hundred pounds from a bank, it would really have to worry if it could not pay the money back; but if it could borrow a million pounds from the bank, it became the bank's worry, because the bank could not afford to let the company fail. Those words spoken in jest are very true. We know that a company like Massey-Ferguson owes the banks of Canada hundreds of millions of dollars. The banks cannot afford to let Massey-Ferguson go bankrupt. We know that Dome Petroleum borrowed $1.25 billion last year to buy Hudson's Bay Oil and Gas. We know that if these companies cannot meet their interest payments or pay off their loans on time, the banks will extend their loans because the banks cannot afford to accept that kind of loss.

For the small businessman and for the farmer, there is no such option because the banks are refusing to increase the amount of money they will lend them, as indicated by the

bankruptcy figures. Banks are increasing the interest rates which these people have to pay. In fact, the banks are very effectively doubling the collateral they request if the loans are to be continued.

All the indicators show that the Canadian economy is not only in a recession but that it is also being driven into a greater recession, and that that recession will be prolonged.

• (1550)

The minister will tell us, as the Minister of Finance (Mr. MacEachen) has frequently told us, that all industrial countries are faced with severe economic problems. It appears that Canada's economy is in a more pronounced recession than any of the other industrialized countries and that any improvement in business conditions will be delayed and lag behind the other economies.

The Chase Econometrics Association has predicted for 1982 a real growth in gross national product of 2.6 per cent in France, 2.3 per cent in West Germany, 2 per cent in Japan and 1.5 per cent in Britain. What does it predict for Canada? A decline of seven-tenths of 1 per cent.

This tends to show that our high interest rate policies, advocated and carried out on the advice of the Governor of the Bank of Canada and successive finance ministers, Liberal as well as Conservative in the short period when the Conservatives were in power, are not helping the economy to move out of the recession. Moreover, they do not seem to contribute toward solving the problem of inflation which, according to the most optimistic estimates, can only fall to about 10 per cent for the next year.

High interest rates coupled with a high rate of inflation hits small business people especially hard. The record number of bankruptcies reached in March, over 1,000, will likely increase if the necessary policy measures to reduce interest rates are not taken immediately. According to the Canadian Federation of Independent Business, high interest rates are the major factor leading to the decreased profitability and increased number of bankruptcies of small-business men in this country.

In a letter which the president of the Canadian Federation of Agriculture, Glen Flaten, wrote to the Minister of Finance and which was recently circulated to all Members of Parliament, he pointed out that the depressed returns to most of the farming industry mean that the industry cannot support any significant level of indebtedness, even for current operating purposes, at present interest rates. He pointed out previously acquired indebtedness has increased in cost 75 to 100 per cent for many farmers and there is no way it can be repaid at today's prices or at any prices which farmers are likely to see in the near future.

Farmers and small manufacturing firms that regarded the small business bond policy of tax concessional lending by the banks as a source of hope now find that it was a hoax and a delusion. The policy does not affect any guarantee that the loans would actually be available and imposes overly strict eligibility criteria, which leads to a situation where loans are available only after it is too late for most business people. Moreover, in spite of the high demand for the program, Department of Finance officials say that they have not stepped up their spending estimates, set at $20 million compared with $150 million last year.

The Canadian Federation of Agriculture is urgently calling on the government to replace the small business bond with a policy of real substance to face the critical situation which farmers and small businessmen have to cope with. It suggests that the Farm Credit Corporation should be empowered to borrow the quantities needed immediately on a tax concessional basis so that it can lend at 10 per cent interest to the farmers, especially those in difficulty.

The availability of loans to small businesses is an important issue which must and should be dealt with through an efficient mechanism of credit rationing which cannot be left entirely to the willingness of the lender. At present the chartered banks control the allocation of investment funds. We know of the tremendous loans which the chartered banks made to the oil, gas and mining companies in the last year or year and a half. As I indicated earlier, one and a quarter billion dollars was loaned to Dome Petroleum, Inco, Brascan and others. They could get hundreds of millions of dollars to permit them to go ahead with take-overs. At the same time, in the third quarter of 1981, the mining and petroleum industries received 44 per cent of all loans made by chartered banks in the industrial sector. In the same period, business loans to industries under the Small Businesses Loans Act was around 1 per cent of all business loans made by the chartered banks.

As has already been indicated, small businesses employ 60 per cent or more of all workers in this country. The large corporations such as the mining and petroleum industry are capital-intensive and employ a relatively small number of workers. Yet because government policies have encouraged them to do so, the banks made the vast bulk of their loans to the large companies instead of the small entrepreneurs operating in the service sector, manufacturing and agriculture.

The recent changes in the tax system are imposing a heavy burden on small enterprises. As the *Financial Times* put it in a recent issue, the November 12 federal budget discourages expansion in the small business sector, minimizes the opportunity for equity financing from outside sources, and reduces the market value of each small business.

The problem areas of the budget pointed out by the Canadian Federation of Independent Business are as follows. Interest expense allowable as a tax deduction will be restricted to the amount of income earned from investments during the year. Any excess interest costs will be deferred or will be treated as capital losses, only one-half deductible against capital gains.

Instalment sales require the payment of taxes on the sale immediately rather than when the buyer makes payments. Prior to November 12, 1981 reserves were allowed to all taxpayers in respect of instalment sales where a portion of the proceeds would not be paid until a future date. Only one-half of the normal capital cost allowance is now available to be deducted in the first year. A special tax of 12.5 per cent is imposed on dividends paid by small corporations.

The tax system has become progressively more complex for small businesses already struggling under the avalanche of government red tape. This implies increased professional fees, which small business can ill afford. In this period of crisis, government should intervene to help small business and put a stop to ever-increasing unemployment and the growing number of bankruptcies.

I wish to make a few suggestions to the minister. We suggest the reversal of the high interest policy which is severely hurting small enterprises. We want a comprehensive reform of the tax system as well as a system of industrial incentives to ensure equitable treatment of large and small businesses alike.

We want policies to facilitate the access of small businesses to financial, managerial and technical advice. It is inappropriate to blame small businesses for mismanaging their affairs, as is sometimes done without taking into account the difficulties of access to expertise so readily available to large corporations. In this respect, strengthening of the CASE program is indispensable.

Foreign trade policy should be elaborated to encourage small businesses to sell overseas, thereby promoting exports. A large number of industrial countries, including West Germany and Japan, have programs to help industrial enterprises find markets for their products in foreign countries.

• (1600)

The emphasis of the Export Development Corporation, which has already favoured big business, should be changed to give equal attention to small and medium-sized businesses. Government investment should be redirected and restructured to help the problem areas in a way to create the maximum possible number of jobs.

In government procurement, since governments, federal, provincial and municipal, are between them the biggest purchasers of goods and services, they should be developed so that small enterprises can share in the business and purchases of government.

I should like to say a few words about that infamous pamphlet sent out by the Department of Finance to small-business men, telling them about all the goodies which were in the most recent budget. I am sure the Minister of State for Small Businesses and Tourism (Mr. Lapointe), who is going to follow me, knows that the mailing out of that brochure by the Department of Finance was greeted with unanimous hostility by all the organizations which represent small-business men. They argued, and I think their arguments were sound, that the claims made in that brochure were mostly spurious and false. That brochure was printed at government expense and was sent out from lists procured from Revenue Canada. Mr. Speaker, it may not have been illegal, it may not have been a breach of the confidentiality sections of the Income Tax Act, but if it was not illegal it came as close to being illegal as was possible and it certainly was a violation of the spirit of the act.

I want to tell the Minister of State for Small Businesses and Tourism that when I heard the complaints about that pamphlet and listened to the complaints of the representatives of the Canadian Federation of Independent Business, I thought it would be a good idea, and only fair, to send out their complaints to the same group of people who got that brochure from the government using the confidential lists of Revenue Canada. Therefore, I wrote to the minister in charge of Revenue Canada. I did not ask him to give me the list; I knew that it would be improper and illegal for him to give me the names and addresses. All I asked him to do was provide me with the same service which he had provided to the Minister of Finance.

I had a mistaken idea, Mr. Speaker—I have been here long enough and I should have known better—that all Members of Parliament are somehow equal. We have all been elected by our constituents and we should all have the same rights and privileges. So I had the idea—which, of course, proved incorrect,—that I could get from Revenue Canada the same kind of service which they provided to the Minister of Finance. But, Mr. Speaker, after a good long time, after five or six weeks, I got back a letter from the Minister of National Revenue (Mr. Rompkey) telling me that he could not do for me what he had done for the Minister of Finance.

I was not so concerned that the 200,000 businessmen should know what I thought about the budget; I thought they should know what their own organizations thought about it. But, Mr. Speaker, as I might have expected, as I have learned to expect from Liberal governments, what is good for the government, what is proper for them, is improper for everybody else. So I understand that.

I say to the minister that, as has happened in all democratic countries, there will come a time, not too long from now, when the present Liberal government members will find themselves in the opposition. I will not be surprised if they find that they get the same treatment from whoever is then the government as we receive now. Then they will realize that real democracy means that every person and every elected representative is entitled to the same rights and privileges. When they realize that, we will begin to have a more open, a more honest and a more real democratic form of government than we have at the present time.

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I welcome the opportunity to speak in this matter and set the record straight on the efforts of this government to assist the small business community. I listened very carefully to the speeches of my two colleagues, the hon. member for Cambridge (Mr. Speyer) and the hon. member for Winnipeg North (Mr. Orlikow).

If I may deal briefly with what my colleague from Winnipeg North has said, particularly the part of his speech when he told me and the House that he was ready to give me some advice, I would like to give him a few answers to his suggestions. First of all, he spoke of the high interest rate policy. There is no such thing as a high interest rate policy in this country. There is a policy to fight inflation, and one of the means to fight inflation—

Mr. Orlikow: Is high interest rates.

Mr. Lapointe (Charlevoix): —in order to restore a higher level of employment, is to use this mechanism of high interest rates, which is quite similar to the mechanism utilized in the United States and in other countries.

Second, he is seeking that we use more government procurement in order to help small business. I would like to tell him that with regard to this suggestion I fully agree with him. That is why over the last year we have increased by 8 per cent the percentage of Canadian procurement towards small business. Here I quote an article from *The Globe and Mail* which says that small business increased its share of federal government contracts for purchases of goods and services by 8 per cent to 1.28 billion for the fiscal year ended March 31, 1981. I think this is a sound policy and I am glad that the hon. member for Winnipeg North is supporting it.

He also said that we should review the tax system in order to provide more incentives for investors. I am glad to hear that from the member for Winnipeg North because I can remember quite vividly his leader saying that we should have closed more loopholes, or so-called loopholes, in the last budget.

With regard to fostering the capabilities of the small business community towards exportation, I would like to remind the hon. member that there is such a mechanism in the system to help small businesses export more goods. There is one program particularly which is called the program for development of export marketing, the PDEM program. Approximately 1,000 small businesses have been encouraged under the terms of that program in 1981. So he did not come out with many very exciting new ideas, unfortunately, as is always the case.

With regard to the speech of my colleague for Cambridge, he made the usual plea that the last federal budget of November 12 is going to kill entrepreneurship and kill the small business community. He mentioned two items particularly, the tax on dividends and capital cost allowances. He certainly did forget—as is customary for members opposite—to mention all the special aspects in the Canadian tax system which affect and assist small businesses. One of these aspects—

[*Translation*]

—Mr. Speaker, is the special income tax rate applied to Canadian small businesses. We all know about this on both the opposition and the government side, but it is conveniently ignored, perhaps because it is a unique advantage in our Canadian economy. When the first $200,000 of a business with a total income of $1 million are taxed at 25 per cent instead of the 46 per cent rate for large corporations, it is not mentioned because, of course, it does not apply in the United States. We conveniently forget that the system is more generous in Canada than in the United States. In the U.S., a small business with an income of up to $75,000 will pay a 30 per cent income tax.

In Canada, as I said before, the first $200,000 of a small business is taxed at 25 per cent. Again, in the United States—people always say that American small businesses are better off than their Canadian counterparts—a small business with an income of up to $100,000 is taxed at a rate of 40 per cent. Again, in Canada, the first $200,000 is taxed at 25 per cent. In the United States, all businesses are taxed at a uniform rate of 46 per cent on income over and above $100,000. This is not mentioned because it is a loss of revenue for the government; in other words, the money remains part of the budgets of small businesses, and is either invested or reinvested, representing annually $1.5 billion in revenue that is not collected by the government, because we maintain and shall continue to maintain a special tax system for small businesses.

I looked into the situation in the United Kingdom, France and Australia as far as taxation of small businesses is concerned, and I found that in the U.K., the first $180,000 of a small business's income was taxed at the special rate of 40 per cent, while all other businesses were taxed at a rate of 52 per cent. Of course, all this is not mentioned, because it means that small businesses are getting a very good deal. In his last budget, the Minister of Finance (Mr. MacEachen) not only enshrined this practice in the Canadian taxation system but even added a number of improvements. What were these improvements? The minister, before bringing down his budget on November 12, decided to increase the original amount of $175,000, taxed at the special rate of 25 per cent, to $200,000. So that more businesses could qualify for the special income tax rate for small businesses, he raised the maximum cumulative income from $750,000 to $1 million.

There has been no mention, of course, of the fact that under the Canadian tax system, businesses qualifying for the special tax rate for small businesses are entitled to a 25 per cent tax credit—a tax credit, Mr. Speaker, is a refund—on all research and development expenditures. No mention, again, of the fact that under our system, small businesses are entitled to a deferral of up to $200,000 of capital gains resulting from the transfer of small businesses from one generation to the next. Another very popular measure, especially for very small businesses with incomes of up to $50,000 from the manufacture of a product, is exemption from federal sales tax. And still under our system, a little over a year now, unincorporated small businessmen may deduct from their income the salary paid to their spouse. Of course, this does not seem very important to the members opposite, but nevertheless, these incentives to small business represent a loss in revenue of $1 billion a year for the government. Furthermore, in one of the amendments proposed on December 18 to the November 12 budget, at the request of various small business organizations, the Minister of Finance announced that interest costs on investment in small businesses would be deductible, up to $10,000. The amount is exactly the same in the United States. Probably because they forgot to study the budget, the members opposite also forgot to mention that, in the last budget, the Minister of Finance abolished the 5 per cent surtax on small Canadian businesses. They cannot talk about this because it would perhaps show the government in too good a light. They would rather use old horror stories to try and show that small Canadian businesses

are on the brink of disaster and unable to face today's economic conditions.

• (1610)

[*English*]

I think that Canada's small entrepreneurs are aware of all those incentives. They are also aware of all the programs, subsidies and loan mechanisms of federal government programs in the system and are taking advantage of these opportunities.

As an example, the most recent report of the Conference Board points this out. In the first quarter of 1982 the Conference Board surveyed 4,000 small and medium-sized companies along with its usual panel of 240 large companies. The results appear in its "Survey of Business Attitudes and Investment Spending Intentions" which was published on April 28. Both the government and the private sector recognize how tough international economic conditions are impacting on investment decisions in Canada as in other countries. We do not deny that.

The Conference Board found that the small entrepreneurs in this country are more optimistic than their counterparts in large businesses about their future sales prospects, about increasing employment in their companies by the end of the year and about getting a proper return on their money.

[*Translation*]

What does this means, Mr. Speaker? It means that businessmen and women, especially in small businesses, are not crybabies like hon. members opposite, but people who have confidence in their country, who are ready to risk their capital and to invest in high technology or service industries to promote a harmonious economic development in Canada.

I agree with my colleagues opposite that the men and the women involved in Canadian small businesses are the backbone of economic development in Canada. There are 1.2 million businesses which qualify as Canadian small businesses. The small business sector accounts for over 40 per cent of all jobs in Canada and for 60 per cent of all new jobs created in 1981. Of course, it is important for the Canadian government to provide these businesses with maximum assistance through its taxation system and its various programs, and I believe that all the examples I gave earlier in my speech show that the taxation system is designed to help small businesses.

I did not even mention yet the various programs developed to help small businesses. I shall begin by the small businesses loans program. During the oral question period today, the hon. member for Rosedale (Mr. Crombie) asked me: Is there a special program which provides advances for small businesses? Under the Small Businesses Loans Act, Mr. Speaker, $502 million was loaned to small Canadian businesses in 1981 with full guarantees from the government. These $502 million was loaned to 17,000 small Canadian businesses under the Small Businesses Loans Act. There is also the small business bond program. The hon. member for Cambridge (Mr. Speyer) indicated that this program was introduced by the Minister of Finance of the Progressive Conservative government in his budget. That is correct and it was a good program. This is why the Minister of Finance maintained this program in 1981. In 1981 alone, $2.4 billion was loaned to about 13,000 small Canadian businesses under the Small Business Development Bond program.

As you know, Mr. Speaker, under that program banks could grant loans at about half the commercial rate, so in 1981 13,000 small businesses took advantage of the small business development bond, which meant a $2.4 billion investment in the small business sector. What was provided in the recent budget for that program? It was not cancelled, as implied by opposition members. What we have said is that until the November 12 budget, the program was available to incorporated businesses only. We have received numerous requests from the private sector asking us why the program was not made available to all businesses, whether incorporated or not. We also received requests from farmers and fishermen who wanted to be eligible. They wanted the program to be made available to them so they could make ends meet during this difficult period when they have a hard time making their payments because of unduly high interest rates. Well, the Minister of Finance had a positive response, Mr. Speaker, and we introduced the measure called the Small Business Development Bond program that applies to both incorporated and unincorporated businesses, fishermen and farmers alike. We said it would apply to them, because we wanted to help the people in greatest need, businesses, fishermen and farmers in dire straits, instead of promoting business development as was the case in 1981. This is the budget proposal. I would remind you that in 1981, $2.4 billion was loaned at 10 per cent or so to some 13,000 Canadian businesses, and, of course, this is in addition to the 17,000 Canadian businesses that could get loans with a 100 per cent government guarantee, as I said earlier.

• (1620)

In addition to these two programs, Mr. Speaker, there is, of course, the Enterprise Development Program. As you know, it is a program designed to help businesses develop new products, make feasibility studies before marketing new products, improve their performance, and so forth. And in 1981, $329 million was invested in small businesses under the EDP, either as grants of up to 75 per cent of the cost of developing a prototype, either as loan guarantees to help businesses refinance and restructure financially. Some 1,000 businesses benefited from the Enterprise Development Program during the fiscal year 1980-81. And then I can refer to the program for Export Market Development, the so-called PEMD program. And also in 1981, that program enabled some 1,000 Canadian small businesses to seek new markets for their products, either in the United States, Europe or Asia, because the government knows full well that without exports, it would,

of course, be very difficult to maintain our production level and increase the number of jobs and small business earnings. I just said that 1,000 businesses benefited from that program during 1981, but after checking my notes, I find that the figure is 2,300 Canadian businesses.

I could also mention the Federal Development Bank referred to by the hon. member for Cambridge and the hon. member for Winnipeg North. The Federal Development Bank this year attained a $1 billion total loan volume. Someone may object to my throwing around those huge amounts, because such enormous figures are bewildering but the fact is, Mr. Speaker, that $1 billion is circulating in the Canadian economy as loans from the Federal Business Development Bank. In addition, the Federal Business Development Bank's average loan is known to be $52,000. That gives you an idea of the absolutely phenomenal number of small Canadian businesses which have access to FBDB's loans. Furthermore, small entrepreneurs are aware of the services which are available to them at the Bank, for example the advisory service to small businesses to assist people who are hard pressed or concerned about the future of their business. It is a management assistance program which for a minimal fee will help businesses draw up a development plan expenditure projections and a research strategy for new markets etc. Regarding the seminars and information meetings which are sponsered by the Federal Business Development Bank throughout the country, Mr. Speaker, to help businessmen and women develop their managerial skills, I think they are seldom mentioned, because they are either taken for granted or deemed useless to the community.

I feel that the speeches of my colleagues opposite are too gloomy. Of course, they are expected to play politics and club the government over the head but it seems to me, Mr. Speaker that now and then they should be broadminded enough to see exactly what is going on. I would welcome suggestions but all I hear is: "The budget is no good, withdraw it." In short, that is the gist of what the hon. member for Cambridge has said. Essentially, the hon. member for Winnipeg North said this: We are going to put an end to high interest rates, increase exports and promote investments. Well, Mr. Speaker, everybody, including you, I and all other hon. members are for motherhood. But it would be most refreshing once in a while to hear an hon. member opposite contribute a constructive suggestion to help me, as minister responsible for small business, to define new avenues for the government, which is seeking further solutions to the existing programs. For instance, I hope next fall to introduce amendments to the Small Business Loans Act, but we must first explore several avenues; you just cannot get up one morning and decide on the spur of the moment that you are going to introduce this or that amendment. You must examine the amendment, consider its ramifications, its costs, etc. Should operating costs be included and covered by the government's guarantee on chartered bank loans? That is a possibility.

That possibility was not suggested to me be any hon. member opposite. That is the kind of new idea and approach I should like to hear. But because you preside over the proceedings of the House, Mr. Speaker, surely you are bound to hear a great many more speeches than I am, and you do realize that unavoidably, whenever there is an allotted day, our hon. friends take up their time trying to find as many faults with the government, hoping that by spreading their loads of half-truths and quoting all sorts of analyses which are out of touch with reality as a whole, they may slowly convince Canadian voters to fall for their tall stories. Unfortunately, today was not yet to be the day when we would be exposed to refreshing and up-dated ideas from hon. members opposite. There is nothing new in their position: Get rid of the budget, they say, and everything will be fine and dandy! I suggest that this is a somewhat simplistic approach to an essentially difficult economic situation.

Mr. Speaker, I have referred to all the tax measures we have introduced to help small businesses. I have mentioned some of the programs provided under the Federal Business Development Bank Act, the Small Business Loans Act, and the Small Business Development Bonds act. I have failed to mention the Department of Regional Economic Expansion which, only last year, subsidized small businesses in Canada to the tune of $280 million. But the fact is, there are so many good programs that there is not enough time to deal with them all. Yet, we know that through briefings and by way of the offices of the Federal Business Development Bank the Department of Industry, Trade and Commerce, and the Department of Regional Economic Expansion in all parts of Canada, Canadian men and women involved in business activities have access to these programs.

Further to the administrative reorganization announced by the Prime Minister (Mr. Trudeau) on January 11, when the two main economically oriented departments were merged, we want to go one step further, Mr. Speaker, and use all the programs of the Department of Industry, Trade and Commerce, all the programs of the Department of Regional Economic Expansion, and their regional offices, and even in due course, in a second stage, use the 103 offices of the Federal Business Development Bank across the country, to bring the services of the government of Canada to the very doorstep of the businessmen and businesswomen, so that they need not come from various parts of the country to the large cities or Ottawa, but that they may find in their own regions what services the Canadian government offers them. That is the orientation, Mr. Speaker, we are giving the administrative restructuring announced last January. And it is with that purpose in mind that we want our programs to have a regional character so that everyone might have equal access to them.

All these programs, new initiatives, and new taxation measures of the Canadian government not only provide strong support for Canadian small businesses, but also reflect a number of basic principles which guide the decisions made by the government to promote continuous development of the private sector. The first of these basic principles is, of course, a free enterprise system which gives Canadian small businesses equal opportunities to compete on the market. The second principle is a firm commitment by the Canadian government to promote the growth and the development of small and medium-size businesses, and I have already mentioned the programs which now aim at meeting this objective. The third principle is to create a dynamic economic environment in which small and medium-size businesses can start, survive and grow. The fourth principle is to make a fair assessment of the problems faced by small and medium-size businesses and to develop effective policies to assist them. This is why we are constantly trying to adjust our programs to existing conditions. Finally, we want to ensure equitable chances for small and medium-size businesses as far as supply opportunities and availability of government information, programs and services are concerned. As I have already explained, we have not only increased to 40 per cent the purchases of the Canadian government, which represents $1.28 billion a year, but we have also attempted to provide equal opportunities for all businesses by making the Canadian government services available to entrepreneurs and businessmen and women. Finally, we want to create a spirit of co-operation between all economic agents to ensure the development of small and medium-size businesses. In this respect of course members opposite try to suggest that there is no consultation between the business community and the government.

Mr. Speaker, sometimes I wish that hon. members opposite would participate in our consultations throughout the country. I was myself in Saint-Georges-de-Beauce last evening and I met with 200 businessmen and women to discuss the economic situation as well as existing government programs and the way to improve them. I must say that what I hear from Canadian men and women in business are not complaints such as those which I hear today but rather messages of optimism, messages which say: Try to support us with your programs, and we, the businessmen and women of Canada, shall do the rest because we believe in this country and in the economy of Canada. I wish hon. members opposite would believe the same things, Mr. Speaker.

• (1630)

[*English*]

Mr. Bill Domm (Peterborough): Mr. Speaker, I want to mention a couple of things by way of introduction. The Minister of State for Small Businesses and Tourism (Mr. Lapointe) spent a great deal of time elaborating on the position of the opposition as being opposed for the sake of objecting, for being crybabies, for not being optimistic and for not offering tangible programs for the future, instead of—and I assume this is what he means—supporting the disastrous programs of the present government.

I remind the House and the minister that on April 27, as reported in the Montreal *Gazette*, he said:

> We're fearful that if there were a recovery in the U.S. we're not sure we would be able to join the bandwagon.

That is the statement of the minister, the optimistic minister who said that even if there is a recovery in the United States we in Canada would not be able to benefit. The minister also noted that while the inflation rate in the United States had dropped to 6.8 per cent, it remains at 11.6 per cent in Canada. The minister goes on in his optimistic way by saying:

> Consumer prices in Canada rose at an annual rate of 13.6 per cent in March while they dropped 3.3 per cent in the U.S.

The minister still in his optimistic way went on:

> —the recession is severely hurting all levels of the economy from the retail sectors to manufacturing and that consumer and foreign investor confidence is decreasing.

I see the minister is leaving the House at this time. The minister went on to say:

> —studies show only about 37 per cent of Quebec businesses are aware of federal government programs—

Here is a government that causes us to be concerned that we might be critical when here in Canada we are experiencing the fact that small businesses account for 23 per cent of provincial sales. There were 8,055 corporate bankruptcies in Canada in 1981. Small business sales were $112 billion—obviously a crucial factor in economic growth—up 21 per cent from 1980 and up 43 per cent from 1979. And the minister says that we are critical, that we are not optimistic.

I remind the Minister of State for Small Businesses and Tourism that the industrial production change is down from 7.8 per cent from one year ago; that urban housing starts are down 17.1 per cent from a year ago; new orders for durable goods are down 10.3 per cent from a year ago; and the unemployment rate is standing at 9.6 per cent, which is a post-war record. The Consumer Price Index—in other words, inflation—is up 11.6 per cent from a year ago; steel output is down 16.2 per cent.

What is there to be optimistic about in Canada? When will this government get through its head that there is a national emergency? Let me put on the record for the government some statements made by the Canadian organization of small business and the Canadian Federation of Independent Business. I will use just a few of them; they came in the wake of the disastrous government budget, and I cite six of them:

> 1. Restrict the cash flow for businesses facing excruciating pressures financing capital expenditures at high interest rates.
>
> 2. Increase the tax burden on investors in small corporations.
>
> 3. Discriminate unfairly against professionals who are unable to incorporate.
>
> 4. Restrict the ability of entrepreneurs to provide for their own retirement.
>
> 5. Increase massively professional fees for small businesses that must cope with more than 165 technical tax amendments.
>
> 6. Threaten estate planning for small businesses.

On and on it goes, yet the minister expects us to be optimistic here in Canada. Behind those stark, cold four-digit figures on bankruptcies and business failures you will find not only boarded up store fronts, locked doors of businesses and disconnected telephones, Mr. Speaker, but ruined businesses. You will find men who have had their lives ruined and women who have been driven out of business. You will also find broken personal dreams of thousands of families, mothers, fathers and children whose lives may now be irreparably damaged through no fault of their own.

One of our largest corporations in the city of Peterborough wrote a letter to me and I was asked to bring it to the attention of the government. This letter was written by the president of this corporation and says:

> What in fact this new budget does is not to penalize the rich, but rather eliminates the middle-class business or professional who risks, through borrowed funds, money to be invested in speculative or growth ventures that will likely not pay dividends for some years. In fact, the budget proposal on interest deductibility benefits the rich. Wealthy individuals, out of their cash reserves, write a cheque—people like myself must borrow the money to make the same type of investment.
>
> We are not at the stage either through age or inherited wealth to use capital already accumulated for investment purposes.

● (1640)

> The net result of this budget, from my point of view, is very clear. I will dispose of all investments in which the interest is non-deductible and will further ignore any equity positions and concentrate on cash savings as the years go on.

He concluded by saying:

> I am concerned that there is a philosophy behind this budget change that is extremely concerning. By eliminating younger investors who contribute to Canada's growth, the government will be in a much more advantageous position to take over more segments of the private sector, since, in effect, they have removed any entrepreneurial spirit from the younger business and professional class. If that is their intention, then they should have fully stated that in their philosophy behind interest deductibility.

So as not to be accused of only quoting the comments of the president of a major corporation in Canada, I will quote a couple of paragraphs from a letter by Mr. Jack McGee, a Chevrolet-Oldsmobile-Cadillac dealer in Peterborough, which was directed to the Minister of Finance (Mr. MacEachen). He wrote:

> Not once in my nearly 34 years of employment have I ever drawn unemployment insurance, not once have I ever failed to pay my income tax on time, not once have I ever bounced a cheque or missed a payment to cover private or government obligations. I am not, nor was not unique; millions of Canadians perform in exactly the same manner!

He went on to write:

> It wasn't enough that they got their share every month and every year without any investment. Now they wanted a share of my profit of after tax dollars that I owned and they still wanted to tax me on my retirement money that we were going to use to live on for the rest of our lives.

He continued:

> We don't need "empire builders" in government. Where we need them is in the private sector where jobs should be created. This logically creates more of those income taxes that you need so badly.

He concluded:

> I will close with this plea which hopefully you will read and consider before you make your way back to Ottawa.
>
> I ask the Government of Canada to be responsible to its citizens. I ask the Government of Canada to be aware of the importance of the free enterprise system to the continuance of Canada's growth. I ask the Government of Canada to be mindful of the system of government we enjoy and expect—a democracy led by representatives elected by their peers to carry out the wishes of the majority of their constituents.

I sent copies of that letter to every Liberal Member of Parliament.

Turning to a small manufacturer in Peterborough, Peterboro Culvert—of course; the budget is disastrous to every sector of our economy—I should like to quote from a letter signed by Mr. J. Wallace Finnie, president of the firm:

> We are presently endeavouring to diversify our line and are tooling up to make grain bins for the agricultural market, but with decline in cash reserves it is difficult to finance this type of venture. Government assistance in this area is so uncertain, as to be considered detrimental.
>
> I present this situation to you in order that you, as our representative, may make the government aware of the deterioration that has taken place particularly in the past four or five months, among small business concerns such as ours. I feel that the government has mishandled, misunderstood and is apathetic in its handling of the affairs of the Canadian people.

I received a telephone call today from the vice-president of Silverwood Industries Limited. His office is in Toronto but its head office is in London, Ontario. It was announced today in a press release that because business conditions were not viable and government programs failed to make small business ventures attractive, it was closing its milk producing plant in Peterborough and laying off the staff involved. Silverwood Dairies, a company which does $500 million worth of business per year in Canada, cannot make viable a business in a community the size of Peterborough because the government has failed to make it attractive. As a result there was a net loss of $3.5 million on that amount of volume.

The Minister of State for Small Businesses and Tourism said that we are crybabies and that we are complaining unnecessarily. To use his words, he said: "Small businesses are aware of all the benefits they derive from our fantastic budget." This is a lot of nonsense! People are not prepared today to invest as the minister would have us believe. This is the principal reason $13.5 billion left the country for more favourable climates. For example, in the oil and gas industry, money has flowed south. Why are they investing in Montana and Texas, but not in Alberta which would provide spin-off effects and jobs in Ontario? They are investing in the United States because they receive a return on their investment. They do not fear government expropriation, government take-over and a national policy which puts more and more control in the hands of government and less and less control in the hands of the business community.

We must remember it is cold comfort for thousands of families—wives, husbands and children—that the government is still dithering around six months after its budget in massive, collective confusion over what on earth it can do to retrieve something from a budget which has been roundly and soundly condemned in virtually every sector and quarter of the Canadian economy. The Minister of Finance, who looks more dangerously unnerved each passing day, cries that Canada's hands are tied, that she is prey to the winds of inflation and tight

money blowing over the border and that the flexibility of government is limited by circumstances at large in the western industrialized world. This is nothing but feeble excuse-making and deception.

There is much the Government of Canada could do to eliminate hardships presently experienced by a very large segment of Canadians. The House should ponder very carefully the key elements which rightly preoccupy us today—unemployment at 1.5 million, inflation at 11.6 per cent, interest rates over 17 per cent and real wages declining for the fifth year in a row. To alleviate its dismal performance record, a performance record which is much worse than that of the United States, this government constantly maintains that our fortunes rise and fall. The only departure from the government position that our fortunes rise and fall predicated upon the United States is the Minister of State for Small Businesses and Tourism, who denies the statement. As I said earlier, he indicated that even if the United States recovers, he doubts whether we in Canada shall.

Of course, the government will try to detach itself from responsibility for the disastrous state of the Canadian economy today and from the effect it is having on small business. There are clear measures which the government could take to alleviate at least some of the hardships—and I do not mean that it should send key ministers to Houston and Paris respectively. It could scrap the National Energy Program. It could withdraw the budget. It could call an election if it really wanted to get things turned around in a hurry.

A leading businessman in Peterborough wrote to me in the wake of the budget of last November and said, with what I can only call remarkable clarity, that if something was not done soon, the country would be in a depression. Also I am sad to report that the vice-president of Silverwood Dairies in Canada said that the government should be made aware this afternoon in this debate that "the nation is not in a recession, it is in a depression".

It is clear, as it should be clear to anyone who has contemplated the major economic statistics which I cited before, that the government's plan to beat inflation through a high interest rate policy and to sustain it with consequent record unemployment is simply not working. What will it take for this government to realize that its present economic policies are not working? Obviously, this punitive budget must go. A budget which encourages entrepreneurial expansion, the creation of a savings and investment capital pool and, yes, even contemplates tax reduction, is what is needed.

• (1650)

A responsible Canadian government would provide tax incentives to invest or expand. A responsible Canadian government would take steps to increase the cash flow to small business through a truly revamped tax policy review. A responsible Canadian government would not insist on an addle-brained Canadian content requirement in the industrial energy sector as a condition for business activity. This is all very well on the airwaves, but the fact is that it is costing Canadians jobs everywhere and not just in Fort McMurray.

A responsible Canadian government would not force businesses to retool for international metric systems at tremendous cost at a time when small businessmen can barely meet their payroll, much less spend thousands of dollars for new scales, new tool-sets and new equipment of one kind or another—especially when the equipment they have now is good for another ten, 20 or 30 years.

To those who say that we have to go metric in order to increase and protect our export trade, I say "rubbish". The Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) will confirm, for example, a multimillion dollar deal signed last week between Vellan Incorporated of Montreal and a Hungarian nuclear plant to supply a Hungarian-built, Russian-designed nuclear power plant with 10-inch valves. This is only one of many export contracts closed in the past year which supply imperial or Canadian parts and services.

This $4 billion cost to the Canadian economy of going metric is another program for which this government should be held accountable. At last, a growing number of people are demanding the answers.

The principal question being asked is, "Why is the Canadian government trying to ruin me? Why is it making me a bankruptcy statistic in my own country?" The answer is that this government is bankrupt itself. It is bankrupt of ideas, bankrupt of principles, bankrupt of responsibility and, as we shall see in the next election, bankrupt of votes.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. In accordance with Standing Order 40, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon West (Mr. Hnatyshyn)—Public Works—(a) Request that competing firms be reimbursed for expenses. (b) Request for independent investigation; the hon. member for Vegreville (Mr. Mazankowski)—Bankruptcies—(a) Position of purchasers of insurance from companies placed in receivership. (b) Request that purchasers be treated as preferred creditors; the hon. member for Burnaby (Mr. Robinson)—The Judiciary—(a) Statements on constitution made by British Columbia Supreme Court Justice. (b) Judicial Council inquiry.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECT OF ECONOMIC POLICIES ON SMALL BUSINESSES

The House resumed consideration of the motion of Mr. Speyer:

That this House, alarmed by the fact that over 1,500,000 Canadians are unemployed and aware that small businesses generate more than 60 per cent of all new jobs created in Canada, condemns this government for its ruinous economic policies, particularly those contained in the budget, which have effectively destroyed the spirit of entrepreneurship in the small business community, have contributed substantially to the loss of job-creating opportunities and which have drastically diminished investment in Canada.

Mrs. Céline Hervieux-Payette (Montréal-Mercier): Mr. Speaker, it is with great pleasure that I take part in this debate on the motion presented by the opposition, in which three points are raised. The motion accuses us of destroying the spirit of entrepreneurship in the small business community, of contributing to the loss of job-creating opportunities and also states there has been a drastic reduction in investment in Canada. Mr. Speaker, I intend to respond to the three main allegations made in the opposition motion.

To begin with, on the subject of destroying the spirit of entrepreneurship, I believe my hon. colleagues have often mentioned the issue of Canada's high interest rates. I think it is too easy to work on people's emotions, and certainly no one on this side of the House will deny that interest rates are much higher than we would like them to be. However, it would be very simplistic to say that tomorrow morning we are going to reduce interest rates unilaterally to around 10 per cent, without causing undue disruption of the Canadian economy. In fact, Mr. Speaker, when one of the OECD countries, namely France, decided to maintain interest rates at a level generally acceptable to the French people, this artificial measure resulted in a very substantial drop in the value of the French franc, to the point that the same government decided to bring interest rates up with lightning speed to their present level of 20 per cent. May I remind my hon. colleagues that the present prime rate in Canada is set at approximately 15.39, and that there is continued progress from week to week. However, there is no magic formula, although our hon. colleagues seem to think there is, to make interest rates drop overnight to around 10 per cent, that is, to a level generally acceptable in our economic system, although not to the prevailing levels of a few years ago.

Mr. Speaker, I am convinced that the members of this House have a duty to take the present situation seriously. However, there is a difference between what the government on this side of the House is doing and making emotionally charged speeches or causing panic among investors. In any case, last week, I met a group of some twenty-five businessmen from my riding, with an annual turnover varying from $500,000 to $25 million. They graciously agreed to spend more than three hours of their time at a round-table discussion with the member for Montréal-Mercier to analyse the economic situation. And as the minister said earlier, I say that these people are far more reasonable, take a far more serious attitude to the issue, and are willing to co-operate in applying the corrective measures our economy needs. They realize that our economy does not stand alone and that the problems cannot all be blamed on the Canadian government. In fact, they believe that it is of vital importance to maintain the federal government's present policy and to maintain a monetary policy that will prevent the Canadian dollar from sliding downwards, which would be the case if tomorrow morning the reins on our monetary policy were loosened, and also, of course, if interest rates were allowed to drop which again would result in a drop in the value of the Canadian dollar.

Mr. Speaker, these businessmen do not believe in magic cure-alls or panaceas. They believe in difficult solutions that may be painful for some businesses, but they do not feel it is up to the government to intervene in all areas and at all times, to cure society of a disease which I do not think is caused by the government alone, but by every member of that society. The businessmen in question acknowledged that they were partly responsible for the problem and that all citizens, all consumers were partly responsible, and that, in fact, our entire society must share the responsibility. We have known prosperous and happy times, and these may well come back again, if the right measures are taken to deal with the present situation. Mr. Speaker, these businessmen are aware of the fact that there is not much room to manoeuvre, and they are willing to make every effort to get through the present situation. They did not ask me to double or reduce or be very generous and change the Small Business Development Bond program, in the belief that this would solve all our economic problems overnight. I do not think they believe in band-aid solutions. They feel that the present programs are flexible enough to enable small- and medium-size businesses to cope with these difficult times, and some went so far as to say that the present situation would weed out the weaker elements. Mr. Speaker, I trust that we shall all have learned a valuable lesson in this difficult period, and that the measures to be taken by our government, especially those announced in the budget, will enable us to overcome our problems in the not too distant future.

In their motion, my hon. colleagues refer to the loss of job-creating opportunities. Still within the context I mentioned earlier, namely, that the government should not take up the entire slack through unilateral measures, the fact remains that the business sector realizes that unemployment is particularly acute in two sectors, namely in the construction and forestry industries, and feels that the measures taken by this government are likely to be of some help. I am thinking of the Canada Rental Supply plan, a measure included in the budget

and passed by the House which provides for the creation of some 60,000 direct and indirect jobs and has increased by some 30,000 units the supply of rental accommodation in Canada. Another program announced by the department last week and which is particularly interesting for constituencies like mine where a fair number of houses are rather old, is the Canada home renovation program. This program will help create some 10,000 jobs. In view of its flexibility, I urge my colleagues opposite to let their constituents know about it, because ultimately that measure could be beneficial to all Canadians. It is of course, people with an average salary of $30,000 per year who will be able to take full advantage of this renovation program.

However, from a description of this program, it is surprising to find how flexible it is. Among the work that can be carried out under the program, let us mention the construction of a greenhouse or such facilities; the landscaping of a permanent house; the construction or repair of fences; the construction or repair of a side entrance; the installation of various domestic appliances. Indeed, Mr. Speaker, the renovation program will enable many households to hire construction workers and take advantage of job-creation measures recently taken by this government. Another very popular program, Mr. Speaker, which now applies to houses built up to 1970, is the Canadian Home Insulation Program. This program is designed to help people involved in the building industry, people who are having problems at the present time because of the slowdown in the residential construction industry. These people will be able to benefit from an additional $280 million to complete home insulation. I believe that this program is doubly beneficial as it will help reduce energy costs on the one hand and stimulate an industry in distress on the other hand.

• (1700)

Mr. Speaker, when we speak about industries that are in distress, we realize that one of the most tragic aspects of the unemployment problem—and I have here the figures made public by Statistics Canada for the month of March—is of course the fact that one specific group is hit harder than the others, namely young people aged between 15 and 24, who have an unemployment rate of about 20 per cent. It is tragic to see that our young people joining the labour market cannot find any employment to test their talents, their abilities and their imagination. However, I would like to point out that our government has allocated quite recently $280 million for training and job-creation programs aimed at our young people. This is not enough to create jobs for all the young unemployed, but the private sector has certainly a significant role to play in this regard. It is obviously the private sector which should do the most.

However, Mr. Speaker, I believe that this summer the employers will have to realize that they have to take an active part in the employment programs for young people and give a helping hand to those who will be going back to school in September. In this regard, we are providing employment offices for young Canadians which are now open to young people throughout Canada, and I hope that employers in the private sector will make use of the services offered by these offices so that our young people may work in very flexible conditions and not necessarily as permanent employees. I believe that many jobs can be done at very competitive prices and that our young people will be all too happy to contribute their talents in doing light repair work and various odd jobs that come up during the summertime.

With respect to the decrease in investments in Canada, Mr. Speaker—despite the fact my hon. colleagues do not seem to have much confidence in these data they have not as yet challenged them—I believe I can still use the budget paper entitled "The Current Economic Situation and Prospects for the Canadian Economy for the Short and Medium Term". When discussing investments I feel one must use some data, and we have those provided by OECD. I am sure we can rely on statistics produced by an organization of such outstanding prestige. We see that from 1974 to 1979, investments grew faster in Canada than in any other of the OECD countries, Canada being the only country to devote an increased share of output to investment. Thus, in recent years, Canada has shown a relatively better investment performance that any other country.

That, I feel, must be recognized and noted. In discussing investments, a distinction must be made between residential and non-residential investments, the latter being mostly that of the manufacturing or natural resources sectors. In that connection, Mr. Speaker, though hon. members opposite were quite cynical last week when the Alsands project was discussed, they should know that when it comes to viability, to investment yields, the projects involved should bear within themselves the possibility of a reasonable return. In that case, public money was involved, tax money collected from the Canadian taxpayers, and I think that the Canadian government has shown its wisdom in these rather unfavourable conditions. On the other hand, hon. members opposite did not dwell yesterday on the $600 million which the Canadian government is going to invest with Esso Resources for exploration in the Beaufort Sea and especially the implementation of our national energy policy. There is an area where investments will pay off, where the combination of private enterprise and government undertaking holds the promise of a very rewarding future, and where one of the first steps in the implementation of the Canadian energy policy can be the reconciliation of the economic interest of Canadians and the know-how of foreign companies.

My colleague who reported an increase in investment money in the United States claimed that all the investment money in Canada was leaving this country for the United States. I should like to remind him that the unemployment picture in the United States is not much brighter than it is in Canada,

and that the investment money, which is not coming into Canada is certainly not flowing into the United States. There is now a decrease in investment money in all OECD countries, as amply demonstrated by statistical data. I hope that this situation is only temporary and that the finance ministers currently taking part in OECD meetings will find ways to help our Western economies recover without disastrous repercussions on society as a whole.

My colleague, the hon. member responsible for small businesses, felt that we had better come up with solutions instead of lamenting over our predicament. He was right. One of the solutions which I personally favour is better co-operation among employers, employees and governments, including provincial governments, in the future economic direction of Canada. As a matter of fact, those who know something about the techniques used in Germany to plan the long-term economic future of that country are aware that the social partners sit down and discuss their economic future. I think it is high time our federal and provincial governments sat down and discussed our future with Canadian employers and employees. Recently the Minister of Finance visited many parts of Canada to meet various groups, but I think there is only one way to go about this, and it is to sit down together at the same table and talk. It is my view that a country like Canada cannot afford to waste its energies in virtually creating conflicts that should not exist with respect to this country's economic future.

Our country is mature enough for Canadian men and women to be more readily involved in the development of their economy and in the management of their businesses by ensuring that at the boardroom level employers and employees sit side by side in an effort to plan the economic future of their undertakings, to discuss productivity and quality of life at work. I believe that whatever examples we find in European countries could be very usefully followed here. Also, Mr. Speaker, I think that another avenue for concertation would be the opportunity for the employers to share their profits with the employees, when, of course, there are profits to be shared, by ensuring over-all involvement not only in management but also in equity, and in the small business sector, such a system is long overdue. Unfortunately, on account of the current recession and because of financial difficulties, management is now inviting employees to sit in their boardrooms. Mr. Speaker, I will point out that the very same employees should also be sitting at the table in times of prosperity, to plan the future of businesses. In this way we could perhaps prevent unnecessary plant shutdowns and might rapidly come up with solutions and arrive at better planning and productivity schemes. I would therefore invite my colleagues to reflect on these proposals. I share the view that small businesses in Canada may still look forward to a healthy future. We have specific programs for assisting them. We have a fiscal structure that is favourable to them, and I believe that by consultation and united efforts, the government, small businesses and labour will find ways to improve the economic future of Canadian men and women.

• (1710)

[*English*]

Mr. Gordon Towers (Red Deer): Mr. Speaker, the issue we are debating today is one of the most important to be before this House of Commons for some time. Listening to previous speakers, I can understand their naivete as well as the lack of understanding of the previous speaker, the hon. member for Montreal-Mercier (Mrs. Hervieux-Payette). However, I cannot accept the ignorance, incompetence and arrogance of the Minister of State for Small Businesses and Tourism (Mr. Lapointe). His is the responsibility. I see him smirking at a time when we are trying to bring to the attention of this government the problems that small businesses are experiencing. If he would speak to some of my businessmen, the smirk would be on the other side of his face.

There are people who have spent a lifetime and have put all their earnings together only to see them go down the tube because of the policies or lack of policies of the federal government. People are brokenhearted as well as bankrupt. The place where they put their faith no longer exists.

The other day I spoke to someone working for a company which had a $10 million turnover last year and employed 100 people at any given time. Thursday night he received a call telling him to turn in his keys on Friday morning because the firm was going into bankruptcy. Yet we have the minister smirking. Canadians deserve better than that.

My colleague from Cambridge (Mr. Speyer) should be congratulated for bringing this motion before the House of Commons. As he said, from the small service companies in the petroleum industry in western Canada to the manufacturers of auto parts in Ontario to the small vessel construction in Atlantic Canada companies are in trouble.

The service companies in the petroleum industry have possibly been the hardest hit. This part of the industry was expanding more rapidly than any other segment. We tried to tell members opposite what they were doing with their National Energy Program, but they would not listen. We tried to tell them it would eventually be felt in Ontario when the service industries would no longer be able to purchase trucks and automobiles, but they would not listen.

Last January I had the privilege of travelling through southern Ontario with the task force. I came face to face with those having to deal with bankruptcies and receiverships, yet we have a minister who smirks. This is not acceptable to the people out there trying to make their way.

We must realize that the small business community provides more jobs than any other segment of our economy. At this time we have a million and a half unemployed. People are blaming the high interest rates for this. There are three components which are creating these high interest rates; it is not just the Governor of the Bank of Canada trying to protect

the Canadian dollar with high interest rates. The government has a responsibility. It has a responsibility to establish a climate in which the small business community can survive.

I agree with the hon. member for Montreal-Mercier that government should not provide subsidies to small business. It does not have to. Small business does not require that. What it requires is a climate in which it can survive. We must get away from this massive tax grab which this government embarked upon with its National Energy Program and over-all taxation policy. That is what is killing the small business community. It cannot survive. It cannot afford the expenditures of this government.

The fiscal policy of the federal government, plus the monetary policy of the Bank of Canada and the growth in our gross national product, form the basic components of our economy. Those three segments are responsible for the protection of the Canadian dollar. Governor Bouey of the Bank of Canada is trying to do all three with high interest rates. This has created the nemesis for the small business community, whether it be farming or whatever.

Based on the Revenue Canada definition of "small business", which is sales of $10,000 to $2 million, over 700,000 Canadians earn all or a yearly significant part of their income through their entrepreneurial skills as small business people. An additional 480,000 earn part-time income through businesses with sales of less than $10,000. They are the linchpin of the Canadian economy.

Small business accounts for about two thirds of our job creation. It is highly labour-intensive and has a higher ratio of jobs from investment dollars than any other segment of our economy. Small business provides more business opportunities for less skilled workers. Ninety per cent of the businesses in Canada employ less than 200 people. Small businesses account for 57 per cent of all sales in the service industry and 52 per cent of all sales in the construction industry.

As I said earlier, we in Alberta are suffering more today than in the last 50 years. A lot of our people were working in the oil service industry. Now, with the National Energy Program, with the outflow of the billions of dollars to the United States because the industry has moved south and the outflow of petroleum dollars as a result of our purchases offshore, we leave the Governor of the Bank of Canada trying to protect that amount of money, trying to protect the value of the Canadian dollar, with high interest rates and with the government reneging on its total responsibility.

• (1720)

We have tried to explain to the members opposite what they have been doing wrong, but they have not been listening and they will not listen, and there is as yet no sign that they are changing their attitude.

There are over 1.2 million small businesses in Canada. There are a lot of small businesses which are not trying to be small businesses. They are small because of the inhibiting influence of federal government policies. They are kept small because of the stifling and suffocating impact of the federal government's dismal performance in the areas of economic stimulation and incentives.

Our record in research and development is one of the most pitiful in all of the industrialized world. The minister said earlier that he wished we would tell him and his government how to go about correcting the problems. Now he is not even in the House to listen. When this government opposite entered office in 1968, we were allocating about 1.5 per cent of our GNP to research and development. Now the figure is down to below 1 per cent and has been at that level for about ten years.

In the early 1970s the Special Senate Committee on Science Policy, the Lamontagne committee, pointed out the benefits of an enlightened science policy with the accent or emphasis on boosting spending on research and development to 2.4 per cent of GNP. Instead of doing that, what does the government opposite do? They chased the expertise and the technical ability that we have in our oil industry out of the country. You can make faces if you like, my hon. friend, but that is exactly what happened, and until you start to realize that this is what has taken place we are not going to correct the problem.

The United States are very clever. They do not take our labourers down there to work in their oil industries but they certainly are willing to take our expertise. If you talk to some of the people who are in the business, they still tell you that it takes two or three years to train these people. Of course, those are the people who have gone to the United States and to other parts of the world. This government will not heed and instead we as a country, as a people and as Canadians lumber along as exporters of our raw resources. We continue to be hewers of wood and drawers of water.

Dr. Larkin Kerwin, president of the National Research Council, said that we may be able to survive as a nation of woodcutters but if we do we will then have to be content to receive woodcutters' wages. Dr. Kerwin, in a recent speech, lamented that while Japan does so much with so little, Canada does so little with so much. Dr. Kerwin has told the government that an increase of just half a per cent in research and development spending as a percentage of GNP would create 400,000 new jobs. His research agency demonstrated in a pilot project that research and development seed money is returned to the investor manyfold. The pilot project I am referring to involved the investment of $93 million in about 500 projects with about 200 Canadian companies. NRC's monitoring of the results indicated that that small infusion of research and development capital resulted in new product sales of $1.8 billion. Every million dollars invested in research and development meant 1,500 man-years of jobs. The multiplier effect varied from project to project, but it went as high as 100 to one. The average return was $20 for every research and development dollar invested.

As a nation we have been plodding along, selling off our resources in raw form and then buying them back as finished imports. Let no one on the opposite side tell me that there is not a market there, because our deficit in manufactured products in any one given year would average out at about $20 billion.

My colleague from Scarborough East (Mr. Gilchrist) told the House some time ago that we are selling coal, steel, aluminum and other non-renewable resources for an average of 50 cents a pound and we are buying them back at over $3 a pound in the form of Datsuns and Toyotas.

This government has demonstrated in the past that it is not interested in developing a made-in-Canada research industry. Instead, it has been content to import technology at a great cost in jobs and growth in Canada. For a while, the door to the minister's office in the science and technology ministry was a revolving door. The joke in the department used to be: "If the minister calls, get his name." Science and technology was given, and still has, a very low priority by this government, even though it may be the key to our economic recovery and survival.

I took the time and trouble to do a little mathematics, a little arithmetic, on just what research and development could mean to this country. The National Research Council estimates that each million dollars invested in research and development requires 1,500 man-years of work—or 1,500 jobs are created for one year.

In 1981 our GNP was slightly more than $328 billion—and we spent about 0.9 per cent on research and development. If we had spent 1.5 per cent, we would have created at least 295,000 new jobs and probably closer to the 400,000 that Dr. Larkin Kerwin projected. If we had spent 2 per cent, we would have created more than a half a million jobs—546,000 in ballpark figures; and if we had spent 2.5 per cent, the recommendation of the Lamontagne committee, we would have created more than 786,000 new jobs. We tell the minister this but he is not even in the House to hear. And these figures, which come not only from the Conservative side of the House, are really on the conservative side.

Dr. Kerwin is on the record as projecting that with this kind of investment in research and development we could eliminate unemployment. How true, Mr. Speaker. We have the people, we have an intelligent people, we have a people willing to work, we have one and a half million unemployed, and we have the raw resources to put it all together. Yet we do not have a government to provide the climate to bring this about. The Prime Minister (Mr. Trudeau) is a graduate of the London School of Economics, an economist. Surely if he learned anything in his school years he could have put those three things together. You do not have to be a mathematical genius to figure out what the bottom line is, when just $93 million in seed money generates $1.8 billion in new economic activity. This is what we need, Mr. Speaker. That is an incredible return on investment.

Would an increase to 1.5 per cent—roughly an increase of $1.9 billion more—generate about 20 times as much or about $38 billion in new product sales? Would an increase to 2 per cent—roughly a $3.6 billion increase—then generate 39 times as much or about $70 billion in new opportunities? Would an increase to 2.5 per cent—roughly a $5.2 billion increase in research and development investment—then generate 56 times as much new economic activity or more than $100 billion in economic activity? These are the facts. They cannot be disputed.

Why, then, the foot-dragging on the part of the government? That is why I used the word I did, which is a strong word, Mr. Speaker, when I started to speak, when I spoke of the ignorance of the minister. Why does he and the government not heed the advice of the National Research Council? Why does it not pay attention to the results achieved by the National Research Council's experiment in funding research and development projects, in view of the staggering results it has shown that can be achieved?

• (1730)

If we invested 1.5 per cent of GNP in R and D, that would be approximately $4.9 billion; 2 per cent would be approximately $6.6 billion in total spending on research and development and 2.5 per cent would be approximately $8.2 billion.

If every dollar invested returned $20 on the average, the gross return on total R and D investment at 2.5 per cent would top $160 billion. That is about half of our present gross national product.

One of the most important categories of small business in Canada, along with the petroleum industry, is farming. It is hardest hit in the cost-price squeeze. It is hardest hit by escalations in the cost of energy and farm materials, of which energy is a major component cost. Farmers are big users of energy and must pass on these price increases as a cost of production. As a result, the price increases show up finally at the check-out counter in the supermarket.

Net farm income is expected to be down by about 15 per cent in 1982. This means that the figures that have already been given to us by the hon. member for Cambridge and by the hon. member for Peterborough (Mr. Domm) regarding bankruptcies will show an increase this year. High interest rates are squeezing the farmer in Canada. High interest rates are aggravating the cost-price squeeze and the cash flow squeeze.

I have received your sign, Mr. Speaker, so I guess my time has expired. I could go on because this is a serious matter. I hope that hon. members opposite will listen to those of us who are trying to explain the seriousness of the situation to them as it relates to the small business community, and I hope that they will understand.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, before rising to speak I counted the number of members in the House and I am therefore tempted to call a quorum. Given the difficulties that an interjection of that sort can create, however, I decided to forgo this pleasure that afternoon.

I should like to say, Mr. Speaker, that I agree wholeheartedly with the concluding comments of the previous speaker. The situation in Canada is indeed serious. I believe that there is no one in the House or in the country who would disagree that our economy is experiencing very great difficulty. If there is anyone who would argue otherwise, it must be someone who

does not have the eyes to perceive reality, the brain to understand it or the heart to respond to it.

In this debate it is important for us to realize that these difficulties are not peculiar to Canada. These difficulties, if not worldwide, are at least shared by most of the industrialized countries of the world. For we are living in a period of readjustment, one of those swing eras of the type we studied in the classroom of our youth; and we know that, in such periods, governments and peoples are forced to make choices. These will not be easy choices; they will be very hard ones. In fact, in almost all the newspapers and periodicals and all the information provided by the prognosticators on radio and television, the word that is most often used to describe the choice is "tough".

The federal and the provincial governments, then, will have to make some very tough choices in the next few years. I regret to say that, so far in the national debate on the economy by politicians, special interest and lobby groups, we have not been able to get past the rhetorical stage. That is unfortunate because rhetoric does not solve the problem; it does not point out the tough choices that have to be made; it does not indicate the degree to which we have to make sacrifices today in order to reap the rewards of the future.

There is, as well, an unfortunate preoccupation with the past in this debate. Every time a member of the opposition speaks he talks about the past—the past performance of the government or the past performance of the economy. I would not deny the right to that perspective but the point I make is that it is not conducive to finding solutions to our problems. In short, we have an unwarranted preoccupation with the past when we should be concerned about the future.

All too often we cast the debate in terms of personalities—whether we are for or against the Prime Minister (Mr. Trudeau) or whether we hate him or love him. What does that give us?

Finally, the rhetoric in this debate is characterized by wildly exaggerated and vague promises of one policy or another. Very little is focused and precise in the debate. That is what is so offensive about our national debate—it is vague and deliberately so, because politicians know that the decisions to be made will be tough ones and perhaps politically damaging. As a result, they like to stay away from clearly defined or clearly presented choices. It is always nice to couch arguments in a generalized fashion so that if things do not work out, no one can criticize you for being wrong.

Mr. Speaker, I should like to move the debate beyond the rhetorical stage. I do not want to talk about the past, I do not want to talk about personalities and I do not want to talk in a vague, general way about promises. In the peculiar naivete and innocence that only a backbencher can bring to a debate at times, I should like to suggest, as clearly as I can, the choices that the government should make in the months ahead.

Before doing so, I should like to preface my remarks by saying that these choices are not necessarily those of the management, they are not final and are subject to revision without prior notice.

• (1740)

The goals to which all of us want to move the Canadian economy, Mr. Speaker, are obvious. We want drastically reduced inflation, higher productivity, and far higher employment levels. However, we all have to realize that we will not achieve those goals if we do not collectively—governments, corporations and citizens—lower our demands on the system and concentrate on rebuilding that system. As I said earlier, all of us, in some fashion or other, will have to deny ourselves the pleasures of the present in anticipation of enjoying the rewards of the future. This will prove a very difficult task because there are very few among us who want to forgo the lifestyle we learned to enjoy through the flush years of the 1960s and 1970s. But I would argue that we must do it, and do it now. The sooner the better.

I think everyone in this room is familiar with the television ad for automotive filters where the service repairman leans into the camera and says, "You can pay me now or you can pay me later." I suggest that is the option which faces this government and the Canadian people; we either pay the price now or we pay it later. And I am suggesting we had better pay it now because the price for solving our inflation, unemployment and productivity problems, although steep, will be cheaper now than in the future.

Let me look at inflation and suggest ways in which this government can fight inflation in the immediate future, Mr. Speaker. First of all I suggest that this government should implement a freeze to cover all wages, salaries—and dividends, because no one should escape the cold. I would suggest the freeze should last for a minimum of six months. Second, in order to make it psychologically acceptable, or at least more palatable, I suggest the government should simultaneously roll back the salaries of Members of Parliament by an amount equivalent to the present inflation rate.

Mr. Towers: Mr. Speaker, would the hon. member accept a question right at this stage of his remarks?

Mr. Kelly: Mr. Speaker, I do not wish to be contentious, but I would prefer the hon. member to delay his question until the end of my remarks. I have a lot to say and I would like to plow through as quickly as I can in order to cover the important subject which is before the House.

I was talking about rolling back hon. members' salaries equivalent to the present inflation rate. I would introduce a slight wrinkle to that rollback, Mr. Speaker. I suggest the money saved in that rollback should be paid back to members of the House at the rate of 1 percentage point for every 1 per cent drop in the inflation rate next year. As a result, members would have a very real and important stake in fighting inflation.

Third, after the freeze is lifted, the government should introduce guidelines which would eliminate the foreign sources of inflation. If inflation is 10 per cent, employees go to their employer and ask for at least a 10 per cent increase to keep up with inflation. However, studies indicate that roughly 40 per

cent of inflation is imported from abroad. While we may have some commitment to keep people as close to the increase of domestic inflation as possible, I do not think this or any government, or any employer, has an obligation to compensate for foreign inflation. There is only one way to eliminate foreign inflation, Mr. Speaker, and that is to become more productive. If we do not, if we keep placing demands on the system to compensate for the foreign portion of inflation, we will never break the inflationary spiral and we will never solve our inflationary problems.

The fourth thing I would suggest is that this government should abolish all the price support systems such as marketing boards which have been created—

Mr. Orlikow: How about tariffs?

Mr. Kelly: —over the last two decades. In saying that, Mr. Speaker, I do not want to suggest that I am abandoning the groups in our society for whom these price support systems were created. What I suggest we do for those people is to replace the price support systems with an income support system. I believe that if we can find the will, if we can exercise our judgment, the abolition of price support systems has the potential of decreasing inflation in this country by at least 2 per cent. That would make a valuable contribution to this war on inflation which everyone wants us to fight but for which no one wants to volunteer.

Fifth, Mr. Speaker, I would suggest a removal of all sales taxes. I have always found it passing strange that while all governments perceive inflation as the number one problem, they rarely perceive the role they have had in creating and sustaining that inflation. If you look at the prices that you pay for consumer goods today, the most remarkable thing about them is the degree to which government taxes form a substantial part of those prices. I would argue that any government which is serious about and committed to fighting inflation would abolish, or at least significantly reduce, the level of taxes it has imposed on the system, which in turn has resulted in the agonizingly higher prices.

Sixth, contrary to the prevailing advice I hear in the House, I would urge this government to make the dollar appreciate in value. Conventional wisdom argues that we should devalue the dollar in order to increase foreign sales. But I would argue that what we are trying to do through devaluation is to buy time, to buy our way out of an economy whose productivity is slowly but markedly slipping. We cannot afford, as we have over the last 20 years, to devalue the dollar continually and hope to buy our way out of our declining productivity. We cannot do it because we are forestalling the ultimate decision which has to be made on declining productivity. We cannot do it because devaluation also adds to inflation. For every three cent drop in the value of the dollar, you can add roughly one percentage point to the inflation rate we are all anxious to reduce if not eliminate. In other words, I would argue that, if we were really serious and committed as a government or as a nation to fighting inflation we would not devalue the dollar, in fact, you would appreciate it. I would offer as proof of my argument the evidence of those countries which have been most successful in resisting inflation. They are the countries which, through the 1970s have appreciated their currencies. They are the countries with strong currencies, currencies that will get even stronger in the 1980s. If we are going to join those countries, join them in the strength of our economies, we must join them with a strong currency. I would urge this government to explore the possibility of going against the tide of public opinion and appreciate our dollar rather than devalue it.

• (1750)

In an attempt to fight inflation, and as a result of all the preceding advice I have given this House and government, I would urge that everything be done to lower interest rates. If we do the things I have suggested, I believe we will create a climate that will allow the Governor of the Bank of Canada, by himself or at our request to lower interest rates. I do not know how far those interest rates would fall, whether by two points or ten, but by doing what I have suggested, we would have the opportunity at least of lowering interest rates. Everyone in this House understands very clearly the dimensions of the potential that is available to us in Canada if we can only bring down those usuriously high interest rates that plague us so persistently today.

I would like to move on now to the second issue, that of higher productivity. The key to higher productivity is investment, and the key to investment is savings. This government, in one way or another, has to devise a system which promotes enhanced saving in the years ahead. In order to do this I believe the tax system has to be revised. It will have to be revised in a way that will create generous incentives for individuals and corporations to save money for reinvestment in those industries targeted by the task force which submitted its report to this House last year.

I have to confess that, at this point, I could not tell you with precision what those incentives should be, although I think that one of them at least should be accelerated write-offs. They are imperative because most of the opportunities that have been selected by the task force and endorsed by this government are opportunities that are unusually capital intensive. So if we are going to realize those opportunities and if we are going to build those industries, then we must make available the huge capital flows necessary to get them started and to sustain them. And there is only one way to do that; which is to revise the tax system and to raise the necessary money.

The Acting Speaker (Mr. Blaker): Order, please. I am sorry but I must interrupt the hon. member as his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Kelly: Mr. Speaker, I appreciate the generosity of my colleagues and I will attempt to get through the balance of my remarks as quickly as possible.

We should also create generous research and development incentives. There should be incentives that are targeted to the most productive industries. Those industries, I think, would be in the field of high technology. I use the word targeted because I do not know whether we could introduce universal incentives. I do not know whether we can afford to introduce universal incentives or whether, based on our limited resources, we should direct the incentives to those groups which we think can make the most use of that money.

In my comments about savings and investment, I have been referring to the private sector. We must not forget the fact that there is a public sector involved in savings and investment. I think this government, as well as other governments, has the opportunity in the 1980s to save money for the purpose of investment. In order to do that, I would urge this government to review all of its expenditures with an eye to cutting them, freezing them or limiting them in some fashion or another. It is obvious that we cannot go on spending the money in the future the way we have spent it in the past.

You will notice, Mr. Speaker, that I have mentioned spending money in the way we have been spending it. I am not arguing that we limit our total expenditures but, rather that we should redirect the money we do spend. We should direct it away from wasteful, redundant or irrelevant programs and put it into programs that will permit this government to help build the industrial infrastructure that will complement the investment of the private sector in the 1980s.

What this government has to do is to take the money it is spending on many of its present programs, collect it and reinvest it in the building of an infrastructure that complements the decisions freely taken in the open marketplace. However, if this government does that, it will have to accept two consequences. First, it will have to accept an increased indebtedness. Second, in order to raise some new capital to pay for that infrastructure, in order to raise money to replace the money alienated through the tax incentives that I alluded earlier and in order to replace any of the sales taxes that were lost from its withdrawal in the marketplace, this government will be faced with the very difficult task of having to raise taxes income in the future. I do not think this government or any other government can get away from that.

In concluding this part of my argument, let me repeat that the government will have to implement, and the public will have to accept, higher income taxes in the near future.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until 8 p.m. this evening.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8.00 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Scarborough Centre (Mr. Kelly) had completed his remarks. The Chair will now recognize the hon. member for Annapolis Valley-Hants (Mr. Nowlan).

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, ordinarily I am happy to participate in a debate such as the one on the motion of the hon. member for Cambridge (Mr. Speyer), but in a sense I am somewhat ambivalent about the happiness of participating along with my colleagues because of the situation faced by small business people as a result of the November 12 budget and the paperwork burden of government which smothers initiative and any real creative thought. Later in my remarks I will refer to a specific case in my riding of the mandatory implementation of metric, without any voluntary or optional provision, increasing the costs of small businesses.

Quite frankly, Canada has bountiful resources which in effect are squandered by governments of the land. I am not overjoyed tonight to be speaking on this subject, which is generally the economy but is specifically focused on small businesses, because the situation they face is not the happy one it should be. I suppose we could not have a debate which better illustrates the quandary in which this nation finds itself and which relates more to the mainstreams of the land. We are not talking about the metropolitan megaprojects, the debate of which has, quite properly, consumed much of the time of the House, or about corporate infighting or corporate take-overs of one giant by another; we are talking about small business people. Quite frankly, as a layman I sit back and wonder what productive dollar is really being made when one corporate giant takes over another corporate giant while using the tax laws to do it at a minimal cost. This has been done even though in many cases the cost to the consumer has not been justified.

• (2010)

During this debate we are discussing the small business people, be they men or women. I will say small business person to be completely ecumenical, or non-generic, but I think most small-business men and women like to have the gender added since it seems to stimulate activity on the rural main streets of Canada. In any event, we are talking about the benefits of the small businesses on the main streets of Canada while at the same time discussing the sickness of this present economic policy which has resulted in bankruptcies, not only to small business persons but the bankruptcy of any serious government policy which was intended to address some of the problems confronting small business persons on a daily basis. This debate is meaningful if we are to confront those problems, because there are many small and big businesses across Canada which are trying to keep afloat. Coupled with this problem is the glaring lack of any meaningful government policy or program to help these businesses stay solvent. These programs are especially necessary when these small businesses are faced with these unconscionable interest rates, which, in my opinion, are one of the major factors of inflation in this country.

The political parties have stated their position on interest rates, but as far as I am concerned any government—including us if we were in power, as we should be—will not be able to come to grips with the problems of inflation if it just assumes that the inflationary cycle or the problems of small business persons will be resolved when we have interest rates of 18 per cent to 22 per cent.

When I was younger, those interest rates were thought to be unconscionable. Those were interest rates which were charged by high-flying loan companies or loan sharks. However these rates are now built into our economy on a daily basis, which results in a cash flow problem for business people who must constantly deal with interest rates. Unless we can resolve this problem—and not by government patchwork policies—we will never solve our crippling state of depression or recession which is afflicting this country.

If this debate focuses any attention or serves as a catalyst for action by members opposite it will have proven worthwhile for members to speak until termination of the debate at ten o'clock tonight.

If anyone thinks that small businesses comprise an insignificant part of our economy, they will be surprised to discover the collective effect they have across Canada. I am sure many members do not underestimate the impact of small business, but I was rather startled, after conducting some research into the matter, to discover that there are over 700,000 Canadians who earn a very significant part of their income through their entrepreneurial skills as small business people. This figure is based on the Revenue Canada definition of sales from $10,000 to $2 million, which is admittedly a rather wide definition. As well, 400,000 additional Canadians earn income through part-time employment from sales of less than $10,000. In total, that is over one million Canadians who earn income through small business.

It is as true about economists as it is about politicians that opinions vary depending on who you read or listen to, but I think most economists agree that small business entrepreneurs are really the linchpin of the whole Canadian economic fabric. During the many days of discussions on the oil and gas energy bills, my friend, the hon. member for Calgary Centre (Mr. Andre) described that industry, quite allegorically, as being the engine which would drive the economic future of Canada away from the depression or recession we are experiencing. I would suggest that long before oil and gas became so fundamental to the Canadian economy, it was the business person in both small and large businesses from coast to coast on the main streets who were and who are the engine of economic enterprise.

These small business people, who employ anywhere from 5 to 20 people, are also able to give jobs to young people during the summer to help them get through school. I feel extremely sorry for those students who will be coming out of school this summer only to find no opportunity, such as the opportunity I had when I was going to school, to earn extra money. I learned more during my summer employment than I learned in undergraduate university studies simply by being able to travel and work in small businesses in different parts of the country. Students now will not be able to earn money for their next years' tuition through working in small business. Since the collapse of the larger megaprojects they will not be able to find employment there either. It is unfortunate, because when working in a small business you gain an appreciation, you develop a personal interest and you become prepared to work hard and honestly while earning an income to further your education. Those opportunities do not exist for students this summer, especially since the collapse of the megaprojects which would have provided them with income and afforded them the opportunity to travel as students did in my day. As well, students will not have a chance to earn income from working in small businesses in their home town. This is a tragedy which is causing anguish to many young people in this day and age.

I suggest that small business accounts for two thirds of job creation because it is highly labour intensive. Small business deserves special programs because it has special needs. The fundamental difficulty facing small business today is, undoubtedly, interest rates.

Why in the name of decency, when small business persons are faced with loan sharks and usurious interest rates, should small business be confronted with this government's policy on metric conversion, which was implemented without fundamental debate in the House? Why should the government, by moving from the old weights and measures to the new metric system, add to the problems of the small business person? I am not talking about the large supermarkets, which can afford to convert from imperial—that odious word—but about the small business person who already has enough burdens. Incidentally, one of the reasons we may have converted to metric is that we still used this old, historic word "imperial".

When government members do not get away from Ottawa—which is one of the most introverted and unreal cities to live in—and do not visit their ridings, they do not find out that a small business person on the main street of their constituency may be prepared to accept many things, but when problems are piled one upon the other, they begin to wonder who is really looking after their interests. Certainly the imposition of the metric system with no option is an added cost to the small business person which should not be borne by him.

I could go on speaking much longer about the November 12 budget fiasco brought in by the Minister of Finance. Mr. Bulloch, in a telegram, which I believe he sent to all members, illustrated the highlights of what that budget would do and how adversely it would affect the small business person. In other words, in terms of small business in Canada, it cannot resort to the same excuse that the government so often uses, but I guess any government in power would try it, that is, to slough it off to international influences. The small business person, the entrepreneur of Canada on the main streets of Canada, deserves some policy and programs to help all entrepreneurs in Canada. An attempt should not be made to slough off his problems offshore, to blame them on the Arabs, the

anchovies off Peru or the weather which affected the grain crop in Russia and all of the other excuses that we who have been in the House for the last few years have heard.

• (2020)

We should consider what Mr. Bulloch of the Canadian Federation of Independent Business said were the problems of the budget which would affect small business. Way back on November 18, just six days after the budget, he referred amongst other things, to the zeal to plug loopholes. We all know that this budget was a disguised tax deformity. The minister really said "tax reform". I am all prepared for tax reform, but let us debate tax reform so that we know what will happen. Let us not have tax deformity creeping into a budget here, as we had on November 12, and then having the minister recant, retreat and revise more than Napoleon. Napoleon would have been dizzy on the way back from Moscow if he had retreated, recanted and revised himself as much as the Minister of Finance (Mr. MacEachen) has done. Thirty-one times this minister has taken one step forward and two steps backward. MacEachen is the Scot from Cape Breton, from my province, and he sometimes does the highland fling. I do not mind his doing the highland fling by himself, but when he is doing it to the taxpayers of Canada, that is a different matter. The Prime Minister (Mr. Trudeau), pirouettes whenever he gets excited because of the Queen, executes pirouettes, as he did at Buckingham Palace and around Ottawa when the Queen left. He gets all excited and does his little pirouette. Well, that is fine for the Prime Minister. He has isolated status at the moment allowing him to pirouette whenever he wants and to pick up the photographs to show that he is a pretty vibrant individual. But the really interesting person who pirouettes is the Minister of Finance, by the name of MacEachen, the good Scot who has pirouetted more of a highland fling, not by himself but, rather, with the taxpayers of Canada, and the thirty-one step sambo that he has perpetrated on the Canadian public.

Bulloch, six days after the budget, said in a very restrained way, amongst other things, that this budget will close off access to the risk capital markets for new small business ventures and high growth medium-sized enterprises, which are the major source of new jobs. It will seriously inhibit instalment sales of any kind, i.e., consumer appliances or capital assets. It will restrict the cash flow for businesses facing excruciating pressures when financing capital expenditures at high interest rates. It will severely weaken the effective functioning of the marketplace by curtailing the ability of an owner to sell his business and restrict the number of potential buyers. It will increase the tax burden on investors in small corporations. It will discriminate unfairly against professionals who are unable to incorporate. It will restrict the ability of entrepreneurs to provide for their own retirement. It will massively increase professional fees for small businesses that must cope with more than 165 technical tax amendments. It will threaten estate planning for self-employed people, and it will create an intolerable administrative hassle for employers and employees taking any form of employee loan or advance.

Those are just some of the highlights, and how sad Bulloch's prophecy has come to be. The area I come from, the deep east, is well acquainted with adverse conditions, in a way. Quite frankly, plant closures and winter difficulty and hardship is not as foreign to us as it is to some of the places here in Ontario which have experienced pretty bountiful times, as have the areas of growth in the west with their oil, gas and tremendous mineral resources, areas where the expanding economy and progressive development has been tremendous. We in the deep east, having gone through ups and downs and having been exposed to difficult times, are a little more inured, but never have we seen bankruptcies increase as they have recently increased in my area, the Atlantic region. The bankruptcies in 1979, 1980 and 1981 bear testimony to the difficulty of the entrepreneur of Main Street in these provinces. The total number of bankruptcies in 1979 has gone from 1,043 to 1,457. I gather that I cannot go into all the details, but I thank Your Honour for giving me a little hint that my allotted time, under the constrained rules of this debate, is almost over.

In Nova Scotia there were 607 bankruptcies in 1979. In 1980, there were 665. In 1981 there were 839. We do not even have the figures for 1982.

I want to tell a story which I hope will impress the gentlemen opposite. I will not go into all of the social concerns involved. We all know businessmen who have gone under. I hope that the hon. member, when he goes home to his riding, will meet some businessmen and small business people who have gone under. I am not saying it is all because of government, but I am saying to you, Mr. Speaker, that part of the reason is the unsurious, loan shark interest rates that this government, after five years, still pretends will solve the problem, but which have created part of the problem. There is no doubt about this, and this is how I will conclude, because I have been trying for three days to ask a question of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) concerning something called metric.

A blind constituent of mine came into my office this weekend, led by his wife who can see. He told me that he had been visited by the inspector from the Department of Consumer and Corporate Affairs who told him that, unless he converts his little scale in his little grocery operation in the basement of his house by the end of June, which is the cut-off date for that area of Nova Scotia, not only will he be fined "X" hundred dollars for every day past the deadline for conversion, but that he will also, in time, be sent to jail. This is a true story. I am trying to get the eye of the Speaker to ask the Minister of Consumer and Corporate Affairs, without arguing the whole issue of metric, why, in the name of compassion and common sense, there can not be some exceptions and some flexibility to a program unilaterally imposed on all Canadians shown to a blind man. This man has never been on social welfare. He was not born blind, and he has lived through some tragic accidents. He is a father of three children who help him in the little store. I cannot even dignify the store by calling it a corner grocery store; it is a store on a hill in a rural part of my area, and the people there do not care whether measurements are imperial or

metric. They believe in this individual. He just does not have the income to make that $3,000 conversion on his little scale from the carrots he grows and sells, for the potatoes he grows and sells and for the apples he grows and sells. He has not been a charge on the public purse in his life, and he told me very adamantly this weekend, "Patrick, if there is not some exception for a little"—I will not tell hon. members the word he used for his own operation, but one can imagine. It was a cellar operation. I was in the store. I drove 40 miles back in the hills to take a look at it. I could not believe it. It is not right for him to be told that by some inspector from Halifax, implementing a policy which we could not debate and which we do not have time to debate tonight. There must surely be some exception to this universal blanket.

Mr. Speaker, you have been kind, and I cannot continue now, but it was interesting today. Today the HUDAC people were in town. Again, to refer to small businesses and businesses which are going under in my area, businesses which are involved in the housing program and in the lumber trade, they involve McMasters and Sons and McCulloch Building Products, these are fine, established firms which have gone under. Why? It comes back to that refrain of interest rates. I hope that when the Minister of Finance comes back from Paris, he will come together with officials of the Treasury Board. Perhaps members of the Liberal caucus will go home to their ridings on the weekend, like the opposition "cauci" do, to meet their constituents. I say "cauci" advisedly, but it is a plural of the word caucus. Unless hon. members get away from Ottawa, and go back to the Main Streets from whence they came, they will not fully appreciate that there is a really serious economic problem out there which is affecting the entrepreneurs of this country. I hope the debate will stimulate a little action in a much needed area.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Well, Mr. Speaker, you seem to be doing my hon. colleagues on the opposite side a tremendous favour, because as soon as I get up to speak, all I can hear is applause from the other side. I must thank you, Mr. Speaker, for giving them this golden opportunity, and I hope they will appreciate what they are going to hear. But enough said about this. Being given the floor after the member for Annapolis Valley-Hants (Mr. Nowlan) reminds me of one occasion two years ago, when I also spoke after the hon. member, during the pre-build debate, and I must say it is always interesting to listen to what he has to say, and to speak after him in the House, because he is very vivid in his speech, has a good critical sense and is an excellent speaker. Unfortunately, he has very little to offer in the way of positive proposals, as I said before, and I say it again, Mr. Speaker. During his years on the opposition benches, the hon. member has made criticism into a fine art and demonstrates this eloquently every time he takes the floor in the House.

• (2030)

However, when I was listening a few minutes ago, I was thinking that the name of the official opposition party is admirably suited to its members. How did they manage it? If that party had been named differently, it would have had to be rechristened the Conservative Party, because the more I listen to them, the more I realize that anything that smacks of innovation is discarded straight away. Last year, for instance, it was impossible to get them to agree to change the name of Dominion Day to Canada Day or Fête du Canada. Impossible—it was just too much for the Progressive Conservatives to take this tremendous step. So, we are still stuck with Dominion and Steinberg.

In his speech just now, the hon. member mentioned the multinationals which are often controlled by friends or supporters of the hon. members opposite, and when I hear about small businesses that are having trouble with the metric system, I wonder how our children, who are learning the metric system at school and nothing else, are going to deal with the world of their parents, namely ourselves, who learned a different system. If we do not make the effort some time to convert to the metric system so that we can help our children get ahead, what is going to happen? These children know that since chemistry has always been done in metric and most countries, including the U.S.S.R., and in fact, entire continents are using metric measurements, it is because in the future, everything is going to be done in metric.

To get back to the subject of this debate, which is the economy and small and medium-size businesses, I can say that there are a lot of small and medium-size businesses in my riding. They are extremely important for the economy of my region and are now experiencing some tremendous problems. It is true, Mr. Speaker. Where do those problems come from? They are due to various reasons. In the first place, high interest rates surely make life difficult for the small- and medium-size businesses. Working capital and operational charges are costlier, borrowing power is reduced especially as sales have decreased. Nevertheless, it remains that to survive at present, those companies must seek help from the various government levels, among which the government of Canada, which has several programs that I will not mention because the minister responsible for small- and medium-size businesses listed them this afternoon.

There are other problems, and I was pleased a while ago to hear the member for Annapolis Valley-Hants say that part of the problem lies at the national level. It is true. However, he said that the problem is also due to various factors, among which are economic conditions. However, in my area of Quebec, one factor is even more significant than elsewhere. You know, Mr. Speaker, that Quebecers are privileged. We have a government which has been trying for a few years to make us believe that we are different from everybody else.

Moreover, there are some slight differences, let us admit it, among others: the Quebec deposit fund. Most Canadian provinces are integrated and Canadians belong and contribute to the Canada Pension Plan. In Quebec, we contribute to the Quebec Pension Fund, that is the province of Quebec collects a huge amount of several billion dollars which it collects from year to year from Quebecers and gives back to them when they retire. That enables the province to invest for various purposes in industry in every conceivable way as owner or shareholder on the real estate market. This brings me to tell you about a strange philosophy which has developed in Quebec. I mean especially the philosophy expounded for quite some time now by Minister Bernard Landry who is said to be one of the shining lights of Quebec's economic policy. Now, Mr. Landry has a vision of Quebec, or rather, as he sees it, there are two Quebecs: there is the Quebec of Montreal and vicinity, and then, there is the hinterland, or those areas we come from—

An hon. Member: The Lac Saint-Jean area!

Mr. Gimaïel: Yes, Lac Saint-Jean, Lotbinière; there are quite a few people there, those who supply lumber, those who supply hydropower, in short those people who supply quite a lot of things to the people of Montreal. Now, that is the vision Bernard Landry has of Quebec.

An hon. Member: Do not forget La Beauce!

Mr. Gimaïel: La Beauce also; it slipped my mind because I come from there, Mr. Speaker. Mr. Landry is telling us that Quebec is the Eden of small and medium businesses. I scratched my head and said: Yes, it is true; there are many small and medium businesses in Quebec. I have noticed that too, naturally, having been executive assistant to a federal minister, an MP and even an inspector for the Minimum Wage Commission; I visited small and medium-sized businesses, those that did not have collective agreements. I realized there were very many of them. I told myself: whatever else he may be, our minister for the economy is doing all right; he is aware there are many small and medium-sized businesses. Pretty good of him, he is aware of that. I then carried his reasoning a little further. Instead of telling myself there were many of them because Quebec is a real garden of Eden, I started wondering why there were so many of them. I looked around to see whom they were working for. In most cases, I came to the conclusion they were working for bigger businesses. So I told myself: I must go around the various regions. I looked around and what did I see? In the Saguenay-Lac-Saint-Jean: a garden of Eden for small businesses? What does this really mean? It means ALCAN, it means Consolidated Bathurst, it means Abitibi Price, it means Domtar, and Donohue and all the other big companies. On the North Shore, what does it mean? The Iron Ore Company, Quebec Cartier Mining, Quebec North Shore and so on and so forth. I said: Dear God, we will go up and see what goes on in Abitibi. In Abitibi, there were Noranda Mines and several other mining corporations which have established themselves there. Would there be an area, the Gaspé region maybe, where there would be no large corporations? The first thing I saw when I looked at the Gaspé region was Abitibi Price, and a little further, it is the same thing again: Noranda Mines has set up shop also in Murdochville. So, there are large corporations everywhere in this paradise of the small- and medium-sized businesses.

Then I went by way of La Beauce. La Beauce, that must be an Eden for upon checking, I found no large corporations. Then I wondered: to whom do these people sell their production? I turned around and not far from La Beauce, I found a community called Quebec City where there is the Quebec government, a really large corporation indeed. Then, it hit me. The people from La Beauce who are clever people must have said to themselves: We are not far from the Quebec government; and the federal government has several offices in Quebec City; surely these people must buy all sorts of things they need; why should we not sell them things we make here? Mr. Speaker, there came a point when I said to myself: Minister Landry, who after all is a Quebecer, must get only part of Quebec's economic picture, for without major corporations, his Eden of small- and medium-sized businesses would not exist. Then I decided to find out whether these people were really aware of the presence of major corporations in Quebec. I took a look back home. One must look in one's own garden first to find cucumbers and tomatoes. Then I realized that there is indeed a major corporation, ALCAN, apparently a multinational which is a former subsidiary of Alcoa and which has now become Aluminum Co. of Canada. Then, I realized that there is an ALCAN shareholder whose name is known throughout the world.

As you know, Mr. Speaker, all companies whose shares are listed on the stock exchange must reveal and make known the names of their shareholders who are holding over 5 per cent of their shares; well, I was quite surprised to learn that ALCAN has a shareholder who is holding 5.5 per cent of all its shares and that it is la Caisse de dépôt et de placement du Québec, that is to say, the Government of Quebec. So, I said to myself: If Mr. Landry has 5.5 per cent of Alcan shares in his pockets, he must be aware that there are major corporations operating in Quebec. That was not the end of my discoveries. I learned also that the Société de développement industriel is holding 51 per cent of the Donohue Company, in Saint-Félicien. This is again a pretty big corporation and accounts for quite a number of large mills.

An hon. Member: It is in the Roberval riding.

Mr. Gimaïel: Of course, it is again in the riding of Roberval, in my region. Then, I notice the presence of REXFOR and SDI here and there and everywhere, as well as in the steel industry. I then have to wonder what Mr. Landry means when he talks about the small business paradise. What I think, Mr. Speaker, is that Mr. Landry has just realized that there are

small- and medium-size businesses in Quebec because they are not having problems. He had not realized this before. I shall even go further and say that no provincial government had ever done anything to help small and medium-sized businesses. It has started only recently to do so with a few grants from the Quebec planning and development agency.

• (2040)

Since 1968, it is the government of Canada which has been providing constant assistance to small and medium-size businesses, either through DREE, the Department of Industry, Trade and Commerce or the Federal Business Development Bank or through investment or employment tax credits, manpower training programs or subsidies from the Department of Manpower and Immigration, or various other means such as the sales services of the Export Development Corporation or EDC. This is what the government of Canada has done for so many years and continues to do. On the other hand, if anyone wants to know what the Quebec government has done for my region, I shall tell him. What I find the most revolting is to have to sit here and listen to the prima donnas opposite blow their own trumpets and boast they are working for the welfare of the people. They should not forget that I come from an area where five PQ members were elected, Mr. Speaker. We recently had the visit of the French Prime Minister, Mr. Mauroy. We took him around to see the people in Chicoutimi. We wanted him to see our francophone region. I was glad about this because I have always been proud of the French character of our province.

Our region is perhaps the true focus of French culture in Canada and it will remain so all our life. We took the French Prime Minister around to meet the people. He shook hands with everyone. We fed him *tourtière* and blueberry pie and gave him a hearty welcome. And then where did we take him to? To Bécancourt. We took him to Bécancourt to announce that Hydro-Québec—but I must explain the situation differently. The major shareholder in ALCAN, which has its largest facilities in Saguenay-Lac-Saint-Jean because that area is the largest aluminum producer in the world, the most important shareholder in ALCAN took the French Prime Minister to Trois-Rivières to announce to the people that Hydro-Québec would sell so many kilowatts a year to Pechiney, a French aluminum company that is planning to open a plant in Bécancourt. In fact, what this company will do is produce aluminum with electricity which probably comes from my own area; this will mean fewer jobs in my constituency in the ALCAN plants, which are now getting obsolescent.

This ALCAN shareholder made this announcement. What happens to poor Quebec in such a mess? It is easy to imagine. Mr. Speaker, I am speaking in my capacity as Member of Parliament for the constituency of Lac-Saint-Jean. There is in my riding a town called Alma where ALCAN had 1,200 employees five years ago. There are now only 600 left, Mr. Speaker. The problem is not that a few employees were laid off because of a depressed aluminum market. The extraction rooms are empty, all the machines have gone, everything has been removed. The plant looks like a big warehouse. One of the ALCAN shareholders twiddles his thumbs while ALCAN closes down in Alma and this same shareholder simply announces that he will sell electricity to another aluminum company so that it can open up a plant in Bécancourt. I suppose that all this is simply so that ALCAN can close once and for all in Alma. This is the economic situation in which we must fight, we the regional representatives of Quebec, Mr. Speaker. And then, these people rise and preach nationalism, supernationalism, and say: "We are different!" However, when it is time to invest money in our regions, it is a different story. The best example I can give is the famous national park of the Upper Saguenay which the Canadian government wanted to create. I am sorry to always have to compete with the region of Trois-Rivières, but such are the facts.

At the time, the Quebec government told the government of Canada: "You can invest $60 million in the National Park of La Mauricie, but you will not invest millions of dollars in the Saguenay-Lac-Saint-Jean area. That is incredible, Mr. Speaker. What are we doing that is so terrible in Lac Saint-Jean for those people to deny us our basic right to economic survival and to prevent the government representing all Canadians from investing in our region? What is it we are doing that is so wrong, Mr. Speaker? You know the situation is truly difficult. It is also true however that this year, exceptionally, the Canadian government will spend $2,200,000 in community development projects in my constituency under the Canada Works Program. It is also true that, exceptionally, $375,000 will be spent to provide work for 251 students.

Certainly I would like the province to do the same. But no way! They wipe out jobs. Do you know what the big question is in Quebec right now? They keep asking whether they should build the mast over the stadium or do away with 17,000 jobs. But this is not the way Quebecers are informed. Quebecers are told: We may build the mast, or then we may not. Unions are told: Accept pay reductions, or else we are going to fire 17,000 workers. Mr. Speaker, that is not the real question. The real question is: are we going to build the mast or fire 17,000 people?

We shall see where the Quebec government stands. Whether they are a socialist government, as they have been saying for so long, or a fascist government. If they are a fascist government, they are going to build the mast and fast, and fire 17,000 people. If, on the other hand, they are a socialist government, they will say: Maybe, if we keep those 17,000 people in their jobs, they will bring in enough taxes for the mast to be built. I do not want to push the argument too far, because often there is a lack of reasoning on economic matters. On constitutional or other matters, they are never at a loss, but when it comes to economics, do not ask too much in the way of ideas, because

nothing comes out. There is some sort of blocking-up or, as Mr. Lévesque would say, something gets "jammed". Anyway, my area has a sound economic future, namely the jobs that have been created under the Canadian government policies over the years.

I know it is out of style to refer to the moneys the Canadian government may grant to help control unemployment, but we have in Canada a fantastic policy that perhaps should be better appreciated today. I remember in the early seventies, the Liberal government was harshly criticized for having developed a workable unemployment insurance policy. Mr. Speaker, if we did not have a Canadian policy, a federal one as the P.Q. would say, a federal unemployment insurance policy that provides something like $150 to $200 a week to people currently facing difficulties in my area, in the city of Alma alone, Mr. Speaker, people would be short of $1 million in income every week. I repeat, $1 million a week for a city of 20,000 inhabitants. I know this is not an ideal situation but, nonetheless, let us admit that we have had a Canadian government that was wise enough to develop a viable unemployment insurance policy. If the federal government had not developed these policies, where would we be now? Some people would probably not have enough to eat. Moreover, it is to this same Liberal government that we owe the development of social legislation which now pays 58 per cent of the bills in Quebec.

Mr. Speaker, this government can justly claim to have provided assistance to small and medium-sized businesses. This government can claim to be the only government in Canada to have developed a policy which applied to regions like mine or like Lotbinière and La Beauce and not to major centres like Toronto, Winnipeg or Montreal. This government was the only one that had the courage to say: "We shall defend and help the have-not areas." I am proud that this government continues to provide this assistance. What I ask is that the provincial governments try to do the same, that they stop paying cocktail guzzlers for doing nothing worthwhile in Paris and use that money instead to help businessmen in our regions develop their businesses, and most important, that they do not create false competition for these businesses, because we must not forget, Mr. Speaker, that the big food chains in Quebec are now for the most part in the hands of the Caisse de dépôts du Québec and they are the direct competitors of small and medium-size businesses. We must not forget that, Mr. Speaker! The Caisse de dépôts is becoming more and more omnipresent, and the same can be said about the Alberta Heritage Fund. If the provinces give a fair chance to small and medium-sized businesses, do not compete with them and give them the same support as the Canadian government, those businesses will thrive and provide revenue for our governments.

• (2050)

[*English*]

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is certainly a privilege to be able to speak on the motion presented by the hon. member for Cambridge (Mr. Speyer). I have listened with interest to many of the speeches today. I was quite impressed with the speech of the hon. member for Scarborough Centre (Mr. Kelly) who spoke before dinner. I hope a good many of his Liberal colleagues will pay attention to his remarks, some of which will probably not be popular with them. In fact, one of his remarks will not be too popular on either side of the House.

The issue before us today deals with the plight of the Canadian business community, in particular small business. The word "small" is accurate but is very misleading at times. Taken individually, each business may be considered to be small, but as a group and through the impact of this group on the economy, the more appropriate word would be "large".

Let us consider these facts for a moment. Slightly more than 90 per cent of all businesses in Canada can be classed as small businesses. Firms with fewer than 100 employees and under $5 million in annual sales account for more than $40 billion in the Canadian economy and for 20 per cent of the gross national product. Small business employs 42 per cent of the private sector work force in Canada, or nearly nine million people. Small business contributes one third of the commercial and industrial output of our economy. Nearly 60 per cent of all new jobs created in the country this year were created by small business. Small in this instance is obviously large.

The problems being faced by small businesses in Canada today are equally large. According to figures issued by the Department of Consumer and Corporate Affairs, last year business bankruptcies in Canada rose by 22 per cent. Of some 8,055 tabulated bankruptcies, the majority were small businesses. This total does not include firms that went into receivership or those failures where the owners just sold out their equity and closed shop.

There is an instance in my own village of Burks Falls of a business that had been established for a good number of years. It had a firm lease for ten years on the building it occupied at a reasonable rent. When the lease came up for renewal and there was obviously going to be a big increase in rent, the owner just sold the stock out and closed the doors. This excellent business location and store is now vacant. This is the sort of thing that is taking place in a great many communities across the country where the main streets now have two, or three, or sometimes more vacant premises.

A week or so ago the television news carried an item about two towns fairly close to Ottawa and showed pictures of the main streets with five or six stores closed down. That is a sizeable number in any town of 5,000 or 6,000 people.

The business community itself has set the rate of bankruptcies even higher than the figure I mentioned. Experts say that three to four times the number occur that is stated by the government. In fact, they say that last year an estimated 30,000 businesses went under. Those monitoring the activities of small business place the blame for this problem squarely on the doorstep of the government and on the government's high interest rate policy.

Some members who spoke previously mentioned the high interest rate policy of the government. A few years ago anyone charging today's interest rates would have been accused of loan sharking and would have gone to jail. I am well aware that a great many depositors in Canada are reaping the benefits of high interest rates, but by and large this is not good for the economy.

Small firms are almost unanimous in their contention that many of the now defunct businesses would have survived if interest rates had been lower. But the government will have no part of that argument. We have heard time and time again that the government is adamant in its belief that its policy on high interest rates is good for the nation.

A lot of good it has done the nation, Mr. Speaker. How good can it be for Canada when thousands of firms go belly up? How good can it be for Canada when millions of Canadians are unemployed? How good can it be for Canada when our national productivity is suffering beyond belief? How good can it be for Canada when our ability to compete in the international marketplace is put in jeopardy? Good for nothing, that is how good it is!

When large businesses get into trouble the government is quick to chase its tail in search of solutions. This inevitably means spending money, and then more money. But when small businesses tumble one by one, the government gives one of its infamous shrugs and looks the other way.

The government should realize by now that large businesses and industry depends very heavily on the small firms to supply specialized goods and services. Because of their size, small businesses can ensure quality control and the kind of detailed knowledge that is required by larger firms.

When small businesses fail, the impact is naturally felt by large business, and conversely, when large business fails or even reduces production, the effect on the smaller, support firms is obvious. When any business, large or small, ceases operations, the impact on the local and national community is horrendous.

We are all very well aware of the domino theory. A business shuts its doors and the owners and employees are out of work. These people, now having to resort to unemployment insurance benefits or social assistance, have no extra money to spend in the community. Other firms, including those that supplied the bankrupt business, soon begin to suffer set-backs and eventually have to lay off staff of their own. The cycle is predictable and deadly.

Not only does the government turn a blind eye to the situation of small business with respect to the economy, it adds to the problems in its own dealings with small business.

I see the Minister of Supply and Services (Mr. Blais) in the House tonight, Mr. Speaker, and I hope he is listening. I certainly commend his department for purchasing goods and services from small business, and I hope that trend grows. I see the minister shake his head the right way.

Mr. Blais: Up and down!

Mr. Darling: That is good. Do not shake it the other way. It has been well known for some time that any number of firms have had difficulty getting the government to pay its bills within a reasonable time. I wonder how the minister is going to shake his head with respect to that matter!

Many businesses have stopped doing business with the government for this reason, but others have no alternative except to wait for months for their cheques to arrive. The government is well aware of this situation, and I presume the minister is doing everything within his power to correct it, but some bureaucrats within his department could perhaps be told to hustle and get those cheques out much quicker than they are doing.

In February of this year the Minister of State for Small Businesses and Tourism (Mr. Lapointe) in a speech at the University of Western Ontario, admitted that the small business problem was serious. I am delighted to see the minister in the House this evening. At that time he said that several meetings had been held to try to speed up the process of payment, and he even wanted to examine the possibility of paying out interest on overdue accounts. I hope he will have a word with the Minister of Supply and services about this. This minister said that any improvement in the payment system would have considerable impact on the cash flow of these many enterprises, large and small.

Any improvement in the payment system would be welcomed by the firms that deal with the government what would be even better for the entire business community, however, would be an improvement in the economic system of the nation. Given the past record of the government, no one is holding his or her breath waiting for this to happen.

If you listen carefully you can hear a response of sorts from the government—"We are doing something", it says, "We are working feverishly to get things rolling again; we are in control."

Something the government did was to bring in that disastrous budget in November last year, and now it is working feverishly at changing the draconian measures contained in it. It is controlling the ever-erupting rebellion of its backbenchers and a few ministers who understand the mess the Minister of Finance (Mr. MacEachen) created. We are all well aware that the minister has had a change of heart, like Paul on the road to Damascus, because I believe he has changed, postponed or cancelled about 31 of the terrible things in that budget. Let us hope there is more to come. That was the government's response. Staggering under the burden of oppressive government paper work, cringing from the blows of continuing government folly in dealing with inflation, and then beaten half to death by the budget measures, it is small wonder that the business community neglected to say thank you to the government for such assistance.

• (2100)

Then there is the question: what has your government done for you today? Nothing, you hope. Every time the government does something, we suffer. They created VIA Rail, and most of

the trains stopped. They created the Canada Post Corporation, and our stamp cost nearly doubled and will undoubtedly go even higher. We are well aware that this has added greatly to the burden of small-business men because a great many of them use the mails. In fact, the mails are absolutely essential for the survival of a great many of them, and some have gone under. The government created a National Energy Program and our gasoline and home heating costs rose astronomically. At a time when there is a glut of oil and the price of gasoline is considerably less in the United States than it is here, and they do not have the supplies we do, it makes you stop and wonder. Of course, we are all well aware of the Alsands deal falling through, and of course the Alaska pipeline was pushed down the road for two years and maybe even more. What the legendary King Midas touched turned to gold, and what this government touches seems to turn to ashes.

It would not be half so maddening if those responsible were digging into their own pockets to pay for the mess they create, but not a thin dime of their own money is used. It all comes from the taxpayers of this nation. In their desperation to convince the beleaguered taxpayer that the money they collect is for the good of the country, they spend even more money, thousands of dollars every day, on propaganda. Or, as the government calls it, advocacy advertising. "Canada Works" proclaims a billboard; "It makes sense to me" is the advertising copy in the newspaper. I can assure this government that for those Canadians who still have a job, the government's economic policy makes no sense at all.

What has this government done to small business in the last year or less? It has dealt a crippling blow by raising postal rates 76 per cent, and some businesses have had to fold. There have also been changes in the budget restricting capital cost allowances. The dividend provision has been tightened up. The government has crippled the automobile industry, with many dealers going bankrupt as a result of restrictions on company car leasing, just to name one cause. Just last week one of the largest, if not the largest, automobile dealers in Ottawa went bankrupt. Insurance restrictions, which affect many small businessmen as well as many policyholders, have the whole country up in arms. I admit the minister did say he was taking a second look at that. Let us hope it is a good look and there will be a sensible decision to leave well enough alone in that particular case.

Then, Mr. Speaker, there is much talk about the Small Business Development Bond which was to be an absolute bonanza for the small businessman. It was going to help them out of the mess they find themselves in due to high interest rates. I give full marks for the fact that it was broadened to include individuals and partnerships rather than limited companies; that was a step in the right direction. However, for that one step forward, there were about ten steps backward when the new regulations were put in and the bond was no longer available to successful entrepreneurs who wanted to enlarge their operation and probably hire more people. No, the only one eligible now for the Small Business Development Bond is someone who lives in that mythical town of dire straits. Then, when they reach that particular point, they go to the bank and in only a very few cases will the bond be approved. If there is any doubt at all in the minds of the bank, it is curtains for the businessman and he will be turned down. Those of us who are Members of Parliament, from all sides of the House, I am sure, have interceded on behalf of our constituents in similar circumstances. On several occasions I have talked to bank managers, and of course many of them were not too familiar with this bond. Bank managers in small towns did not know too much about it. We talked to some officials higher up who said, "Oh, yes, there is money there to help them but we are restricted because of this new clause that the Minister of Finance put in which says that a reasonably healthy business is not eligible for the bond." That, to me, is absolutely ridiculous.

Another thing which is a millstone around the neck of many small businessmen is this mandatory metric conversion program which is creating great hardship for individual merchants and entrepreneurs across the country. As was mentioned by the hon. member for Annapolis Valley-Hants (Mr. Nowlan), there was one particular case where if the businessman did not convert by the end of June, he was liable to a fine of up to $5,000 and a jail term of up to two years. This in a great, free, democratic country like Canada, Mr. Speaker, makes you wonder what kind of country we are living in. The Minister of Consumer and Corporate Affairs (Mr. Ouellet) said there were just a few crackpots across the country and members of the opposition who were stirring up a tempest in a teapot.

A few weeks ago a petition was brought in with 122,000 signatures on it, and the minister, in a weak moment, said he was going to write each one of those individually. I wonder what hours he is working day and night to do that, and how many of those 122,000 letters have gone out under his signature. He stated that categorically, and a good many of us have been telling our constituents to write to the minister at the House of Commons, no postage required. I hope he is inundated with mail. If the minister had used some common sense and left it up to individual companies and businessmen to decide for themselves whether they wanted to go metric, there would not be this hue and cry across the country. Thank you, Mr. Speaker.

• (2110)

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased the hon. member for Cambridge (Mr. Speyer) has chosen this topic today. It is always interesting to note that the issues of main concern to Canadians are introduced by this side of the House and very seldom, if ever, from the opposite on the government side of the House. Therefore, I appreciate the opportunity which the hon. member for Cambridge has given to us so that we can speak about a very important sector of Canada, a sector of our economy that is absolutely crucial. The hon. member identified that the small business community of Canada is taking a particularly hard beating these days. Who are these small business persons? What is this small business community to which the hon. member from Cambridge refers? Of course, the small business community of

Canada refers to something like 940,000 small firms employing one, two, three and even up to 15 and more individuals, which represents about 42 per cent of the work force which is virtually Canadian-owned and controlled. They are comprised of the small shop down the street, the independent restauranteur, the small manufacturing shop, the individual contractor, the little welding shop at the corner and the little pop store down the street. The people who run these businesses are our neighbours and our friends. They are the people who support the Boy Scouts, the Little League, the local artistic and theatre groups, the local symphonies and so on. These are the people who have a commitment to the community and to the country. They are the people who are providing 60 per cent of all the new jobs created in Canada, both in the good years and in the bad years. The large multinationals and the branch plants do not produce jobs like the small business Canadian-owned sector does. Research and development takes place in the Small-business sector. That is where creativity takes place in this country, and where research and development goes on into new areas, new products, and new types of marketing. By and large, the small business community is the mainstream of Canada. They are the people you see when you drive down the streets of large and small communities in urban and in rural areas. They are the people I like to refer to as the builders, or the present day frontiersmen. They are the people who are prepared to move out into new areas and to take risks and chances. Some people refer to this group as the entrepreneurial group. They are the ones with ideas who are prepared to risk their life savings, prepared to toil long hours to try a new idea, to try a new way of life, and to try to build and add to the Canadian economy.

What is happening to this group within our society today, the group I suspect that all of us know very well? I am sure there is not a person in Canada today that at one time or another has not looked forward to being a small business person or who has not dreamed about being a small business person. The small business persons are the fabric of Canadian society. They are the basis of the Canadian economy. What is happening to these people today? What is happening to this fabric of our economic society?

Primarily as a result of the policies of the government, two million Canadians are not working today. People are not purchasing many goods and services from the small business community. Full employment is the best thing that could happen to the small business community. Full employment allows everyone to purchase goods and services. It enables people to pay the prices which the small entrepreneur requires for his or her product or service. The best thing that could happen in this country for the small business sector is full and total employment, not having 2 million people unemployed, a figure that is growing daily.

Of course, the critical blow to the small business community is the punishing interest rates which this government has now perpetuated for seven years. In an effort to combat the other enemy of the small entrepreneur, and I am speaking about inflation, the government says, "Be patient because the high interest rate policy, given time, will result in a reduced inflation rate." But the question I must ask is, how long must we wait? This program was introduced in 1975. That was seven years ago. The inflation rate today is as high as it was when it was introduced. Interest rates have literally killed small businesses across the country.

Mr. Fulton: Supported by Joe Clark.

Mr. Riis: It is an interesting point that my colleague from Skeena says that this was the policy which the Leader of the Opposition (Mr. Clark) said the other day in an interview with the press is the best thing they as well could come up with. But I can tell you it is not the best thing we can come up with. We say interest rates have to come down and they have to come down quickly. The sooner the better, not only for the small business sector but for the people of Canada.

Then, of course, there is the budget. The budget was supposed to do good things for small business. I remember the government mailing out 200,000 copies of a brochure which was meant to convince the small business sector the budget was good for them.

Mr. Lapointe (Charlevoix): There were 250,000 mailed out.

Mr. Riis: I stand corrected, there were 250,000 mailed out which tried to convince the small business community that this was the best thing that had happened in a long time, that this government was taking action, was concerned and was providing leadership for that sector of the economy. But nobody believed it. The best way to get the small business sector encouraged in this country is to provide sound economic leadership. You do not have to send out a brochure to try to convince people of all the good deeds. These people are intelligent. They know when good things are happening in the country on their behalf. Quite frankly, I think they were offended by the 250,000 pamphlets that were sent out as a result of access to the so-called security of the income tax lists of the country. The Government of Canada sent those out.

Mr. Lapointe (Charlevoix): How many returned the questionnaire?

Mr. Riis: We talk about some of the things that are happening to the small business sector. They are not very pleasant. I suppose the most difficult thing that has happened today is the fact that the small business sector is losing faith and confidence.

When you look at the 30 per cent increase in bankruptcies in the first quarter of 1982, that is 37 per cent over last year, which had an exceptionally high number. Therefore, we are talking about thousands of individuals who have experienced the pain of bankruptcy. For every person who experiences bankruptcy—and I am talking now about the first part of this year, which amounted to 3,651—there are many, many more who have experienced the agony of the receivership procedure, let alone thousands of small businessmen who have simply closed their doors and walked away from their dream, their vision of a future for themselves, their family and loved ones.

This government has literally strangled the life out of the small business sector. It has dashed the hopes and the dreams and the future of these small business people. That is the kind of reason that encourages the government to send out pamphlets, trying to convince people that all is well.

The decay of the small business sector is occurring more rapidly each day. Who stands up for the small business sector? The New Democratic Party has had its members up on their feet as often as possible in this House and in committee trying to convince the Minister of Finance (Mr. MacEachen) and the Minister of State for Small Businesses and Tourism (Mr. Lapointe) that changes must be introduced quickly. I admit the Progressive Conservatives have risen in their places to speak out on behalf of small business as well. The Canadian Federation of Independent Business has done whatever it could to lobby against the insanity of the November 12 budget and the monetary policy of this government. The Canadian organization of small business has raised its voice in hearings across the country and at every opportunity in front of the Minister of Finance. The association of business and professional people of Canada has spoken out for its membership. That association has said "Abandon the budget, Mr. MacEachen. Abandon the budget before the small business sector in this country is essentially eliminated." I will have more to say about that in a moment.

But I think it is fair to ask what can be done. Often we are criticized on this side of the House for simply trotting out a list of problems and disappointments and concerns we have, without offering solutions. Let me suggest a number of solutions that would assist the small business community.

First, the government should introduce a program that will result in a reduced interest rate for a Canadian borrower. There is no recovery program that can be introduced that is worth anything in terms of any economic recovery without a reduction in those particular interest rates. I hope that when the Minister of Finance returns from his discussions with his colleagues in Europe he will have news for us. Also I hope he will have admitted that inflation is being fuelled by high interest rates and that the way to fight inflation is first to begin a process of reducing those rates.

• (2120)

The need for working capital is something of which the Minister of State for Small Businesses and Tourism is well aware is a difficulty. I encourage him to work with his colleagues to introduce changes to the Small Businesses Loans Act which would provide an opportunity for working capital, particularly in critical sectors that the Government of Canada could identify for support. I beg the Minister of State for Small Businesses to lobby his cabinet colleagues to bring the development component back into the Small Business Development Bond.

This was a tragedy which the Minister of Finance laid upon the small business community of Canada when he took development out of the small business bond and said, "Here is a welfare program for small businesses." When the development aspect of that particular program was removed, the dreams and hopes of many small business people was also removed. The government should put development back into the small business bond.

Where is the small business financing review? We have now waited about two years. The minister of state has promised that it was about to come with recommendations on how to improve the situation for small businesses in the country. Again I urge the Minister of State for Small Businesses to provide the small business community of Canada with that review so that it will see what are some of the alternatives. I hope he asks for input from the small business community as soon as it is made public.

Also I ask the minister to co-operate with the Minister of Finance and to meet with the chartered banks of Canada so that they can do what they say they would like to do with the small business bond. This was to be a program to assist needy businesses and needy farmers. All of us as parliamentarians know that small business and farmers are simply unable to take advantage of the program. The banks are refusing to co-operate, with perhaps one exception of all banks operating in Canada. The ministers must approach those banks and say that it is mandatory for them to co-operate on this particular program.

Also I ask the minister to consider altering the Small Businesses Loans Act to provide emergency short-term borrowing opportunities for businesses having difficulty. There are some real emergencies out there. When we talk about thousands of bankruptcies in the first part of this year, let alone receiverships and closed businesses, there are some emergencies which must be dealt with quickly. I suspect the Minister of State for Small Businesses will be appearing before the House shortly, asking for an extension of the Small Businesses Loans Act for at least another year. Let us look at an amendment to that particular act to provide emergency capital for the small business sector.

What about the procurement policies of government? We are not holding our breath any longer waiting for the megaprojects, but there are projects which are proceeding. Let us have effective procurement policies, which will assist the small business sector. The existing procurement policies do not necessarily assist the small business sector or Canadian manufacturers but often provide for the foreign manufacturer who has an outlet in Canada as a source into megaprojects. Of course this is something the government could change very quickly.

Let us reform the Federal Business Development Bank. One thing which puzzles the small business community is what assistance is available in this area and that area, if any. Of course, small business people are often shunted from one department to another, from one sector to another. It is very difficult for the small business person who is out there struggling from dawn until dusk to make a few dollars to try to keep his business going. He does not have days on end to spend running around from government department to government department trying to find out what programs are available.

Therefore, the government should consider remodelling the Federal Business Development Bank to make it more sensitive to the needs of the small business community and perhaps to act as a clearing house for at least all federal government programs, if not federal, provincial and local government programs. It could be sort of a one-stop shopping centre for small business people looking for programs which might be able to assist them.

Mr. Lapointe (Charlevoix): I announced it this afternoon.

Mr. Riis: There is need for more venture capital. These are difficult times, but despite the difficult economic climate in the country, individuals and firms out there are expanding and trying new ideas in the telecommunications, transportation and exploration fields. They have difficulty obtaining much-needed venture capital or high-risk capital. Of course, this is where the government could play some role in providing assistance.

We found out today when inquiring into bank profits that some of the chartered banks of Canada have a significant portion of their capital lent out to only one company. In some cases it is as high as 30 per cent, 40 per cent, 50 per cent and even 75 per cent. There are some exceptions where 100 per cent of the capital in certain banks is lent to one business. We must ask how much money is available to small businessmen, farmers and persons seeking mortgages, if 75 per cent is lent out to one particular company. It is a very serious situation, something of which the Government of Canada should take notice and take steps to limit. The Inspector General of Banks indicated a guideline of 50 per cent to only one company, whereas in the American banking system the ceiling is 10 per cent to one company. This is the kind of situation at which we must look very carefully in order to provide an opportunity for funding and financing to the small business sector of the country.

Another area in which the government could play a much greater role is assisting the small business sector in marketing its products overseas. I understand the national trading corporation is now on the backburner and is unlikely to see the light of day. Perhaps the government could use that kind of model to provide an opportunity for the small business sector to market its goods and services in new and exciting areas. It is very difficult for the small businessman in Clearwater, British Columbia or in Chase, British Columbia to attempt to open up new markets in the Pacific Rim or to attempt to open up new potential sales in another part of Canada, which might be thousands of miles away. If there is some mechanism which the government could introduce to encourage the development of new marketing opportunities, it would certainly be an appreciated gesture in the small business community.

There are many areas upon which one could elaborate as to ways and means in which the federal government could assist the small business community. It could send out a signal to the community saying that it understands the role it plays and that it appreciates its role. The government could say, "Here are the ways in which we plan to assist and nurture you in developing and expanding your enterprises." But the government stands back and throws up every hurdle it can, trying to create an atmosphere of discouragement, disappointment, frustration and anger. This is not what the country requires. The small business community requires leadership to provide a sound and stable economy. That is the best news which the small business community could receive.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, this is the third occasion in perhaps a week when I have had an opportunity to speak on related subjects, in each case arising out of the suggestion of the Tory opposition that the government was inadequate in all its policies and almost always pointing to the budget as the single cause. I have heard very little in terms of any real suggestions from the Tory party except to get rid of the budget.

I have talked with many small business people who are very unhappy about certain provisions in the budget. Some people worry about some provisions; other people worry about other provisions. But I do not know of any small businessman who said to me that the budget is the real problem. The small businessman who is having real trouble is not in trouble because of the budget. He is in trouble because of interest rates and the general world economy. He rates this first, and he rates second the difficulty he is having with the Canadian banking community. Only as a third cause does he come down to the budget. Basically, if the small businessman is having trouble he is not paying taxes. If we see the budget as the main problem, how can we solve it when the small businessmen say that the budget is not the centre of the problem?

• (2130)

When the opposition was in power for nine months, it adopted, believed in and subscribed to a notion which was put forward by the large business community, the banking community, the Chamber of Commerce and others, that high interest rates were necessary in order to reduce inflation. Monetarism was the situation we were in and we had to stay with it.

I recall asking the hon. member for St. John's West (Mr. Crosbie), who was the minister of finance at that time, why our real interest rates in Canada, that is the prime rate minus the inflation rate, was 5 per cent or 6 per cent when the American interest rate was negative. He said that we need high interest rates because our inflation rate will go up. He said that in the House. I have not heard anyone in this party suggest in any fashion that high interest rates must come down even though the bankers are now suggesting this. For instance, the president of the Bank of Montreal stated that two weeks ago.

I have some difficulty understanding the general theme of this debate because it seems to deal with the problem at a rather superficial level by singling out the budget as the main problem. The opposition seems to suggest that if the budget is defeated all the problems would be solved. I cannot see that as an answer.

The solution which was suggested by the NDP was that we could have lower interest rates by implementing a form of exchange control which would prevent money from leaving the country. I do not believe that is a feasible proposition.

I would like to comment on a proposal which should be carefully considered. It involves letting the dollar drop to 75 cents, which I think is essential and should be done. However, speaking in broader terms, I would like to discuss what I would perceive to be happening today. During the late sixties and particularly during the seventies we had learned to expect as almost normal an increase in growth rates in Canada by 5 per cent or 6 per cent, such as was happening in many other parts of the world. Although the growth rate was very high in that period Canadians and people in other countries of the western industrialized world accepted it as a normal occurrence. Subsequent events, such as the general energy situation with the long and short-term shortages, the cost of oil from OPEC nations and environmental problems, made this type of growth rate almost impossible, to the point that we cannot expect this growth rate to happen in the future. Now we can only expect moderate growth rate as a reasonable possibility over the next ten or 20 years.

I recall that during the mid 1960s, when I was a principal of a high school in Thunder Bay, we were experiencing a very large growth period. There were many students coming to us, which required the construction of more schools, and there was a constant demand for teachers. We were attempting to hire teachers regularly and it was a major problem to get qualified people in our schools. I remember that the school board indicated to me that it wanted to double the size of my school—which had approximately 1,200 people—in order to accommodate the students coming into the system. Even at that time I thought that small was beautiful and I strenuously objected to having my school enlarged. I attempted to convince the school board that I did not want the school to become any larger.

To my dismay, I found that the demography was such that we were very rapidly seeing a decrease in the number of students coming in. This caused me to reflect upon the situation. In 1970, the supply of pupils to high schools in Ontario suddenly dried up. The demand for teachers and the tremendous growth in the system no longer existed. We should have foreseen this possibility and dealt with it as a country, as a province, as a city and as a school. As was described in a book called "Limits to Growth", we were in a time when high schools in Ontario suddenly found that not only was there no increase in the number of students, the number had, in fact, started to diminish. Teachers were angry because they felt the state was out to get them. There were strikes and many other problems, which caused tension in the school between teachers and the community. This situation lasted from about two to four years. I came to this job in 1972, but this tension persisted until 1976. Suddenly it dawned on the teachers and others involved in the system that this was not a plot but was actually happening. The growth rate which they had grown to expect, of a 7 per cent to 10 per cent increase in students per year, was no longer there.

I believe that the chagrin, tension and other reactions of people in my community and many other communities was totally avoidable. When I looked back at that situation I thought that I was fortunate in foreseeing the end of this demographic growth, albeit accidentally. I thought that there must be some other approach which could have been taken to alleviate the end of this growth era which would have been better than suddenly ceasing school construction or cutting teachers back when you were attempting to hire them six months previously. I figured that there was a much more sensible way to approach this problem.

I recall considering in the early 1970s such things as work-sharing. For example, if we need fewer teachers, instead of firing them and cutting back we could have a certain number performing particular functions on a full-time basis and we could hire some teachers on a part-time basis and have a phase-out retirement plan at the same time.

What I was attempting to do was to understand the nature of this very massive change which occurred to the people in that community and many others. This is small part of the whole picture, but I submit that the entire problem we are facing today was predictable in 1976 when our Prime Minister (Mr. Trudeau) was ridiculed for suggesting that this was, in effect, what was going to happen, that there would be some very major changes in our social structures which would cause us to do many things which we would not be very happy about. There would be much chagrin and strife in our society. When the Prime Minister predicted this, he was almost booed out of the country because it was very disturbing to say that the free market system was not working.

It was unfortunate that that particular wording was used because everyone singled out that particular area. The House was in a great state of confusion because the Prime Minister has said that. We should have listened to what he said at that time because that is what is happening today. It is unfortunate that the factor which has slowed things down or has brought about much of this chagrin has been high interest rates. I can certainly sympathize with those people who saw monetarism as one approach to the problem. Of course, one of the problems of the modern era and one which we have to learn to live with is the fact that there are not simple answers and that macroeconomics do not work. It was formerly very effective in the sixties. One could say that the Keynesian theories work well. If they did not work perfectly, it was because we did not time them properly. But we can basically stimulate the economy by fiscal arrangements and some minor monetary arrangements. We can either slow it down or stimulate it. We are fairly effective at it.

● (2140)

As I say, the only reason we failed, or were not as effective as we could be at solving some problems, was that the timing was not right. But there was a workable system. However, these solutions are not working any more. We have stagflation,

which is a contradiction in itself, and we have the use of the monetary system which creates more problems than it is worth. All of this is going on, but I maintain that we are in a new era and those solutions just do not work. That is why I do not understand why people are so critical in saying that the government must resign if it tries something which does not work. It is because there are no simple answers. We are living in a very difficult, very fragile, strife-torn era. It is not easy to govern at this point and we will have to move in several different directions.

I am suggesting that I do not like high interest rates because they are indiscriminate. They may not affect me because I happen to have a 25-year mortgage on my house, but someone else who has a five-year mortgage may, all of a sudden, find that his interest rate has risen from, say, 10 per cent to 17 per cent, 18 per cent or 19 per cent, doubling his mortgage payments and hitting him very hard. If something else happens, for instance, if he loses his job, then he could very well lose his home because he does not have sufficient equity. Therefore, there are some very massive problems affecting people, and they are indiscriminate.

In the period between 1970 and 1976, I would have liked to have seen an easing of the school problems so that they would not turn into a complete revolution. In 1976, the Prime Minister and others were ridiculed for their views as to how to ease these problems, but these views should have been considered by others.

In the two or three minutes left to me, I very strongly suggest that we should adopt the policy being followed by the Minister of Finance (Mr. MacEachen), which is to push very hard at the summit for some real relaxation in the U.S. interest rates. Of course, at the present time the American real interest rate is ridiculous. It is about 14 percentage points. Ours is about 6 per cent. This is one way that we must move. Certainly, what the Americans do is very important. However, I suggest the other way is to consider very seriously the study commissioned by the *Financial Times* and announced about three weeks ago. It requested Data Resources, Informetrica and the Conference Board to find out what would happen if the dollar were pegged all of a sudden at 75 per cent. The results were quite interesting. There were several approaches to their findings, but their basic conclusion could be summarized in the idea that somewhere along the line we would likely have a 12 per cent prime bank rate, we would likely create about 100,000 new jobs and we would likely have an increase of about 2 percentage points in inflation. I am not suggesting this is something we should do or that we should wing low if we do not have to.

We must put enough pressure on the U.S. government. When I refer to the U.S. government, I do not simply mean the Reagan government. I am referring to support from those other Republicans, and certainly the Democrats, who find Reaganomics to be an extremely unworkable system. I think we must put pressure on and support those people who are also moving in this direction in the United States, because the U.S. government is in very bad shape. There are some major things happening in the United States, particularly in the area of disarmament, and it is affecting that government. It is quite possible that the government will have to reduce its defence spending for many reasons, and one of them would be to reduce its deficit. Do not forget that when the U.S. deficit of $130 billion or $140 billion is compared to our deficit on the ratio of 10 to 1, it is really about twice as drastic because the American savings rate is about half the Canadian savings rate. That makes a very large difference when considering a deficit of $140 billion. Our savings rate over the decade has run about 10 per cent or 11 per cent, while the American rate has been about 5 per cent or 6 per cent. Therefore, a $140 billion deficit, even though it is only ten times our deficit, is significantly more dangerous to the U.S. economy than to our economy.

If we are not successful in the next month or two or three, and if President Reagan and his government refuse or make no effort to lower interest rates, and if the Federal Reserve Board does not move on the situation at all, then I suggest that we must try to move independently. I do not think we can do anything with exchange controls as the two economies are too closely related. We must let the dollar drop.

I think there are other things we must consider. It seems to me that it is very important in our society today that we carefully ease into this different period to which we are moving and that we ensure that the people in our society who are most harmed by high interest rates and other problems are protected. We as a government must be more solicitous toward these people. We must find ways to ensure that people can get work. I strongly commend the efforts of the Minister of Employment and Immigration (Mr. Axworthy) who has embarked very seriously on a program of work-sharing. When it is not possible to create the jobs that our society would like or needs then it may very well be necessary to share the work available among a much larger group of people.

I could go a long way toward discussing work-sharing because I think work-sharing has much to do with productivity. Most areas in which there is work-sharing have shown great increases in productivity because people tend to be more productive over a shorter period of time. I gave a long speech on this in 1976 or 1977. To me, the work I had done indicated that this would be a very successful approach to the entire problem. I am saying that we must do some things which are quite different from the kinds of patterns we followed in the past. I am always disappointed that the New Democratic Party is not trying to look at some of these new features which must be considered as we change from a very large-growth society to a moderate-growth society.

Therefore, in closing, I would suggest that the debate in this House might well concentrate more on the massive changes which are occurring. We must consider how the people in the country and in the world can be brought into this new era with a minimum amount of discomfort.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I sometimes wonder why this government has a minister responsible for small business at all because it is clear from the

actions of the government since it came back to office in 1980 that it believes in only one thing, that big is beautiful. The government operates like its mandarins do. Its mandarins understand big business because big business and big government play in the same kind of sandbox. They operate the same way. The concepts of big business are the same concepts as those of big governments. During the period 1980-1981, a disaster befell small business. Under the government's Canadian ownership program, its nationalist ownership scheme, the banks have been directed to finance massive take-overs of business through bank borrowing. Tonight I want to show some of the things that have happened in terms of bank borrowing which has starved small business of funds. It has caused home owners, fishermen, farmers, small business people generally to pay rates of interest described in this House tonight as totally usurious. At some point rates of interest have been 5½ per cent above U.S. rates, rates that no business, small or large, can carry. Certainly small business, which does not have the resources of big business, has no possibility of carrying those rates of interest.

• (2150)

In the period since October, 1979, the end of the bank year, bank loans of over $5 million amounted to $16.9 billion. Large loans today are $39.6 billion, an increase of well over 100 per cent. What happened to relatively small loans? According to the bank statements, in October, 1979 small business loans under $1 million, which we will call relatively small loans, were $16.9 billion. After three years, with inflation running at 10 and 12 per cent, those loans now amount to $20 billion.

The banking system has been directed by the Minister of Finance (Mr. MacEachen), who is responsible for the banking system under the Bank Act, to take over all foreign companies in the country and to finance huge movements of capital. Massive bank loans have been made to large corporations which would normally go out on the market and borrow money in the stock market. However, they have borrowed with bank financing, literally starving small business, and have bid up interest rates unconscionably. The federal government, which is responsible for banking, has allowed that to happen.

Large businesses have borrowed most of the $20 billion for Canadian businesses that Canadians now owe foreigners in foreign currency liabilities. The effect has been a disastrous run on our currency.

In order to maintain any sense of parity on the dollar, over the past year we have had to pay between 2 per cent and 5 per cent more than anybody in the United States, certainly higher interest rates than most other OECD countries.

This has been a deliberate policy, which was damaging to small business by a federal government that claims, as the minister claimed when he sent out a quarter million pamphlets on the budget to small business people, and he claims every time he sends out bumf with respect to the Federal Business Development Bank, economic development loans, grant programs and various other things he has in his quiver, to show he is there to help small business. He has been organizing the financial affairs in this country in such a fashion as to starve small business of money and force up interest rates.

What is the purpose? It is because the mandarins like the mandarins. They like to look after their own type. Over the past two years they have used the credit system in this country to damage seriously those people who want to run a store, small factory, fish plant, trawler or a farm, those people on the main streets in Canada about whom the hon. member for Annapolis Valley-Hants (Mr. Nowlan) spoke.

We know how the system operates in favour of large corporations. There have been massive borrowings by Chrysler, Massey-Ferguson and other corporations which have got into trouble. In that kind of situation, the banks somehow all of a sudden, have a non-interest bearing loan. They come to the assistance of those companies and so does the government. Somehow, somewhere, they convert some of those loans into an equity of some kind. They do some kind of reorganization, something to protect those large loans. The government helps them. However, what does the government do for the small fellow who must close or be sold out under power of sale? What does the government do when the banker tells some people they must double their collateral, provide their wife's signature, and give a mortgage on their home or the bank will close them down? Are those loans put on hold? Are they put to the side? Are these classified as non-interest bearing loans? Are the loans negotiable? Not really. These small businessmen do not have the clout. We have a situation where the government has not taken its responsibility seriously with respect to interest rates and the way lending is carried out to ensure the total community has an opportunity with regard to the resources, savings and other things that should be available to it.

I was hoping to have more time to speak about the budget. The minister said he sent out a quarter million pamphlets saying how wonderful the budget was for small business. We know the answer, and we have known it ever since budget night, November 12.

A 12½ per cent tax was placed on dividends. Capital cost allowances were cut in half. A sale or exchange was a deemed sale or purchase for cash. Capital gains continued to be treated as a capital gain, even though most of the gain is inflationary. We saw what was done to the Small Business Development Bond. The program was gutted. No businessman I know of who did not already owe money to the bank has been able to take advantage of the new small business bail-out bond, the welfare bond authorized in that budget.

There has been no effort by this government since taking office to come to the aid of small business people and make capital more available, keep interest rates down and provide an incentive and an opportunity to grow and build.

This country was built on small business by people who were entrepreneurial. They went out and did things. They created. These people were imaginative. They worked 16 hours a day, seven days a week. They mortgaged their homes and borrowed from friends and relatives just to get an operation going. Many times they did not succeed. How could they succeed when the

government deliberately organized the financial affairs of the country so that they have had it?

Mr. Deputy Speaker: Order. It being ten o'clock p.m., it is my duty to inform the House that pursuant to Section 11 of Standing Order 58, proceedings on the motion have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC WORKS—REQUEST THAT COMPETING FIRMS BE REIMBURSED FOR EXPENSES. (B) REQUEST FOR INDEPENDENT INVESTIGATION

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I rise tonight to deal with an issue which I think has unfortunately put the office of Prime Minister (Mr. Trudeau) of our country into a very bad light indeed. One always hopes in political life, amongst people who are interested in the welfare of our country, that our Prime Minister will occupy a position in which he will give leadership in terms of matters of integrity, in terms of the kind of actions that are illustrated throughout his government and the party that supports him in the leadership of a government and the leadership of a country.

I am sorry, therefore, Mr. Speaker, to have to rise tonight in the adjournment debate to indicate my very grave dissatisfaction with the way in which the Prime Minister has responded to some very serious questions about political patronage, about cronyism, about the awarding of contracts to friends of the Prime Minister, as opposed to following the well-established rules for tendering, which should be followed by any government worth its salt. As a result, I think it is important for us to have a quick look at some of the background of this particular situation.

Hon. members will know that the matter of the design of the Washington embassy in the United States originated by the government establishing a selection board. That selection board consisted of seven members chaired by a retired and distinguished diplomat, Mr. A. Edgar Ritchie. There were two representatives of the Royal Architectural Institute, two representatives from the Department of Public Works and two representatives from the Department of External Affairs. About 2,000 firms were canvassed with respect to submissions to be made in connection with the design of this project; and 318 architectural firms responded. In the final analysis, 71 firms put in submissions.

I should point out, Mr. Speaker, that these firms spent considerable moneys in terms of submitting these proposals, on the basis that they would be processed through the selection panel and that there was some legitimacy to this whole process because it had been established by the government.

The information that we have is that the 71 firms in question spent some $10,000 each on their submissions. Of the 71 firms that made submissions at some considerable expense, 11 firms were finally selected by the selection panel. These 11 included Mr. Erickson.

In November, 1981, this group was invited and in fact visited Washington to discuss the plans for the new embassy and to observe the site. They were subsequently brought back to Ottawa for a discussion with the panel at extensive and additional expense. The information we have is that the minimum expense for those last firms was somewhere between $40,000 to $60,000 each. An average of $50,000 would give a total of $550,000. That, added to the $710,000 spent by the 71 firms orginally, means there was an expenditure of over $1.25 million dollars, in terms of the firms offering themselves for this particular important project.

After considerable discussion with the final 11, the panel reduced that number to four finalists. One of the four finalists was deemed to be outstanding. Zeidler Roberts of Toronto were judged by the panel to be outstanding, the other three firms being in the running but not in the same category.

The chairman, Mr. Ritchie, has stated with respect to Mr. Erickson: "Erickson was unlikely to do as good a job as the four finalists in this case." That was his considered opinion.

Mr. Smith: Nonsense.

Mr. Hnatyshyn: That was on the basis of expert opinion, expert advice that was received. We find now, Mr. Speaker, that the information we have now is that Mr. Erickson in fact knew some two years ago that he was going to get this job, notwithstanding the charade with respect to the selection process.

The fact of the matter is, Mr. Speaker, that we now have a very serious situation when the Prime Minister puts out a very misleading release in respect of the appointment of Mr. Erickson, in which he suggested that the selection panel had indicated that Mr. Erickson was somehow a selection of that panel—which was quite contrary to the fact.

• (2205)

What the Prime Minister is telling us now is that he alone is the expert in terms of choosing architectural expertise and design and that his opinion should prevail over that of the selection panel. If he was so dissatisfied with the conclusions of the selection panel, was he saying that it was incompetent? If he was not satisfied with its recommendations, why did he not refer the matter back to the panel for further consideration? He should have done that if it was the opinion of the government that none of the four finalists really qualified.

We have a situation where the fix was in before the panel had a chance to come to a decision. The tendering process was a charade. The Prime Minister was pork-barreling. Apparently

there are new rules and unless there are compelling reasons to the contrary, favouritism prevails.

The people of Canada will not put up with this, Mr. Speaker. They have had enough of the Prime Minister and his extravagant ways, and now he is wasting public money on political patronage. I say that the time has come for the Prime Minister to accept the proposition of an independent investigation into the conflicting statements that have been made in this matter. If he refuses, then I say that indicates that he is afraid of the findings that an independent commission might make. If he has nothing to be afraid of then he should allow an independent investigation into this matter. I thought that anyone in this country who by deceit, falsehood or other fraudulent means defrauds any person, whether ascertained or not, of any property, money, valuables or securities was guilty of an offence. I thought that was still the law in this country.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I would urge the hon. member for Saskatoon West (Mr. Hnatyshyn) to read a recent article which appeared in *Fortune* magazine in which architects in North America were discussed. In that article Mr. Erickson was described as the foremost architect in North America. Any suggestion that he is not eminently qualified to carry out this assignment is pure and utter nonsense.

We live in a parliamentary democracy. One of the fundamental and basic premises of a parliamentary democracy is responsible government, and that means that the incumbent prime minister and ministers are responsible for what the government does.

It may well be that officials might decide to set up a panel which, as was done in this particular instance, will assess the technical competence of architects and suggest a number, all of whom would be qualified from a technical point of view, who are eligible to do the job. That is what was done in this case.

In the final analysis, as the Prime Minister has repeated again and again in the House, he and the cabinet take responsibility for the decision that was made.

It is correct that the bureaucrats, or whatever you want to call them, said that 11 architects were competent to do the job. Mr. Erickson's firm was amongst that number although it was not ranked first. The hon. member is quite correct about that.

As the Prime Minister (Mr. Trudeau) has said, we live in a parliamentary democracy in which the cabinet and the ministers take responsibility for the decisions they make. Mr. Erickson is the most honoured architect in Canada; in terms of awards he wins hands down. I think it is reasonable that a prestigious building on a prime location in Washington should have the best that we can produce.

Mr. Erickson has disputed the statements made in this morning's *Globe and Mail*. I think it is quite irresponsible for the hon. member to go off on a witch hunt based on that report.

We should all be proud that a greatly honoured architect has agreed to do this building. It was obviously a wise decision and one of which we will be proud for many years to come.

BANKRUPTCIES—POSITION OF PURCHASERS OF INSURANCE FROM COMPANIES PLACED IN RECEIVERSHIP. (B) REQUEST THAT PURCHASERS BE TREATED AS PREFERRED CREDITORS

Hon. Don Mazankowski (Vegreville): Mr. Speaker, most people who hold insurance policies on their business premises, their homes, their cars and even their health and their life assume that in the event of a claim the policy will be valid, that the insurance company will be in business and that their claim will be paid.

• (2210)

Unfortunately, Mr. Speaker, that is not necessarily so because events over the past year reveal that insurance company failures can leave policyholders seriously exposed. In other words, policyholders who regularly pay their premiums and renew their insurance on a regular basis, who presume they are covered and expect their claim to be paid in the event one is made, are really in effect living under a false sense of security. In this context I addressed questions to the Minister of State for Finance (Mr. Bussières) last Friday as reported at pages 17166 and 17167 of *Hansard* where I drew this to the attention of the minister. He indicated that he was aware of the situation and that certain actions on his part were going to take place. The reason I brought it to the attention of the minister is that I have a case which has been brought to my attention where a statement of claim has been filed and the policyholder has just been advised that because his insurance company is being liquidated there will not be sufficient funds left over to cover his claim. The insurance company involved is Pitts, and my constituent received a letter dated March 2, 1982, from the law firm of Milner & Steer. Before I quote from the letter, I would once again point out that while this is a small claim, it could be a very substantial amount. Nevertheless, the principle remains the same. Milner & Steer are solicitors for Pitts Insurance Company, and the letter says:

> You may have recently heard that Pitts Insurance Company has been wound-up, pursuant to a Court Order granted by the Supreme Court of Ontario at the request of the Federal Superintendent of Insurance. The Superintendent has been appointed as the Provisional Liquidator of Pitts, and the Clarkson Company Limited has been appointed to act as the agent of the Provisional Liquidator. In turn, The Clarkson Company Limited has retained the Toronto law firm of Goodman & Goodman to look after the legal aspects of the winding-up.
>
> We have recently been advised by Goodman & Goodman that the assets of Pitts Insurance Company are insufficient to provide full coverage under the various policies of insurance. In this regard, we have been instructed to advise you that, in the event that Mr. Mapletoft's claim is successful, Pitts will not be in a position to pay 100 per cent of the claim. Accordingly, Beverly Crest Motor Inn Ltd. will be responsible for any deficiency.

That pretty well sums it up, Mr. Speaker. There are other companies which have gone bankrupt and rumours of more. The issue of solvency of insurance companies, and the effect upon the policyholder in the event of bankruptcy, is a matter

which has been raised before the appropriate standing committee. Away back in December of 1981 the minister gave essentially the same answers to the committee that he did in the House. Really, the expected corrections or changes in the legislation are not anticipated to be brought forth until the fall. Basically, what he is doing here is waiting for recommendations from the Superintendent of Insurance. Through you, Mr. Speaker, I ask the parliamentary secretary, what about the losses faced by the policyholders? They bought an insurance policy in good faith and expected their insurance company to honour any legitimate claims. Why are policyholders being asked to settle their own claims?

In a matter where two companies went bankrupt, Pitts and Strathcona, there was an agreement by the insurance companies to establish a fund in the case of Strathcona so that all unsettled claims would be paid. Surely, Mr. Speaker, the government has a responsibility here to provide the kind of climate that will preserve the integrity of the insurance company business. Surely it is inappropriate for people who in good faith buy insurance policies to have nothing more than a worthless policy when they come to make a claim. People in business buy this protection and expect to have the security. The superintendent is charged with the responsibility of monitoring. When he deems there is financial trouble, he is supposed to recommend and take the necessary corrective action. But as I said before, in the case of Strathcona, a consortium of insurance companies agreed to honour all claims. However, that is not the case with Pitts. Why is there a double standard?

• (2215)

The minister and the superintendent have indicated that some changes will be made, such as amendments with regard to reserve margins of capital and security, insurance treaties, tighter controls in the case of re-insurance, and the general rating of financial standards. But that will not solve the problem we face now, I believe we face two problems now. They are the losses and the confidence of the insurance industry and insurance companies. What is needed as well is to give the superintendent more than simply an advisory and a monitoring role. As it now stands, he cannot act until it is too late. He also needs broader disciplinary powers beyond fining or winding up. There is considerable doubt that the superintendent reacted quickly or firmly enough in the case of Pitts and Strathcona. In my view he needs to be mandated to assist those failing companies vigorously. Confidence and security are vital to the insurance business, and the superintendent must have the power to ensure that stability and solvency exist. As a matter or principle, I think the minister should move very quickly to implement these changes without delay so that the integrity of the insurance system can be preserved and upheld. Immediate steps should be taken to save any losses that may accrue to those policyholders who now have claims that are not being settled.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, I am pleased to respond to this question. As the hon. member is aware, we have a very strong record in the insurance industry in Canada. In the last 50 years we have had only three federally incorporated insurance companies that have experienced this type of financial difficulty. Unfortunately, in 1981 there were two. That is three companies in 50 years so I do not want the public to think that if they go to an insurance company and put their premiums there that they are at risk in suffering grievous harm. Our insurance industry, as I shall conclude later, is on a very sound financial footing. I think our record over the years indicates this.

The fact is, as the hon. member has pointed out, we have had two failures. In the case of Strathcona, friends of the company rallied around to make sure that the people who placed their money with that company were made whole. In terms of Pitts, it has been a different matter. Pitts has not been able to meet its obligations. But the remaining assets are going to be reserved for the policyholders. As we are aware, the provisional liquidator is still in the process of investigating what type of proceeds will go to those policyholders. The preliminary indications are that they will receive a substantial sum. But it would be inappropriate for us to guarantee or undertake immediate action on this particular matter until we have all the facts in hand. I can assure the hon. member that this question is under very active investigation and we hope to realize as much from the assets as is possible.

The reasons for the failure of these two companies in the past year relates to low premiums and very healthy competition in the market—maybe excessive competition—and also a record number of claims. Nevertheless, in spite of this climate which prevailed last year and which led to the bankruptcy of these two companies the industry as a whole, because of its investment income, had a profit. This year, in order to correct this measure, the companies are increasing premiums. The superintendent is still undertaking his investigation. This investigation will continue. We are still looking for concrete ways to help resolve these problems in the future. I can assure the hon. member and I can assure Canadians that this is a matter of great concern to us and we look forward to proposals on how we can proceed in the future.

• (2220)

THE JUDICIARY—STATEMENTS ON CONSTITUTION MADE BY BRITISH COLUMBIA SUPREME COURT JUSTICE. (B) JUDICIAL COUNCIL INQUIRY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, on March 8, 1982, the Canadian Judicial Council ordered a formal investigation into certain complaints lodged by Federal Court Trial Justice George Addy about the conduct of Mr. Justice Thomas Berger, a respected judge of the British Columbia Supreme Court, a ten-year veteran of that court.

The basis of Mr. Justice Addy's complaints were certain statements which were made by Mr. Justice Berger, both in *The Globe and Mail* and in a speech at the University of Guelph which was subsequently reported in that journal. In those particular speeches Mr. Justice Berger was critical of the constitutional accord which had been arrived at between the provincial premiers and the first minister. Mr. Justice Addy's letter was addressed to the Judicial Council and was dated on

November 18 and November 19. In that letter he indicated that in his view Mr. Justice Berger's conduct was, among other things, worse than sleeping with prostitutes or drunk driving.

Just a few days later the Prime Minister (Mr. Trudeau), speaking on a television program hosted by Mr. Jack Webster, stated, "I just regard this as the judiciary getting mixed into politics and I hope the judges will do something about it". Clearly the Prime Minister was urging the Canadian Judicial Council to take action on Mr. Justice Berger's comments. Mr. Justice Berger stated, "If he had wanted to do this, I wonder why he didn't support the bill when he was there and when it gave Quebec the veto and gave the Indians aboriginal rights; he didn't support us then." As I will show very shortly, that statement is patently false.

The two issues raised by Mr. Justice Berger transcend narrow partisan politics. First, with respect to the question of aboriginal rights, it was Mr. Justice Berger's view that the constitutional accord which had been arrived at failed in the promises that had been made to aboriginal peoples. He stated in his speech at the University of Guelph in November of last year:

> The agreement reached in February this year by all parties in the House of Commons, to entrench aboriginal rights and treaty rights in the new Constitution, has been repudiated by the Prime Minister and the premiers.

He went on to give some history and to say:

> There was, at the end, not one of our Canadian statesmen willing to take a stand for the rights of the Indians, the Inuit and the Métis.

At the end of the article it read:

> This is not the end of the story. The native peoples have not come this far to turn back now. But it is an abject and mean-spirited chapter. No one can rejoice that it was written in Canada.

He spoke as well in opposition to the removal of the veto power for the province of Quebec. On these fundamental questions in both instances ultimately the Prime Minister agreed that a mistake had been made. There was a restoration of aboriginal rights to the constitutional resolution, albeit a qualified restoration, and the Prime Minister has said publicly on a number of occasions since the signing of that package that he would support the restoration of the veto power for the province of Quebec.

We are not dealing with a narrow political issue in the everyday partisan sense. We are dealing with a fundamental fabric of the nation, the Constitution of the nation. Who better to speak out on these questions than Mr. Justice Berger himself, the respected author of the Berger report into the Mackenzie Valley pipeline. The Prime Minister is guilty of the worst sort of hypocrisy in attacking Mr. Justice Berger on this instance when he stood silently by in 1970, for example, when Mr. Justice Freedman supported his invocation of the War Measures Act or indeed when Mr. Justice Berger himself, in September of last year, supported the constitutional resolution as it then was, with its inclusion of aboriginal rights and its respect for the veto power of the province of Quebec.

This is nothing less than a judicial witch-hunt by the 27 most senior judges in Canada. In my view they should be ashamed of themselves for taking part in this rather sordid spectacle. It is one of the most meanspirited and shabby chapters which has been written in the judicial history of Canada for some time. This is only the second inquiry in the history of the Judicial Council. I am sorry that the Canadian Bar Association has not seen fit to speak out on this important question and indeed that Mr. Justice Berger's fellow judges have all remained silent on it. We do not intend to remain silent on this important question or on this fundamental issue. I have called upon the Prime Minister and the Minister of Justice (Mr. Chrétien) to make public all documents surrounding this serious allegation and as well to use his powers under Section 40 of the Judges Act to order that the hearing of this particular matter be held in public.

• (2225)

The Minister of Justice can attempt to evade responsibility by saying that the Judicial Council is the master of its own affairs, but under Section 40(6):

> An inquiry or investigation under this section may be held in public or in private, unless the Minister of Justice of Canada requires that it be held in public.

I strongly urge the Minister of Justice to take that step and let the people of Canada see this judicial witch-hunt for exactly what it is.

In closing, I would like to quote from Judge Irving Kaufman of the United States Court of Appeals of the second circuit, a very respected American judge who dealt with this important issue in the New York *Times* in an article entitled "Judges Must Speak Out". He said:

> In the final analysis, when the public interest requiring that judges share their special expertise is balanced against the risk of a seeming impropriety, the scales tip heavily in favour of expressing one's views.
>
> The public may remain confident that judges will follow the advice they give to juries: A case must be judged on its own merits, not on one's personal predilections.

He goes on further to state:

> Judges have the duty to speak on matters that affect the judicial system because the public interest cannot be served by silence. Silence is not always golden.

In this case, Mr. Justice Berger was speaking out with courage on a matter of fundamental importance to Canadians, particularly to minorities. Instead of being criticized for that, he should be commended.

[*Translation*]

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, my colleague from the opposition already pre-judged the situation he has been referring to. The Canadian Judicial Council established by the Judges Act consists of the Chief Justice of Canada as Chairman and the Chief Justice, associate Chief Justice and Assistant Chief Justices of each Superior Court in Canada. That council may enquire into and investigate complaints or allegations made in respect of a judge. The Council decided on March 8 to investigate a complaint filed in November 1981 against Mr. Justice Thomas Berger. When the investigation is completed, the Council will

submit a report on its conclusions to the Minister of Justice (Mr. Chrétien).

It is of prime importance to know that the Council consists of the most competent justices in this country and that they took the decision to act on the complaint filed against the judge. I am informed that the investigation is the first one to stem from a complaint filed by a person other than the Minister of Justice. The Council has been meeting since 1971, and receives some 30 complaints every year.

It is also very important to know that the Chief Justices who sit on the Council are fully aware of the basic principles of justice and equity that must apply in such investigations. The Judges Act sets the major guidelines pertaining to such investigations and, in addition, the Council also established rules of procedure for the holding of such investigations. In view of the foregoing, the Minister of Justice concluded it would not be appropriate to require that the investigation on Justice Berger be held in public. It would be much better for the Council, which is responsible for promoting high standards of effectiveness and uniformity in the administration of justice within superior and county courts, to make all the important decisions that will lead to the conclusion of this inquiry.

Finally, Mr. Speaker, it would be improper to make remarks on the subject matter of the inquiry. The Council must be allowed to deliberate without any interference whatsoever. Everything must be done to ensure that the inquiry and the findings are based entirely on essential principles of Canadian law.

[*English*]

Mr. Robinson (Burnaby): Make it public.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands ajourned until 2.00 p.m. tomorrow afternoon.

At 10.30 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 12, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

DEMAND FOR STATEMENT ON GOVERNMENT PLANS—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In order to dispel the uncertainty generated by the public dispute between various Liberal cabinet factions over economic policy, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Government of Canada make a clear statement as to whether it plans to impose any form of wage or price controls, whether it intends to devalue the dollar, and whether it intends to fix interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

CALL FOR ADJUSTMENT INCREASE IN PENSIONS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In 1919, and again in 1972, Canadian veterans were led to believe that their government would tie their pensions to the average wage of five specific categories of unskilled workers in the public service. Since veterans pensions lag a full $900 behind that average wage adjustment despite adjustments in response to increases in the Consumer Price Index, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the government introduce, without further delay, amendments to the Pensions Act which would grant war veterans a pension adjusted either to the average wage of those five categories of public servants or by the Consumer Price Index, whichever happens to be more advantageous to those Canadians who were prepared to offer their lives for their country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

PAYMENT OF BENEFITS TO WORKERS LAID OFF BY SYDNEY STEEL CORPORATION—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Massive lay-offs have taken place at the Sydney Steel Corporation. These lay-offs are the severe blow, not only to the workers and their families but to the whole community of Sydney. These workers' applications for unemployment insurance are being investigated on the question of whether or not the lay-offs were caused by the labour-management dispute or by a lack of orders. While the president of SYSCO, Jack McCarthy, has already testified before a Nova Scotia legislative committee that the lay-offs are due to a lack of orders, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the Minister of Employment and Immigration direct his officials to pay immediately those unemployment benefits to which these workers are entitled.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

EXCHANGE VALUE OF CANADIAN DOLLAR—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Last evening the hon. member for Thunder Bay-Atikokan (Mr. McRae) advised this House that if the government would only allow the exchange rate of the Canadian dollar to drop to 75 cents, interest rates would drop to 12 per cent. Presumably by following this theory, if the rate dropped to 60 cents, interest rates would drop to 8 per cent, and if the exchange rate dropped to 20 cents, interest rates would drop to 4 per cent, and if the exchange rate dropped to zero, money would

be valueless and so no interest whatsoever would be charged. Therefore I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That this House deplores any diminution in the exchange value of the Canadian dollar as any devaluation will only certify to the world the disaster in the Canadian economy brought about by this government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

CALL FOR COMPUTER PROCESSING OF CLAIMS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. The number of people applying for unemployment insurance benefits across Canada is increasing at alarming rates, resulting in increased workloads on staff in Manpower offices. This increased pressure is resulting in increased sick leave, delayed payments because of error, and a declining morale in the Manpower field offices. Therefore I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the minister responsible for Manpower make an "on-line" computer system for UIC application processing a first priority of his department.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

DEMAND FOR MADE-IN-CANADA INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Considering that the Minister of Finance (Mr. MacEachen) failed to convince his U.S. counterparts to relax their high interest rate policies at recent OECD meetings in Paris, and that the Economic Council of Canada, the Conference Boards, and the Housing and Urban Development Association yesterday joined millions of other Canadians in calling on the government to take independent action finally, to lower interest rates, I move, seconded by the hon. member for Beaches (Mr. Young):

That this House call on the government to abandon its high interest rate policy, a policy which destroyed almost 4,000 jobs every working day last month, and immediately initiate a made-in-Canada interest rate policy designed to put Canadians back to work rather than in the unemployment insurance and welfare line ups.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

HEALTH

STATEMENTS MADE BY MEMBER FOR SKEENA—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43. Socialist standards of civil liberties, fair opportunity for self defence and just plain decency were again demonstrated in the House on April 27. Although the College of Physicians and Surgeons of British Columbia requested on January 20 and on March 3 that the hon. member for Skeena (Mr. Fulton) put his complaints regarding Dr. William Jory in writing, he chose to ignore those requests and to use the sanctuary the House provides to attack the professional ethics of a medical specialist. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the hon. member for Skeena display his bravery by making a statement outside the House and declare to what degree he had a personal concern for health care or whether, since his father is a physician and was a member of the BCMA Hospital Committee, the hon. member was trying to influence the BCMA elections which were being held at that time.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

DEMAND FOR RECALL OF CANDU TECHNICIANS WORKING IN ARGENTINA—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, whereas Candus can be converted into instruments of war, I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That this House urges the Government of Canada to recall immediately the Canadian technicians who are working on the Candu in Argentina and thus show that Canada is 100 per cent behind Britain in the current conflict.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

AGRICULTURE

SUGGESTED PROVISION OF LOW INTEREST RATE LOANS FOR FARMERS—MOTION UNDER S.O. 43

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since November, 1981, when the Minister of Finance (Mr. MacEachen) extended the provisions of the Small Business Development Bond to include unincorporated farmers, there have been some 2,424 bonds approved, but by the government's own figures only 185 in all Canada have been given to unincorporated farmers in financial difficulty. Therefore I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That the Minister of Agriculture and the Minister of Finance re-evaluate the government's position and attitude toward the financial needs of farmers and come up with a real program which will actually help Canada's primary producers get low interest loans.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

CONGRATULATIONS TO CENTENNIAL CUP JUNIOR HOCKEY CHAMPIONS—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise under the provisions of Standing Order 43. Given that the Prince Albert Raiders hockey team has set a continuing standard of excellence in Centennial Cup junior hockey and that it has again won the cup this year for the fourth time in the last six years, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House congratulate the Prince Albert Raiders for their outstanding contribution to junior hockey in Canada.

Madam Speaker: This being a congratulatory motion, the House may applaud it.

Some hon. Members: Hear, hear!

* * *

PORTS

FEDERAL SUPPORT URGED FOR PORT OF CHURCHILL—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, whereas the proposed ports bill legislation stresses economic viability for federally-owned ports moving toward greater autonomy, and whereas the Churchill port could be economically viable if icebreakers were employed to lengthen the shipping season and if the Canadian Wheat Board would route more grain through Churchill, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the federal government demonstrate a firm commitment to Churchill by doing the following: employ icebreakers for an earlier and longer shipping season, channel more grain through the port, upgrade rail lines, and basically get off its ass and do something.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

APPEAL BOARD HEARING IN CASE OF VICTOR REGALADO—MOTION UNDER S.O. 43

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that Salvadoran journalist Victor Regalado has been ordered deported from Canada based upon a security certificate signed by the Solicitor General (Mr. Kaplan) and the Minister of Employment and Immigration (Mr. Axworthy), which certificate contains information that Mr. Regalado has no opportunity to rebut, and in view of the fact that both ministers have refused to appear before a hearing of the Immigration Appeal Board to explain their reasons for this travesty of justice, I move, seconded by the hon. member for Spadina (Mr. Heap):

That this House condemn the refusal of the Solicitor General and the Minister of Employment and Immigration to appear before the Immigration Appeal Board, that it order them to appear forthwith before that board, and further that Victor Regalado be granted landed immigrant status in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

QUERY RESPECTING POSSIBLE IMPOSITION OF WAGE AND PRICE CONTROLS

Hon. Erik Nielsen (Yukon): Madam Speaker, in the absence of the Prime Minister my question is for the Acting Prime Minister, as the head of government. Is the government giving consideration now, or at all, to the imposition in any form of wage or price controls?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I would ask the hon. member to read the comments made by the Minister of Finance before a standing committee of the House last week, if I remember correctly. In answer to a question from one of the members during consideration in committee, the Minister of Finance clearly and unequivocally indicated that he had no intention of imposing such controls.

[*English*]

GOVERNMENT POLICY ON INTEREST RATES

Hon. Erik Nielsen (Yukon): Madam Speaker, I would ask the Acting Prime Minister a second question. Is the government giving any consideration now, or at all, to pegging interest rates in this country in any way?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member would do well to refer to the speech made by the Minister of Finance yesterday to his counterparts at the OECD in Paris. He would realize that the Minister of Finance, on that occasion, reiterated the Canadian government's intention of carrying on with its fight against inflation and invited his OECD counterparts to do the same, in order to provide for a steady and gradual recovery of the economy. In this context, he also said that if the nominal interest rates prevailing in the United States are compared with the real rates, there is a very substantial margin, which could be used by American financial authorities to relieve the pressure of current high interest rates on all industrialized countries.

[*English*]

Mr. Nielsen: The Acting Prime Minister seems to be struck dumb. I will try once again.

EXCHANGE RATE OF DOLLAR—GOVERNMENT POLICY

Hon. Erik Nielsen (Yukon): Madam Speaker, is the government giving any consideration now, or at all, to the devaluation of the Canadian dollar?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, it is clear from the hon. member's question that he reads the papers and has an ear for rumours.

However, speaking for the government, I can inform the hon. member straight away that the government has no intention, and that it has never been the intention of the Minister of Finance, to whom I was talking a few minutes ago, of devaluating the dollar.

The House will recall that at the First Ministers' Conference held last February, some of the provincial premiers had suggested this course of action. At the end of the conference the Prime Minister made it clear that a decision to devaluate would have a disastrous effect, and the government's policy has not changed in this respect.

[*English*]

FOREIGN EXCHANGE CONTROLS—GOVERNMENT POLICY

Hon. Erik Nielsen (Yukon): Madam Speaker, I have one last brief supplementary question for the dumb Acting Prime Minister. Is the government giving any consideration now, or at all, to the imposition of foreign exchange controls in any form?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think I should answer that question.

Some hon. Members: Hear, hear!

Mr. Pepin: The reason I did not answer the previous questions is that the Minister of State for Finance is obviously much more informed about the thinking of the Minister of Finance and follows these matters much more closely than I. For example, I spent a good part of the morning with the Premier of Nova Scotia, which the Minister of State for Finance was not required to do.

However, to answer the question, I would like to state, as the Minister of State for Finance did, that nothing the Minister of Finance has said can be taken to mean that there is any shift in the government's anti-inflationary policy.

Mr. Nielsen: What about foreign exchange controls?

Mr. Pepin: Furthermore, our policy with respect to the Canadian dollar remains the same. No devaluation of the dollar is being contemplated. I am obviously reading from a document which I received from the Minister of Finance. He has confirmed this to us today from Helsinki where, I am sure everyone knows, he is attending the International Monetary Fund meeting.

• (1420)

QUERY RESPECTING GOVERNMENT POLICIES ON INFLATION AND UNEMPLOYMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, now that we have the Acting Prime Minister talking, perhaps he could answer a further question from myself. The Minister of State for Finance has indicated—

Some hon. Members: Oh, oh!

Mr. Chrétien: Who is "myself"?

Mr. Stevens: Madam Speaker, the Minister of State for Finance has indicated that the government's priority is still to fight inflation. Would the Acting Prime Minister reconcile that statement with the statement made by the Minister of State for Economic Development only yesterday in the other place, where he said that there will be "a higher level of

emphasis on the unemployed than has been the case in dealing with inflation"? What is the government's chief emphasis? Is it to fight inflation or to relieve unemployment?

Some hon. Members: Both.

Some hon. Members: Oh, oh!

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should look up the basic principles of economics. He ought to know that as soon as we are able to eliminate the climate of uncertainty in our economy by reducing inflationary expectations and reducing inflation rates, the resulting economic climate will favour increased investment and economic recovery, not only on a short term but on a sustained basis. Therefore, by fighting inflation, we are pursuing a policy of economic growth.

[*English*]

RATE OF INFLATION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, almost in exasperation, may I ask a question of the Minister of Industry, Trade and Commerce, who perhaps has a better grasp of the stark facts which describe the existing situation in Canada. As inflation, contrary to what the Minister of State for Finance has been saying, was 11.4 per cent in January, 11.6 per cent in February, and 11.6 per cent in March, would the Minister of Industry, Trade and Commerce indicate why we are continuing, notwithstanding the high unemployment in this country, to have such inflation at a time when the Americans have at least brought their inflation to a negative level in the month of March?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I think that instead of the hon. member asking me his fatuous question, he might try to explain why, in spite of the supposed reduction in inflation in the United States, its interest rates remain so high, to the extent that all the western countries are very concerned about the impact of those policies on our economy and the economies of the other western countries.

* * *

ENERGY

OIL AND GAS DRILLING IN OFFSHORE AREAS—PUBLICATION OF MEMORANDUM OF UNDERSTANDING ON ENVIRONMENT

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Two years ago, I believe, as the minister knows, the Ixtoc well in the Gulf of Mexico blew over three million barrels of oil into environment. Despite the best technology in the world, it took seven months to cap it. On Monday, outside the House, the minister announced a five-year, $600 million gas and oil exploration program in the Mackenzie Delta and in the Beaufort Sea, two thirds of the costs of which will be carried by the Canadian taxpayers. The majority of that drilling will be in extremely sensitive offshore areas where it will, without question, disrupt wildlife and fisheries. According to the government's own sources, should there be a spill or blowout there is not the technology in Canada to deal with such a disaster.

Since the minister promised on June 18 to make public an environmental memorandum of understanding on the offshore, why has it never been made public?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, would the hon. member specify the memorandum of understanding to which he is referring? If he is referring to a specific agreement which has been signed, I will certainly be very happy to make it available. I am sorry I do not have the exact reference.

Mr. Fulton: The memorandum of understanding is the understanding between EMR, DIAND, the Department of the Environment all the different departments which are responsible for monitoring the environment. Perhaps the minister could respond to that.

ESTABLISHMENT OF ADVISORY COMMITTEES

Mr. Jim Fulton (Skeena): My supplementary question is directed to the minister. As the minister knows, the taxpayers will carry two thirds of the costs of this five-year drilling program, and the public has a right to know that thorough, scientifically sound steps are being taken to protect the environment. These steps are not being taken now, as the minister knows, and provisions of Bill C-48 are being mobilized for the oil industry to get the rigs out there and to get the drilling going, but concerning protection for the environment, the baseline studies and so on have not been done and are not being done. I wonder if the minister would explain why the advisory committees provided for in Bill C-48, of which he is very well aware, have not been set up.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): I would be very happy to make available the documents to which the hon. member refers. I think they may take the form of an exchange of letters between the ministers, if what he was referring to was an understanding between the departments.

• (1425)

As far as the latter point is concerned, I want to draw to his attention that the Government of Canada has the highest standard in terms of environmental protection offshore and in the Arctic. The fact is that for several years there has been exploration in the Arctic and offshore in Canada, and there has not been a single incident in terms of environmental hazard or accident—not one. This is testimony to the quality of the environmental concerns, the inspection, and the high standards that have been set by the Government of Canada to protect that very fragile environment. It is a concern that this

government has very much at heart. The companies are required to take a number of steps with regard to the environment.

In addition, as late as Monday of this week, the Government of Canada released a study by the environmental assessment review panel dealing with the Beaufort Sea situation. All the information we have is made public as soon as it becomes available. I can tell the hon. member that we have been exploring for over ten years and there has not been a single incident or accident. We have been able to ensure that the environment is protected. That is testimony to the quality of the work being done by the officials in the government in that regard.

ACCESS TO FUNDS FOR ENVIRONMENTAL STUDIES

Mr. Jim Fulton (Skeena): Madam Speaker, it is nice to know that there are a lot of words in Bill C-48 and that all these things are being done, but the memorandum of understanding on environmental matters has not been made public. The minister promised that last June. No advisory committees have been set up to look into environmental matters in the Mackenzie Delta or the Beaufort. The minister sent me a letter last week, in which he said the following:

> The environmental studies revolving fund is an integral part of the Canada Oil and Gas Act. Its purpose is to provide the regulatory agency, the Canada Oil Gas Lands Administration (COGLA), with the information base for its decisions regarding hydrocarbon exploration and development.

I see the Minister of Indian Affairs and Northern Development is here now. However, perhaps the minister can tell us why it is the $15 million revolving fund for environmental studies is inaccessible to native groups, concerned scientists and the public. They cannot get at those moneys. Would he tell us today how groups can get hold of that money and where they go to get it, because those studies should be under way now, not two or three years after the drilling?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member made a number of statements in his question. I will take the time to answer only some of them. He says no advisory body has been set up. I just told him that on Monday of this week a report by the environmental assessment review panel on environmental protection in the Beaufort Sea area was made public. Therefore, there are things taking place. Documents are being made public. I suggest to my friend that he is wrong in some of the assertions he is making.

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HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PRIME MINISTER AND MINISTER OF FINANCE OF BARBADOS

Madam Speaker: May I draw attention to the distinguished presence in our gallery of the Right Hon. John Michael Geoffrey Manningham Adams, the Prime Minister and Minister of Finance of Barbados.

Some hon. Members: Hear, hear!

* * *

HOUSING

ADMINISTRATION OF CANADA RENTAL SUPPLY PLAN

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the minister responsible for housing. The minister will know that the executive of the Housing and Urban Development Association of Canada is currently meeting in Ottawa. In a number of meetings with the various regional caucuses of this House they have made the case that the funding available under the Canada Rental Supply Plan, the $7,500 interest-free loan, is not being taken up by builders because it is not enough to close the gap between the economic rent for an apartment unit and the market rent. Consequently the proposition cannot be a viable one. Does the minister intend to make any changes to the regulations regarding the administration of the Canada Rental Supply Plan?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for the question. It gives me the opportunity of saying that I have, on two occasions this week, met with representatives of HUDAC and their executive.

• (1430)

I also take the opportunity to indicate to the hon. member that the Canada Rental Supply Plan which speaks of the $7,500 per unit grant is advertised as a target mark. In the program which has been distributed and made available to interested developers across the country, we have said to them that we will not turn these down, that in any application which requests a grant larger than $7,500 the developer will have to indicate what the cost factors are that require a grant for a higher amount. Madam Speaker, I would like to indicate as well at this time that since the program has been advertised, which was roughly three weeks ago, the corporation has received approximately 2,000 inquiries, and we are now in the process of dealing with individual applicants to see if some of those projects will get started.

CONSTRUCTION OF SINGLE FAMILY UNITS

Hon. James A. McGrath (St. John's East): Madam Speaker, the minister keeps referring to this as a grant, which I think is part of the problem, because it is not a grant. He knows full well it is a loan that has to be amortized by the builder and consequently adds to his cost of financing.

I would like to change the subject, Madam Speaker, and ask the minister what the government intends to do with respect to the disastrous situation prevailing in the housing industry with regard to single family units. The minister knows that the

seasonably adjusted rate right now is 146,000, and that appears to be seriously inflated. The projections for the year, by all the forecasts, including CMHC, show there is going to be a disastrous situation of only 135,000 starts. There is going to be a shortfall, taking into account the shortfall for the last three years, of 211,000 units. That will drive up the cost of housing even more because it will reduce the supply of housing.

The minister knows that housing is the most labour-intensive industry in the country. I would ask the minister what recommendation he has for the government or for the House, what advice he has for the building industry in Canada, which is on the verge of collapse unless the minister is prepared to act.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member's question gives me an opportunity of pointing out that the $7,500 per unit interest-free loan under the grant program is just that, it is an interest-free loan repayable at the end of 15 years. So he is correct, it is not a grant; but it is of economic value to the developer in making a proposal.

In terms of the support of this government to the single family sector, Madam Speaker, I would draw the hon. member's attention to the fact that Bill C-89, passed approximately a month ago by this Parliament, made it possible for innovations in terms of new mortgage instruments with insurance for those instruments by the Canada Mortgage and Housing Corporation mortgage insurance fund. I understand, for example, that a presentation was made to all caucuses, including the Conservative caucus, for a shared equity mortgage proposal. That is a very interesting and innovative mortgage proposal which I think will have an important effect on the market.

Finally, Madam Speaker, we believe that inasmuch as this government put forward, for example, $350 million towards supporting rental construction, inasmuch as we have put $30 million within the last few weeks towards rehabilitation, there is a role for the provinces to play. We must not forget that the provinces and the federal government traditionally and jointly have shared the support for stimulus to the industry. I would be very interested to see how those governments, such as the government of the province from which the hon. member comes, faced with its new budget, are going to assist the industry; and what, for example, the government of the province of Ontario, of which I am a resident, will do in its budget tomorrow to assist supplementing housing.

* * *

VETERANS AFFAIRS

REQUEST FOR ADJUSTMENT INCREASE IN PENSIONS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Minister of Veterans Affairs. The minister will know that some 130,000 veterans who are receiving war pensions find themselves $900 behind the composite group of the lowest five categories of civil servants in terms of pension payments. How can the minister justify allowing veterans to fall so far behind? Will he immediately introduce amendments to Section 58 of the Pension Act to provide that pension increases reflect the principle of parity with the average wage of five unskilled categories of public servants, or the increase in the CPI, whichever is the greater, and that this principle be entrenched in the Pension Act?

Some hon. Members: Hear, hear!

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, the hon. member is in fact asking two questions in one. It is true that as a result of the latest adjustment in the five categories beginning April 1, in fact the basic rate of pension has fallen behind. Over the last three years the cost of living adjustment has enabled the basic rate of pension not only to remain equal to the five categories but in fact to run slightly ahead of the five categories. As a result of the latest round of negotiations and the new contract which began on April 1, the basic rate of pay has in fact fallen behind. We are looking at that at the moment.

In relation to incorporating the suggestion brought forward by the veterans' association and presented to the standing committee last night, I have a copy of the brief and I am certainly prepared to consider that amendment.

INQUIRY RESPECTING DATE OF PRESENTATION OF LEGISLATIVE AMENDMENTS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, the minister knows that Bill C-202 incorporating a one time only increase in the basic pension rate, was passed in 1973. The matter of entrenching yearly increases has been under review ever since then. Veterans are forced to petition the minister cap in hand on a yearly basis. There is no need to make veterans grovel for increases which should be given automatically. Will the minister give the House a firm date on when such amendments will be presented to the House for debate?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I am not in a position to say now. I received the brief only last night from the veterans association. I certainly will be prepared to indicate to the House as quickly as possible, upon consideration of that brief, when the amendments might be considered.

* * *

ENERGY

EXPLORATION FOR OIL AND GAS IN BEAUFORT SEA

Mr. Robert Bockstael (St. Boniface): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. On Monday, May 10, the Government of Canada announced a $600 million oil and gas exploration program in the Beaufort Sea region. Could the minister inform this House

when the project is likely to get under way? Could he tell the Canadian people when they can expect jobs to be created from this new project?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member may know, $600 million is involved in this particular project.

An hon. Member: Over 50 years?

Mr. Munro (Hamilton East): The money is expected to the spent over a five-year period.

The company has filed what we consider an excellent Canada benefits program in terms of millions of dollars going into supply of goods and services by Canadians, and employment generation for hundreds of Canadians, starting very soon and stretching over this particular period of time. Details of the Canada benefits program, in terms of job opportunities and training, we can make available to the hon. member through the standing committee any time they wish to look at it.

May I say, Madam Speaker, that I would see this package of $600 million as a very great stimulus indeed to the entire economy.

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): Certainly it is a stimulus to the industrial sector which is so important. May I conclude by saying that, for all the doom and gloom that the official opposition has been talking about, why don't they start talking in an upbeat fashion about Esso Resources agreeing to $600 million in development in Canada.

Mr. Nielsen: It is a dead beat government.

* * *

STATUS OF WOMEN

PARLIAMENTARY REPORT ON BATTERED WIVES—GOVERNMENT ACTION

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I have an upbeat question for the minister responsible for the Status of Women. The minister knows that the parliamentary report on battered wives was tabled in the House yesterday. It states that one in ten husbands beat their wives regularly.

Some hon. Members: Oh, oh!

Mrs. Mitchell: These women—

Some hon. Members: Oh, oh!

Mrs. Mitchell: I do not think it is very much of a laughing matter, Madam Speaker.

An hon. Member: I don't beat my wife.

Mrs. Mitchell: Madam Speaker, I do not think it is a laughing matter. I would like to say that the battered wives in these cases rarely have any refuge. They have no safe place to go with their children. Police who are called on an emergency basis rarely respond to domestic calls. Charges are not laid in the courts, and there are very few instances of prosecutions in our judicial system.

• (1440)

I want to ask the minister responsible for the status of women what she intends to do immediately in a major way—we do not want just reports, research and conferences—at the federal level to protect battered women.

Some hon. Members: Hear, hear!

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I too am not amused by the derision which greeted the statement that one in ten women is beaten. I do not find that amusing, and neither do the women of Canada.

Some hon. Members: Hear, hear!

Mrs. Erola: The hon. member is quite right in asking what can be done at the federal level. I intend to pursue with my colleague, the Minister of National Health and Welfare, procedures which we think the federal government can take to offer the kind of leadership which will lead to an increase in the number of transition homes. Currently this matter comes under the Canada Assistance Plan, and we will review that program to see how we can open it up to provide some sort of leadership. There certainly are not enough homes in this country. I have taken that up with the people who attended the conference with me during the past day and a half. It is one of the recommendations I intend to pursue.

Mrs. Mitchell: Madam Speaker, I note that the minister is again passing the buck to the provinces and not getting at the federal responsibility.

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CRIMINAL CODE

REQUEST THAT WIFE ASSAULT BE TREATED AS CRIMINAL OFFENCE

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my supplementary is on the same subject and is directed to the Solicitor General. In view of the fact that witnesses told us there are only two convictions in every 10,000 incidents of violence, will the minister take action to require that the federal courts and law enforcement agencies treat wife assault as a criminal offence? Will he also intensify training programs for the RCMP and other police so that they will enforce the law to protect battered women?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I will do so, but I can inform the House that I already have done so. The RCMP recently introduced a training program, at the

depot, on family violence. Young cadets are being trained to deal with family violence problems. I can point to the positive side of the alarming statistics about family violence because, while those statistics are alarming, they indicate that more and more cases are coming to the attention of police and are being dealt with in the criminal justice system in a way that they were not before.

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PUBLIC WORKS

AWARDING OF ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Public Works. The president of the Royal Architectural Institute has called the selection process used recently for the Washington embassy a political sham. He wrote to the minister, the Secretary of State for External Affairs, and the Prime Minister about that matter. Only the Secretary of State for External Affairs has replied. He says he will sit down with him and check the barn after the horse has gone. However, the Minister of Public Works, who is responsible for these matters in the government, has not replied.

It is the usual practice that the Minister of Public Works makes a decision when his selection team reports to him on whom it recommends. In this particular case, did the minister make the decision that Mr. Erickson be appointed, despite the fact that four others were recommended? How did the matter get before the cabinet, and did the Prime Minister ever speak to the minister about the selection?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I do not know where the hon. member gets his information that I have not replied to the president of the architectural society. As a matter of fact, on Monday of this week I spent approximately an hour meeting with the president of that society as well as the head of the engineering society of Canada. We discussed the letter. I gave a response. I indicated what the practices of the Department of Public Works are. Quite frankly, I am quite surprised that there would be that kind of misinformation, even in the media, in view of the fact that I personally had spoken with the person referred to by the hon. member.

Mr. Crosbie: Madam Speaker, perhaps the minister has a hearing problem. I asked him if he made the decision, whether the Prime Minister spoke to him, and how this decision got to the cabinet. My information comes from Mr. Miller, who spoke on CTV this morning and said that he has not heard from the minister and has had no reply to his letter. The minister makes Tammany Hall smell like a rose garden.

REQUEST THAT OFFICIALS APPEAR BEFORE PARLIAMENTARY COMMITTEE

Hon. John C. Crosbie (St. John's West): Madam Speaker, is the minister prepared to promise that there will be no further prostitution of this process in the future, and is he prepared to make available to the House of Commons Standing Committee on External Affairs and National Defence his assistant deputy minister, Mr. Desbarats, and other people involved in this decision, so that we can get first-hand from them just what happened in this particular instance? Would the minister answer some of those questions?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, if anyone has a hearing problem I respectfully suggest it is the hon. member who has asked the question. Indeed, his question was a repetition of questions asked of the Prime Minister in the House. I, of course, adopt the Prime Minister's answers, and I indicate further that cabinet discussions and procedures are matters for the cabinet. Because he at one time enjoyed those responsibilities, the hon. member must know that.

Mr. Crosbie: What a hopeless turkey. It is your department.

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ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION REPORT—UNPUBLISHED CHAPTERS

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Solicitor General, and it is about the McDonald commission. In the light of Robert Winters' story in this morning's *Le Droit* I wonder if the minister would be prepared to tell the House what was the distribution of the unpublished six secret chapters of the McDonald commission report.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the chapters to which the hon. member is referring are those which I withheld when the rest of the report was made public. I withheld them in order to give attorneys general, both provincial and federal, a chance to consider whether they should exercise their discretion to lay charges against any of the individuals named by McDonald in that section. I wanted to withhold them simply to avoid sensational publicity which might prevent a fair trial from being held in any particular case. When charges were laid against individuals, the withheld portion of the McDonald commission report was made available to those individuals or to their counsel.

Mr. Kilgour: Madam Speaker, it seems to me that large portions of the secret chapters and transcripts might, in the present circumstances, be made available to the Canadian public.

MANDATE OF SECURITY SERVICE

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my supplementary question is to the same minister. On October 28, 1977, the solicitor general of the day, now the Minister of Communications, said in this House:

On March 27, 1975, the cabinet defined the mandate of the security service of the RCMP—

If that mandate is new, it has not been explained to anyone. Will the Solicitor General tell us whether that mandate is still in force now and what in general terms is the difference between that mandate and the mandate in force prior to March of 1975?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, as to the request of the hon. membler that the withheld portions of the McDonald report be made public, I agree that they should be made public, but I do not think they should until prosecutorial decisions are made by the attorneys general concerned as to whether they intend to lay charges, and until trials which might result from those decisions have been completed. However, it certainly is my intention that Part V and Part VI of the McDonald commission report eventually be made public.

As to the second part of the hon. member's question, the mandate which preceded the present mandate was not in writing and was subject to interpretation and reinterpretation. The published report of the McDonald commission describes completely the basis on which the security service operated before that mandate was made a cabinet directive and tabled in this House. I might add that that directive, which was tabled in the House, is still the mandate of the security service and is respected by the security service.

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AGRICULTURE

EFFECTS RESULTING FROM CLOSURE OF ONTARIO CATTLE BUYER'S BANK ACCOUNT

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Agriculture. The minister may have heard that a number of cattlemen and several livestock auction barns have been seriously hurt by the recent actions of a bank in shutting down the acccount of an Ontario cattle buyer. In the days just before the Royal Bank shut down this account, the cattle buyer had entered into a number of transactions which will not be honoured by the bank. The net effect is that the bank's position has improved considerably at the expense of the third parties and uninvolved cattlemen and livestock barns. Is the minister aware of this situation and, if so, what does he intend to do about it?

• (1450)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am very aware of it because a constituent of mine lost about $160,000 on the sale of his fed cattle. That marketing system is what I call antiquated, and it has been used in Ontario, as the hon. member knows, for many years. I am told the Ontario government was aware of some of these things taking place more than two weeks before this person was actually put into bankruptcy and the bank seized all his accounts. Again the farmers end up losing, and I am sure the hon. member agrees with me that they should not be the ones to lose because they sold their cattle through an auction mart in good faith, but the cheques they were given in payment were returned marked "insufficient funds".

Mr. Mayer: Sit down.

Mr. Whelan: The person who sold the cattle had a very good record in the community, but the one he sold them to had a very bad record.

Mr. Gurbin: Madam Speaker, there is something antiquated in the House but I am not really sure how to describe it. I think it has more to do with the minister's responses to questions.

Some hon. Members: Hear, hear!

POSITION OF UNSECURED CATTLE SELLERS

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, the reason this could happen is because of a major flaw in the Bank Act. Section 178(6)(b) gives the bank legal entitlement to the assets of those unsecured cattle producers.

Is the minister prepared to sit down with his cabinet colleagues and arrive at some amendment to the Bank Act so this will not be possible in the future, because there are a number of other livestock producers in a similarly vulnerable position. Secondly, will he or a representative from his department sit down with the Royal Bank, and representatives of the auction barns, and the cattle producers, to work out some equitable compensation for the affected producers?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that this is a free-market system working to its fullest.

Some hon. Members: Oh, oh!

Mr. Whelan: It is his party which wants to deregulate everything. The first private member's bill amending the Bank Act ever to become law was one which I sponsored many years ago to protect primary producers against that kind of thing. The banking interest have since found ways to get around that. We have already met the bank officials, and our officials have been in contact with some of the cattle producers who have lost money. The hon. member for Lambton-Middlesex has made representations because he has cattle producers in his constituency who have already been in touch with him. We are assisting them in hiring solicitors, etc., because it was referred to by—

Some hon. Members: Order.

Mr. Whelan: —a farm broadcaster in our area as modern day bank robbery, and I agree with him.

Some hon. Members: Hear, hear!

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AIRPORTS

POSSIBLE CHANGE IN STATUS OF DORVAL AND MIRABEL AIRPORTS—REQUEST FOR INDEPENDENT EXAMINATION

Mr. Ian Watson (Châteauguay): Madam Speaker, my question is for the Minister of Tranport and is with regard to the possible change of the status quo in the use of Dorval and Mirabel airports. Because such a change could involve government expenditure in excess of $200 million, and industry expenditure in excess of $175 million, can the minister assure this House that before any decision is made he will seek the advice of independent experts unconnected to the original Mirabel decision?

Some hon. Members: Hear, hear!

Mr. Watson: Can he also assure the people of Montreal and the Canadian public generally that there will be a genuine public process of consultation before he submits this matter to cabinet?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, how I wish we had an expert in Canada or elsewhere who would be capable of ruling on this complex issue with all its economic and psychological factors, an expert to whom everyone would listen and who would make everyone respect our decisions. However, my hon. friend is surely aware that this area requires wide-ranging expertise, and that no one expert has all the answers. I have consulted a number of people who can claim to be experts, but opinions vary, even in my own department. I have also met with community leaders, who very often gave me contradictory advice within one and the same representation. These meetings are continuing, and it may well be that we shall have a public process of consultation on the decision I shall recommend to cabinet, but the decision has not yet been made.

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[*English*]

CANADIAN NATIONAL RAILWAYS

QUERY RESPECTING APPOINTMENT OF NEW CHAIRMAN

Mr. Les Benjamin (Regina West): Madam Speaker, the only legal battering which should be allowed in this country is the battering of cabinet ministers, particularly the Minister of Transport.

Yesterday, Madam Speaker, one Jack Horner, ex-MP, ex-Conservative, lost Liberal in the wilderness, said he saw little future for passenger trains, branch lines, and the Crow rate. Since the minister is considering appointing this gentleman as chairman of Canadian National Railways, and the policies he talks about are opposed by most Canadians, is the minister still keeping this gentleman's name on his list for appointment as chairman of the CNR? Is he still considering putting a coyote in charge of the chicken coop?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already said, on being questioned by the press, that Mr. Horner's name was on the list of those who might be appointed as chairman of the CNR.

Mr. Crosbie: Another Erickson.

Mr. Pepin: I am surprised by the question, particularly its nasty implication, because Mr. Horner was for a good number of years a distinguished member of the House committee on transport, and even its chairman. I think he did remarkable work, and I thought that was generally recognized by those of us who give ourselves the title of politician and claim at times to have a bit of expertise in matters like transportation. The hon. member who asked the question is a good example of those who claim a lot of expertise in matters of transportation.

MINISTER'S POSITION ON APPOINTMENT OF NEW CHAIRMAN

Mr. Les Benjamin (Regina West): Madam Speaker, the minister lauds that gentleman's experience in transport matters. That was when he was a Tory. It was this same gentleman who, in 1976, on behalf of the Progressive Conservative Party, said to a CTC hearing that the Super Continental passenger train should be abandoned. By the way, it runs through the—

Madam Speaker: Order, please. The hon. member is an expert in long questions.

Mr. Benjamin: Madam Speaker, does the minister think it is appropriate to consider appointing as chairman of the CNR a person who wants to implement the Conservative user-pay policy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not know what to say because there are so many implications in the question. However, my hon. friend, who claims the title of expert and most probably deserves it, should not postulate that anyone who disagrees with him loses the title of expert.

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THE ECONOMY

MINISTER'S STATEMENT ON CONTROLS

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is to the President of the Treasury Board who made a speech to the Conference Board of Canada in Toronto last

night, when he stated that controls have more to commend them than fiscal and monetary expansion. Does the minister imply that controls are under consideration by him and his cabinet colleagues at the present time?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the particular reference has to be taken in the context of the whole sentence, which I would invite the hon. member to read.

Mr. Crosbie: Give an honest answer for a change.

Mr. Johnston: That is a very honest and straight-up answer. The issue of wage and price controls was touched upon in the course of the text and rejected as not being an appetizing alternative, as the Minister of Finance has already done before a committee of this House.

• (1500)

QUERY RESPECTING POSSIBLE IMPLEMENTATION OF GUIDELINES

Hon. Don Mazankowski (Vegreville): Madam Speaker, the minister also pointed out that he was disturbed by the fact that Canadian unions were not acting as good citizens, compared to their American counterparts, and he indicated that he would be taking a tough line on further salary negotiations in so far as the unions that come under his jurisdiction are concerned. Can the minister indicate whether he is advocating some form of guidelines as a means of implementing that so-called tough line?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, it is interesting that the hon. member for Vegreville should ask that question. I was just looking at the numbers and I see that in 1981 the federal civil service salary increases were less than all other sectors. In the first quarter of 1982 the percentage is 11.5 per cent, which is lower than all other sectors, private and public. I would suggest that we have always taken a fairly tough line, but a very fair position as well.

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PRIVILEGE

MR. KAPLAN—MOTION OF HON. MEMBER FOR BURNABY UNDER S.O. 43

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I wanted to raise a question of privilege on a matter which was raised by the hon. member for Burnaby (Mr. Robinson) under the provisions of Standing Order 43 before question period today.

I gave short notice to him, and he is not in the House. I would be prepared if you would agree—

An hon. Member: He has come back.

Mr. Kaplan: Madam Speaker, at two o'clock today, the hon. member for Burnaby stated that the Minister for Employment and Immigration and I had refused to appear on subpoenas issued by the Immigration Appeal Board in the Regalado matter being heard now in Montreal.

Mr. Crosbie: Exactly.

Mr. Kaplan: I am rising because, in fact, we have not refused to appear on those subpoenas. When we received them—I will speak for myself—we both took the same course. I sought advice from the Department of Justice. The department suggested that if I had information to give—

Mr. Nielsen: That is debate.

Madam Speaker: I am very sorry. I recognize the minister's frustration but he is obviously continuing the debate and he may not do that under the guise of a question of privilege.

NOTICE OF QUESTION TO BE RAISED

Mr. Jim Fulton (Skeena): Madam Speaker, I would like to reserve my right to raise a question of privilege at a later date once I have had the opportunity to look at the record to see what the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) said. It seems to me that he was twisting the truth.

Madam Speaker: I do not know how many times I have to repeat to hon. members that they need not give notice in the House. They should give me notice in writing if they have a question of privilege. If there is a question of privilege, the hon. member should know it immediately. If he feels his privileges are affected, he should know that right away. At any rate, after the hon. member has looked at the "blues" and if he thinks he has a question of privilege, I will see his notice.

ROUTINE PROCEEDINGS

[*Translation*]

ENERGY LEGISLATION

PRESENTATION OF FOURTH REPORT OF STANDING COMMITTEE

Mr. D. M. Collenette (York East): Madam Speaker, I have the honour of tabling, in both official languages, the fourth report of the Standing Committee on Energy Legislation.

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

[*English*]

PETITION

MR. HEAP—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Mr. Dan Heap (Spadina): Madam Speaker, I have the honour to present a petition from some residents in the city of Toronto calling upon Parliament to request the Prime Minister (Mr. Trudeau) to refuse to allow testing on Canadian soil of this generation of weapons, namely, the Cruise missile.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,816, 2,821, 2,841, 2,855, 2,874, 2,885, 2,891, 2,916, 2,924, 2,928, 2,934, 2,944, 2,973, 3,589 and 3,590.

[*Text*]

DEPARTMENT OF THE ENVIRONMENT—EDUCATION LEAVE

Question No. 2,816—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of the Environment at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $445,619 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): 1. (a) and (b) The department has developed a set of guidelines regarding educational leave which are in accordance with Treasury Board Policy, chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions Governng Education, Training and Development, including Subsidization, and which are described in the Department Personnel Policy and Procedures Manual.

2. Approximately 4 per cent of the $445,619 was necessitated because of the acquisition of new equipment.

3. Nil.

4. Our records indicate that between 12 and 15 per cent have permanently left the public service.

DIAND—EDUCATION LEAVE

Question No. 2,821—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Indian Affairs and Northern Development at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $379,275 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): 1. (a) and (b) Education Leave is based on Treasury Board guidelines, Personnel Management 110-5, Human Resources-Education, Training and Development and Personnel Management Manual 525-2. In addition, employees in the education group. e.g., teachers, principals, are considered according to the criteria set out in Sections 19.01 to 19.10 of the group's contract.

2. Nil.

3. One hundred per cent of the education leave was necessitated by the department's requirement for improved management and policy making capability.

4. All employees granted education leave in the past three years are still employed in the public service.

STATISTICS CANADA—EDUCATION LEAVE

Question No. 2,841—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Treasury Board for Statistics Canada at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $22,331 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. J.-J. Blais (Minister of Supply and Services): 1. On the basis of Statistics Canada's 1979-80 Public Accounts submission for education leave, volume I, page 13.6:

(a) The guidelines used to assist management in determining the educational leave status, both the Terms and Conditions for departmental personnel are "Educational Leave Policy and Procedures", chapter 7, section 3, Statistics Canada's Personnel Manual.

Education leave authority is exercised personally by the Chief Statistician of Canada or his designate. Educational

leave proposals are supported by senior management within the area where the individual is employed.

The granting of education leave and the scale of assistance are determined in light of the following criteria: level of university degree sought; necessity-usefulness of studies both to employee and employer; employee's capacity, potential, past work and scholastic performance; commitment to return to Public Service employment; cost.

(b) All skills acquired were needed by Statistics Canada on a permanent basis.

2. The $22,331 reported in Statistics Canada's 1979-80 public accounts for educational leave was not necessitated by the acquisition of new equipment nor the need to have new skills in order to use equipment.

3. There was no education leave approved by reason of job redundancy.

4. Fifteen per cent, two of the 13 people granted educational leave in the past three years have subsequently left the public service.

DEPARTMENT OF LABOUR—HOSPITALITY SERVICES

Question No. 2,855—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Labour at page 32.18, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $27,596 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Chas. L. Caccia (Minister of Labour): (a) Nil.

(b) Treasury Board Administrative Policy Manual, Chapter 360—Hospitality.

(c) The information on hospitality requested in this question is not readily available. We do not maintain records of hospitality payments by nature or by class of recipients. There are approximately 1,000 travel claims on file for FY 1979-80 plus a number of petty cash payments. To assemble payments by recipients would mean a search of each individual travel file plus a review of all petty cash claims.

HOSPITALITY SERVICES

Question No. 2,874—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the health and social services program at page 32.23, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what services does this entail (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (d) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (e) of the $9,867 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): (a) The services referred to involve the extension of hospitality at federal/provincial or federally sponsored meetings.

(b) Hospitality was extended in the form of formal meals, food and drink at official receptions and light refreshments during meetings.

(c) The department made only one payment in excess of $2,000. This payment, totalling $2,469, was made to the Department of Public Works for refreshments, meals and services provided on behalf of the department at government conference facilities. The balance of expenditures were paid to hotels, restaurants, lodges and other such organizations for similar services.

(d) The department is subject to the policy on hospitality found in chapter 360 of the Treasury Board Administrative Policy Manual.

(e) The amount of $9,867 is broken down on a percentage basis as follows:

(i)	Foreign visitors	5 per cent
(iii)	Provincial public servants	50 per cent
(iv)	Federal public servants	20 per cent
(xii)	Canadian health professionals	25 per cent

DEPARTMENT OF PUBLIC WORKS—OTHER TYPES OF SERVICES

Question No. 2,885—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the accommodation program—capital at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 909 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of different reporting methods.

Reported in Public Accounts	1978-79	1979-80
Other types of services	$ 2,621	$26,452
Catering	1,130*	—
Hospitality	781*	1,207*
Snow and garbage removal	677*	1,626*
Sundries	33*	161*
Fees to Public Service Commission	—	1,200*
Training educational services	—	17,796*
Membership fees	—	680*
Other real estate fees	9,628	3,782*
	$12,249	$26,452

* Included above in other types of services

The comparable figure for 1978-79 is $12,249 which reflects an increase in 1979-80 of $14,203. This can be attributed to the training services carried out in 1979-80 related to the solar design course.

(c) Payments over $2,000 were all in the training educational services category and were as follows:

Dr. S. Karaki—Fort Collins, Colorado, $ 5,733; Multiple Access Computer Group Don Mills, Ontario, $ 7,200; I.P. Sharp Associates Ltd. Ottawa, Ontario $ 3,663.

DEPARTMENT OF PUBLIC WORKS—REAL ESTATE SERVICES

Question No. 2,891—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the land management and development program at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other real estate services (a) how does the department explain the 5,750 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): Land Management and Development—Vote 40, standard object 04, other real estate services

Expenditures	1978-79	$ 10,205
	1979-80	597,005
Increase		$586,800

(a) The increase in expenditures over 1978-79 can be attributed to a special program which was carried out at Mirabel for the peripheral lands. This program included the surveying, measurement and registry of each of the lots held by PWC at Mirabel. It was undertaken to ensure that the number and size of each lot agreed with the records held by the city of Mirabel.

(b) The types of services included under other real estate services include surveying, measurement and land registry although the costs are reported in total.

(c) Individual payments over $2,000 are as follows:

Payee	City	Prov.	Expenditure
Alain, René & Associés Inc.	St-Lambert	Québec	$16,391
Cadieux, Charette, Meloche & Associés	Montréal	Québec	2,545
Carrière, Clément, J.	Ste-Thérèse	Québec	4,025
Côté, Duvieusart & Associés	Ste-Foy	Québec	18,777
Évaluateurs BDG Inc.	Mirabel	Québec	4,283
Évaluation Métropolitaine Cie Ltée	Montréal	Québec	2,711
Faguy, Gosselin & Associés	Québec	Québec	4,500
Harrington, Pearl-Helen	Lachine	Québec	3,701
Huot, Guy & Associés	Montréal	Québec	2,290
Ladouceur, Fernand	Ste-Scholastique	Québec	3,004
Ladouceur, Lucien	St-Augustin	Québec	2,625
Marois, J. Arthur	Montréal	Québec	6,430
Parcs Industriels des Laurentides	St-Colomban	Québec	2,141
Promanac Limited	Westmount	Québec	8,084
Racine, Larochelle & Associés	Montréal	Québec	2,400
Raymond, Joyal, Sabourin, Théaudière et Roy	Montréal	Québec	5,949
Surveyer, Nenniger et Chenevert Inc.	Montréal	Québec	7,837
Therrien, Dansereau, Courcelles & Associés	Montréal	Québec	2,000
Therien Dansereau	Ottawa	Ontario	10,000
Lemay Lemay, Begis	Laval	Québec	4,999
Yves Simard	Ottawa	Ontario	9,000
Mashke, Robson Ltd.	Toronto	Ontario	4,605

DEPARTMENT OF INSURANCE

Question No. 2,916—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance for the Department of Insurance at page 32.13, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Pierre Bussières (Minister of State (Finance)):

(a) & (b) Type of service	Amount paid	Name of payee for contracts over $2,000
	$	
Staff training	14,721	Hugh E. Hardie & Assoc. Inc. ($2,500)
Legal	3,150	
Microfilm	3,045	Public Archives Canada ($3,045)
Membership fees	1,647	
Temporary help	250	
Hospitality	652	
Contract administration service charges (DSS)	468	
Conference registration fees	4,114	
Security guard service (DPW)	2,091	Public Works Canada ($2,091)
Audit services	8,807	Audit Services Bureau ($8,807)
Valuation of securities	2,297	
Miscellaneous	305	

Order Paper Questions

DIAND—OTHER TYPES OF SERVICES

Question No. 2,924—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development under the northern affairs program at page 32.16, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department account for the 1,605 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The expenditures under the "Other Services" classification increased because of the amendments to the reporting requirements for professional and special services as specified by the Public Accounts Instruments Manual. Previously, aggregate payments for a particular service classification equal to or exceeding $2,000 were listed separately. The Public Accounts Instruction Manual now requires that if the aggregate payments for a particular service classification are not equal to or more than $25,000, the payments will be included in the "Other Services" classification. Also, under the "Other Services" classification, only recipients of payments equal to or exceeding $25,000 are now listed, whereas previously, this was required for recipients of $2,000 or more.

(b) Other services include expenditures for the following: accounting services $1,336, hospital services $71, other health services $19,508, welfare services $324, laundry dry cleaning and related services $6,836, other real estate services $4,923, storage and warehousing $7,384 and membership fees $1,666.

(c) Since the Public Accounts Instruction Manual requires that a list be maintained of all individuals or organizations whose aggregate payments meet or exceed $25,000, a list of each contract of value more than $2,000 is not readily available. This information would have to be requested from our regional offices and the cost in time and money does not warrant it, in light of the specified requirements for public accounts.

DIAND—TRAINING OF PUBLIC SERVANTS

Question No. 2,928—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development at page 32.15, volume II of the 1979-80 Public Accounts of Canada, with particular reference to training of public servants (a) how does the department explain the 37 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The 37 per cent increase in training costs is attributable to the department's efforts to support improved financial accountability and to train employees in native culture. In order to improve financial accountability, managers and financial staff were trained in the new budgetary control and expenditure accounting systems across the department. In addition, the procedures relating to the structure of contribution arrangements to bands were strengthened and made more precise; this also involved training of regional and district staff. In terms of cultural awareness, new native awareness workshops were offered throughout the department.

(b) As a result of the training, more effective financial systems and procedures are in use. Employees in the department have a better appreciation of the culture and aspirations of the client groups. Both of these contribute to improved program delivery in the department.

(c) The requirement for public accounts was amended to keep only records of individuals or organizations who were in receipt of payments of $25,000 or more, instead of $2,000 or more. The requested information would have to be obtained from our regional offices, and the cost in time and money is not warranted in light of the specified requirements in the Public Accounts Instruction Manual.

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL

Question No. 2,934—**Mr. Clarke:**

With reference to the professional and special services recorded by the Ministry of State for Science and Technology for the Natural Sciences and Engineering Research Council at page 32.31, volume II of the 1979-80 Public Accounts of Canada, with particular reference to catering and quartering services (a) how does the council account for the 44 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (d) for what reason did the council require these services?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology): In so far as the Natural Sciences and Engineering Research Council is concerned, the answers are provided below.

(a) The 44 per cent increase in expenditure incurred over that in 1978-79 is accounted for in three ways:

(1) An additional cost over 1978 was incurred when a reception and dinner were hosted by the president for university officials and the members of the council.

(2) The increases in cost for the grants and scholarships selection committees were a result of inflation and represented an additional cost of 26 per cent over 1978.

(3) An over-all increase in hospitality was a result of inflation and additional committee meetings and represented an additional cost of 12 per cent over 1978.

(b) Type of service: (1) luncheons, food services for working groups; (2) luncheons, food services—hospitality.

(c) Amount paid for each service: (1) luncheons, food services for working groups, $13,550.21; (2) luncheons, food services—hospitality, $8,445.45. Contracts over $2,000 and to whom it was paid, Public Works Canada (Government Conference Centre): $6,722.75.

(d) These services were required for food services and hospitality to committee members and other officials.

DEPARTMENT OF FINANCE—OTHER TYPES OF SERVICES

Question No. 2,944—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance for the Auditor General at page 32.13, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000?

Hon. Pierre Bussières (Minister of State (Finance)): Other types of services, $78,196.

(a) Services entailed are as follows:

(i) Building Security Services; (ii) Preparation of course material for comprehensive auditing training program; (iii) Department of Supply and Services contract administration service fees (e.g. printing, supplies); (iv) membership fees of Professional staff to accredited Associations; (v) exchange under Career Assignment Program.

(b) Contracts over $2,000:

(i) Canadian Corps of Commissionaires, Ottawa, Ontario, $44,871; (ii) Carleton Productions, Ottawa, Ontario, $6,530; (iii) Department of Supply and Services, Hull, Quebec, $5,821; (iv) nil; (v) Simon Fraser University, Burnaby, B.C., $7,515.

DPW—UNINSURED LOSSES OF EQUIPMENT

Question No. 2,973—**Mr. Clarke:**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of Public Works at page 13.4, volume 1 of the 1979-80 Public Accounts of Canada, how does the department explain the loss of $2,314,953?

2. Under what circumstances was the equipment lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

3. What use does the department make of the equipment?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Of the loss of $2,314,953 reported, $298,349 was for salvage and repair costs for Dredge, DPW No. 31, which sank off the coast of P.E.I. in October, 1978, and $2 million was attributed to the loss of Dredge, DPW No. 422, which sank off the coast of Newfoundland in June, 1979. The balance of $16,604 covered other miscellaneous losses, each of which was less than $1,000.

2. (i) Dredge—DPW No. 31 (a, b and c). The Transport Canada casualty investigation has determined that the sinking was attributable to three causes: (1) The dredge was not properly designed for towing, (2) The dredge was not properly ballasted while under tow, (3) The dredge was being towed too fast. The Tugmaster and mate of the tug towing the dredge were held responsible and the department suspended them for two and one months respectively.

(d) The dredge was raised and the hull was rebuilt to make it suitable for coastal towing.

(e) A book of "Master's Standing Orders" is being prepared which will, among others, contain instructions on how to reduce the risk of recurrence of this type of losses.

(ii) Dredge—DPW No. 422 (a, b and c). The cause of this sinking cannot be established definitely since the vessel is on the sea bottom in deep water. The Transport Canada casualty investigation report speculates that a fracture may have been experienced in the way of a spud or the new crane platform, the latter being, in their opinion, the most likely.

(d) The dredge was replaced by converting a surplus drill boat into a dredge with a reduced capacity at a cost of $44,980.

(e) See under 2(i)(e) above.

3. The dredges lost form part of Public Works' Atlantic Region's fleet and carry out dredging operations mainly in support of the fishing industry.

DIRECTIVE ON TRAVEL

Question No. 3,589—**Mr. Cossitt:**

1. Does page 13 of chapter 370 of the Administrative Policy Manual issued by the Treasury Board, dealing with travel, state in part that: "long journeys shall not be considered justification for authorizing a higher standard of air travel. The comfort and speed of modern aircraft and cost considerations dictate that the most economical means available shall be used, e.g. economy class . . . "?

2. Did the Clerk of the Privy Council, Mr. Michael Pitfield, write a letter marked "Confidential" dated November 18, 1981 to Mr. A. E. Gotlieb, Under Secretary of State for External Affairs, stating in part: "However, review of the policy indicates that it would be appropriate within its expressed parameters for the ambassadors to Paris and Washington and High Commissioner to London to use first class air transportation on official business within the limitations set in the Treasury Board directive . . . " and, if so, how does the government justify this statement with the directive on air travel issued by the Treasury Board dated September, 1980?

3. Did Mr. Pitfield authorize first class travel to Paris, Washington and London for those of ambassadorial class but not to Bonn and Tokyo and, if so (a) for what reason (b) was Mr. Pitfield enunciating a government policy that (i) Bonn and Tokyo are not as important as Paris, Washington and London (ii) the ambassadors to Bonn and Tokyo are not as important as Canada's representatives in Paris, Washington and London?

Hon. Yvon Pinard (President of the Privy Council): 1. Yes.

2. Yes. Section 3.2.3. of chapter 370 of the Administrative Policy Manual, based on a December, 1975, Treasury Board decision, relates to the comfort of employees on travel status and considerations of cost. The authority, issued in January, 1981, to utilize first class travel contained in Treasury Board Circular No. 1981-8 (T.B. 775270) is based on the recognition that the inherent workload of certain senior public service positions is such that incumbents might reasonably be expected to have to work while on travel status. The facilities in first class, both on the ground and in the air, are clearly more conducive to effective work resulting in cost effective travel time and have been authorized on that basis.

3. Following discussions between the Undersecretary of State for External Affairs, the Secretary of the Treasury Board, and the Clerk of the Privy Council, it was agreed that within the expressed parameters of the first class travel policy, it was appropriate for the Ambassadors to Washington and Paris and the High Commissioner to London to use first-class air transport.

(a) The special work requirements involved in the positions of Heads of Mission in Paris, Washington and London, as reflected in the fact that persons assigned to those positions have generally been of former ministerial or deputy ministerial rank, led to the judgment that first class travel was appropriate in their case.

(b)(i) No, (ii) no.

MR. A. E. GOTLIEB

Question No. 3,590—**Mr. Cossitt:**

1. Was Mr. A. E. Gotlieb officially appointed Ambassador to Washington on December 1, 1981 and, if so, on what date was (a) his name unofficially submitted to Washington for approval (b) he first made aware that he was being considered for the position and asked if he was interested?

2. Did Mr. Gotlieb discuss use of first class air transportation with the Clerk of the Privy Council, Mr. Michael Pitfield, and, if so (a) on what date (b) was it discussed after he was aware of his pending posting to Washington and/or after reports of his possible appointment to Washington appeared in the news media (c) for what reason?

Hon. Yvon Pinard (President of the Privy Council): 1. Yes. (a) September 29, 1981. (b) In the case of potential appointments as Head of Post, the initial sounding out of candidates is done orally on a most informal basis. Because of the foregoing, the exact date on which Mr. Gotlieb was first made aware he was being considered for the Washington appointment is not known.

2. Yes. (a), (b) and (c) As Undersecretary of State for External Affairs, Mr. Gotlieb raised the question of first-class air transportation with the Clerk of the Privy Council on many occasions, some long antecedent to his selection as Ambassador to the U.S.A., as part of his concern as Undersecretary for the terms and conditions of service of officers assigned to particularly demanding positions.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 3,233 be deemed to have been made an order for return?

Some hon. Members: Agreed.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 3,233 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Text*]

STAFF IN EACH DEPUTY MINISTER'S OFFICE

Question No. 3,233—**Mr. Cossitt:**

What is the name and job designation of each staff member in the office of each deputy minister and what is his/her annual salary as of the date this question is answered?

Return tabled.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all Notices of Motions for the Production of Papers be allowed to stand.

Madam Speaker: Shall all Notices of Motions for the Production of Papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BORROWING AUTHORITY ACT, 1982-83

MEASURE TO ESTABLISH

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-111, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, the members of this House are probably wondering why, since we have already had an opportunity to consider a borrowing authority bill at second reading, we are coming back today with another borrowing authority bill for second reading.

Mr. Speaker, we are resuming second reading of the borrowing authority bill because during the debate on the previous bill, some hon. members expressed their concern that the bill contained three parts, namely, borrowing authority for the government, a number of amendments to the Excise Tax Act and the third part, a number of revenue tax measures relating to petroleum and natural gas.

As usual, the President of the Privy Council (Mr. Pinard) gave careful consideration to the representations made by hon.

members. There were meetings of the various party critics and myself and also meetings of the government, official opposition and New Democratic House leaders, and we finally agreed to split Bill C-93, so that the House could consider a separate bill on borrowing authority and another bill that would relate to the taxation aspect, namely, the amendments to the Excise Tax Act and the series of amendments regarding petroleum and natural gas revenue taxes. These negotiations also resulted in an agreement on the period of time the House would allocate to consideration of the respective bills, at all stages, including, second reading, with consideration in the standing committee as far as borrowing authority is concerned, and consideration in Committee of the Whole of the bill providing for amendments to the Excise Tax Act and petroleum and natural gas revenue taxes, and finally, approval in the House of these bills. Mr. Speaker, I would like to recall briefly what I said on second reading of Bill C-93. The purpose of this bill is to provide for supplementary borrowing authority for the government to cover the financial year 1982-83.

• (1510)

The highlights of Bill C-93 now Bill C-111 which we are considering today, have already been discussed. It is perhaps useful to recall that the bill is seeking borrowing authority for $6.6 billion, and that all unused borrowing authority granted under the Borrowing Authority Act, 1981-82, and in excess of $3 billion has expired. This means that the balance of less than $3 billion will be carried over to the new fiscal year. The new borrowing authority of $6.6 billion being sought corresponds to budgetary and non-budgetary requirements for 1982-83 as set forth in the budget brought down in the House last November by the Minister of Finance (Mr. MacEachen).

In addition to covering requirements set forth in the budget speech, as is customary, we shall require some room to manoeuver in order to deal with any contingencies that may arise as a result of exchange transactions or other eventualities. In past years, this contingency fund has remained at about $3 billion and has usually been added to the total borrowing requirements presented by the government. This year, however, the $3 billion or what will be left of the 1981-82 borrowing authority if the balance is less than $3 billion, as I said earlier, will not automatically lapse at the end of the financial year, and thus this remainder which is less than $3 billion can then be carried over. Consequently, that amount will be the government's contingency fund for 1982-83. The provision referring to the government's authority to contract and reimburse loans in foreign currency is a technical one, and the House will recall that this provision was also included, and I said earlier, in previous borrowing authority bills, and more specifically in the last four.

I would like to give an overview of the government's borrowing transactions since the beginning of the current financial year, and of the amount of borrowing authority used. As for the Borrowing Authority Act for 1981-82, which provided a new borrowing authority of $14 billion, the House will recall that this legislation received royal assent on April 8, 1981. Consequently, the debt program covered by this borrowing authority started at that time. From April 8, 1981 to March 31, 1982, the government borrowed a total of $9.9 billion in new funds on domestic markets. Of that amount, $9.3 billion was obtained through Canada Savings Bonds, $3.1 billion through marketable bonds, while net Treasury bill redemptions reduced the amount borrowed by $2.5 billion. As far as the marketable bond program is concerned, $0.1 billion is tied to foreign markets. These markets have provided the government with $300 million, thanks to the private sale of an issue to the central banks of Saudi Arabia. There was also a partial repayment on a loan of $700 million, which was due on March 8, 1982. Considering the spirit of co-operation existing on all sides with a view to limiting the debate on this new bill, I would rather not impose any further on the time of the House, and I would give other members an opportunity to take part in this debate. However, I would just like to refer to some of the points made in the previous debate on Bill C-93 and comment briefly, while further details could be given when the bill is considered in Committee of the Whole.

During the previous debate, one hon. member remarked that the petroleum revenue tax was supposed to increase federal revenues by several billion dollars. If I remember correctly, two different figures appeared in the English and French versions of *Hansard*. I would like to give the exact figure for federal revenues collected in the form of petroleum and gas revenue taxes and tax on additional oil revenues, namely, $23.2 billion for the period from 1981-82 to 1985-86. I am giving this figure to remove any misunderstanding that might have been caused by the fact that two different figures were printed in the respective versions of *Hansard*.

One of the points raised concerned the figure quoted in the estimates for the percentage of increase in government expenditures. I may inform the member for Etobicoke Centre (Mr. Wilson) that his explanation was not quite accurate. Expenditures in 1981-82 increased by 16.3 per cent, and not 22.3 per cent, as the hon. member stated. In 1980-81, petroleum compensation payments exceeded revenues by $2.7 billion. In 1981-82, payments more or less balanced revenues, which explains why there is no negative balance here. It is always possible to juggle figures and delete an item that is decreasing in order to get an expenditure total to increase more rapidly. It is also possible to delete an item that is increasing faster than total expenditures, for instance, debt servicing, in order to slow down the rate of increase of the total amount. But this is mere juggling with figures and actually does not prove anything. In any case, the real increase in total expenditures is, officially, 16.3 per cent.

During the previous debate, it was observed that expenditure increases should be brought back to the rate mentioned by the Minister of Finance in his budget speech, namely, they should

be kept at a level below the growth rate of the national economy. I may point out that the government is maintaining its objective to keep the growth rate of its expenditures below that of our economy. This is reflected in the lower ratio of budgetary expenditures to gross national product, which dropped from 21.2 per cent in 1975-76 to 20 per cent in 1980-81. During that period, government expenditure objectives were set according to a broader concept, namely, that of total expenditures, in other words, the sum of budgetary expenditures and capital loans and non-budgetary advances. So, from 1976 to 1980, total expenditures increased at a slower rate than the nominal gross national product. During that period, the gross national product increased, respectively, by 9.3 per cent, 10.3 per cent, 13.7 per cent and 10.7 per cent, while total expenditures increased by 6.6 per cent, 9.3 per cent, 7.9 per cent and 8.8 per cent. During the debate, there were also some comments on the government's justification for its borrowing authority request. Mr. Speaker, I should like very briefly to remind the House of the government's commitment to take a far more rigorous approach to the management of public funds and thus bring about a reduction in the deficit. These objectives involve a policy of restraint that should help relieve inflationary pressures and promote the development of a better climate for economic recovery in our country.

• (1520)

As a result of the debt program, $9.9 billion of the borrowing authority of $14 billion approved for 1981-82 was used, as I said earlier, while $1.1 billion lapsed on March 31, 1982, and $3 billion was carried over to 1982-83, to be used for contingencies, as I explained a moment ago. Mr. Speaker, I should like to comment on further questions raised by hon. members. It was asked, for instance, why the government needed new borrowing authority for $6.6 billion at this time, when, and I believe it was the hon. member for Mississauga South (Mr. Blenkarn) who made this comment, when the government's cash balance is high and it has already received $12 billion for 1980-81 and $14 billion for 1981-82.

In answer to the last part of the question, I would like to point out that the entire unused borrowing authority for 1980-81 lapsed on March 31, 1981, and the entire unused borrowing authority for 1981-82, in excess of the $3 billion to which I am constantly referring, also lapsed on March 31, 1982, and consequently, the only borrowing authority available to the government for 1982-83 is this sum of $3 billion which has not expired and which represents the government's contingency fund for 1982-83. Mr. Speaker, I would now like to answer that part of the question dealing with cash balances which at the beginning of the new financial year amounted to $6.6 billion. At the end of the financial year, a reasonably high level of deposits is necessary in order to cope with strong seasonal demand during the first quarter of each new financial year.

In addition, the government cannot let its deposits drop to zero, that is quite obvious. We have deposits for our daily transactions and also for contingencies, for instance, to respond to demand created by foreign exchange markets. In addition, let us not forget that deposits give the government some room for manoeuvring in managing its debt program, a fact that is particularly important in periods where interest rates are very volatile. I may add that the deposit amount in excess of $100 million produces 90 per cent of the interest of 91-day Treasury bills.

Mr. Speaker, several hon. members also criticized the government with respect to the 19.5 per cent interest paid on Canada Savings Bonds. One hon. member alleged that the government was paying 19.5 per cent on Canada Savings Bonds at a time when all indicators showed that rates were declining and that sales of Canada Savings Bonds would add $1 billion to the national debt and to the burden of Canadian taxpayers. Mr. Speaker, here I would like to point out that the government cannot plan its debt program according to the forecast for interest rate trends, and that it must take into account the situation existing at the time the bonds are put on the market to compete with other savings instruments. The cost of the 1981-82 issue of Canada Savings Bonds was much closer than usual to competitive interest rates. Over one million people purchased Canada Savings Bonds and it takes at least five weeks before paycheck deductions can begin. All these sales take some time.

During the campaign, interest rates fluctuated, and this made the yield of Canada Savings Bonds very attractive, since all interest rates on the market on other savings instruments were on a downward trend. With hindsight, it is easy to claim, this volatility having taken its toll, that the rate on Canada Savings Bonds was too high. However, this was not obvious when the rate was set for the marketing of Canada Savings Bonds. It is important for the government to set an equitable rate as well as a competitive rate for this instrument, which must compete with other savings instruments on the market. The sales of Canada Savings Bonds will not add one billion dollars to the cost of the debt since the product of the sales was used to pay the negotiable debt which was falling due and would have had to be renewed otherwise. Until November 1981, for the previous 18 months, Canada Savings Bonds were, all in all, the least costly source of funds for the government.

As a final point, I would like to refer to another aspect of debt management which was raised during the debate on Bill C-93. Based on the different percentages of the various borrowing instruments of the government, some members wondered whether the government had changed its policy of using short-term instruments rather than medium or long-term instruments to finance its debt. I believe, Mr. Speaker, that the diversity of the borrowing instruments available to the government to manage its debt can be explained by the fact that this allows the government to use some flexibility in adjusting to

existing conditions on the market when it needs to borrow. That is the reason why there have been a number of variations over these last few months, for instance, a larger rate of financing through Canada Savings Bonds. This signals no basic change in the government policy of debt management. Simply, the government used the tools at its disposal and the flexibility needed to adapt to the extremely volatile conditions it was facing on the marketplace.

Mr. Speaker, I indicated at the beginning of my remarks that under the agreement reached by all parties in this House on this legislation and the one that is to follow tomorrow, there is a time limitation. Therefore, I will not take too much of the time of the House, but I simply wanted to give a few explanations following some remarks that were made in the preceding debate, and I am sure we will have an opportunity for a very fruitful debate at the committee stage, to further the consideration of this legislation. I would like to thank the House leaders of the government, of the Official Opposition and of the New Democratic Party as well as the party spokesmen since we have agreed to a much more expeditious consideration of these two bills.

• (1530)

[*English*]

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I will speak very briefly on this bill at this stage because I spoke at length on second reading. I want to point out to the House and to the country in general that Bill C-93 was opposed by this party on the same basis as Bill C-94, on which bells rang on an adjournment motion for over 15 or 16 days. If the government had any sense, it would never have introduced Bill C-93 in the way in which it was introduced. I compliment the government on finally coming to reason. This bill is a bad bill and so are the tax provisions contained in the balance of Bill C-93, which will be debated under Bill C-112 tomorrow. However, if it were not for this party putting extreme pressure on the government, this bill would not have been divided. We would not be debating Bill C-111 today. I say to Your Honour and to the country that we are at last seeing some democracy around here. At least the people have an opportunity for input. At least we are reaching a situation where, under the terms of reference of this bill, even though debate will be somewhat limited, the Minister of Finance (Mr. MacEachen) will be required to come before the Standing Committee on Finance, Trade and Economic Affairs to explain the financial policies of the government. Your Honour knows that the minister always tries to avoid coming before the standing committee, so for the first time, we will be able to have the minister before us again for two full sessions to explain why he needs to borrow $6.6 billion.

The question of $6.6 billion came out of the air. It was a figure in the budget. But we all know, and the country knows, that the budget of the Minister of Finance is just so much air, smoke and feathers. It is really not a budget at all. It has no particular approaches in it which make sense. The country cannot go along with it. The minister made at least changes to it, and there are still more changes coming up. So we expect the minister, either in the House or before the committee, to explain to us and to the country in general a new financial policy which must be proposed by this government.

Speaking to the question of the Canada Savings Bonds issue, it clearly costs the country at least $1 billion. It was clear to any intelligent person in the financial market, in August, that 19.5 per cent was too much money to pay for interest. It became clearer in September and even more clear in October. It became an absolute certainty in November, yet the bond sale was held open until November 6. If there was ever a government incompetent at borrowing money, it is this government, and for that reason alone this bill must be opposed.

Some hon. Members: Hear, hear!

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, there was a time, not too long ago, maybe as recently as the last year or so, when I looked forward to getting on a plane, travelling back to my constituency, meeting with my people and trying to hear and solve their problems. I must say that as I think about that prospect for this week and next week, I do not feel good about it because I know that when I walk down the street or go to my office, I will meet a group of young people who will be looking for jobs which I cannot help them to find.

The community in which I live was once a progressive, growing community of Fraser Valley West. At one time, if the people of Langley and Surrey who came to my office really wanted a job, I could find places for them. I could send them here or there. But now, all of a sudden, for the first time in some time I send them on the circuit, and they come back empty-handed. Instead of simply finding no jobs, they are unfortunately finding, again and again, that businesses have gone bankrupt. So it is not only those seeking jobs in the business community who are suffering, but it is also the business community which is suffering to a very great extent these days. This hurts. It hurts when I see these massive cutoffs. I see professional people and small business people who have always had jobs in the last 15 or 20 years but now, not only have their jobs run out, but their unemployment insurance has run out as well. As the unemployment insurance runs out, they fall on to the welfare system, which makes them lose their confidence and self-respect. We see a new kind of depression, which is indeed disgusting and discouraging in this great country.

It is not that the potential is any less this year than it was last year, or five years ago; rather, it is that something has gone wrong with the direction of our economy. That direction has been consistently pursued by the Liberal government which has its mind set or a set attitude toward possible solutions. We find that every time the government comes forward with a solution, it is an obsession. It is obsessed with overtaxing, over-borrowing or government intervention. It constantly seems to want the people to give to the government so that the government may redistribute and thus somehow solve the problem. If the government does not have sufficient money

from taxes, it then goes out and borrows it, regardless of the cost. The government has the attitude that it somehow has the answer.

Our society has followed a long trend, one in which we had a great deal of confidence in professionals and in an elitist, intellectual policy. We have stopped looking to ourselve and have started looking toward others. We have cast responsibility on to governments. Of course, the government assumes the responsibility, and to pay for it, collects taxes. The government taxes to a certain point, and when it can tax no more, it begins to borrow, and here we are.

It is pretty hard for me to tell the unemployed persons from Langley or Surrey that we will go out and borrow billions more dollars on their behalf and that somehow we will get the economy going through government intervention, government bureaucracy, government regulations, and that the government will create jobs. That confidence, that mind-set, must change.

I am not saying to the minister who just spoke that the government which sits opposite is morally wrong or that it is trying to do the wrong thing morally. It is not trying to drive the country into bankruptcy. It is not trying to drive the people along. Maybe it is trying to drive the people to unemployment to cure inflation, because that is the solution it sees: more unemployment to cure inflation. But, instead, we get more unemployment and more inflation. The solutions are not working. Although the idea is right, the solution to implement the idea is wrong. Morally, we all want the same thing, a stronger, better Canada, full of opportunity for all our citizens, but we need to change the idea of solutions. The solutions lie in ridding the economy of unwarranted and unneeded regulations, simply the factor of regulation, the restriction of regulations, the requirements.

I wonder how many members opposite, instead of simply buying a house, have gone through the process of trying to build a house, the process of regulation, the process of requirement. Last week I attended the Surrey Volunteers dinner, and Ivy Adamson, an old pioneer of Surrey, the first alder-woman in Surrey, said, "When I first came on council here, there were a bunch of tarpaper shacks. People started with little shacks and they started building houses for themselves. What a shame it is that in today's society we cannot start to build again modestly, what a shame that this opportunity has been taken away from us, because we now require a $150,000 house instead of providing for our basic needs." It is overregulation and overrequirement.

We must also try to develop a freer trade policy. We keep thinking and teaching others as though we were an island unto ourselves and as though somehow Canada, by putting up higher and higher tariffs, will create more and more jobs here. I think history shows that creating more and more tariffs might create a job for a day or even a decade. All too often those tariffs turn into subsidies. In fact, they become counter-productive to the point that the whole economic system begins to break down and we lose our capacity to compete in international markets. We must have policies and solutions that work toward freer trade. The only way to create a stronger economic lifestyle is to sell what we produce. Everything we now produce in Canada we can use. This is a small market, so it does not do any good just to produce those things that wear out and need to be replaced. That is not good enough. We have to look to the great markets of the world. If we place tariff upon tariff upon tariff and exclude trade from other markets, they will excude us from their markets. There will be no jobs in Ontario, British Columbia or anywhere else in Canada. Free trade relations in the world need to be expanded by reducing tariff barriers, thus working toward freer trade.

• (1540)

We need to cut government spending. We are not doing that with this provision. What we are doing is borrowing more money. How many people want the government to borrow more? Do they want their government to spend $6 billion today? At 20 per cent interest, who is going to pay? It will be our children. They will pay and pay the deficit created by this bill.

That is not what Canadians want. They want government spending cut back. They want less government not more government and more regulation. Canadians want that, as was demonstrated in Saskatchewan.

Does this bill give us more? No, it gives us less and less because we are getting more and more government. There is less and less responsibility for the individual and more and more for the government. You cannot cut government spending by borrowing more. The more the government spends, the more we need to borrow on their behalf; the more taxes we pay, the more they spend.

Let us talk about government cutting spending, not expanding it. However, that is what is being done today, creating more government and more tax burden, and we will have to pay for this at 19 or 20 per cent.

In addition to cutting spending, we must restore incentives. I talked with workers in the housing industry. I asked them why they did not stay an extra couple of hours to complete a job rather than putting all their tools away and having to come back the next morning. They replied that they would get overtime, but the government would just take it away in taxes. How many times do we hear people ask, "Why work longer, why produce more?" There is no incentive left in our society.

It is time to rebuild the incentive society. It is the motive of profit and the individual getting ahead that created the wealth of this nation and of the rest of this world. It worked before, so why not give it a chance to work again?

We must cut government spending and cut taxes. Everyone says that is a dream; whoever heard of a government cutting taxes, it just does not happen. It does happen and it is happening. It is happening right here on our continent. Not only is it happening, but it is working again. This is not the first time.

Our biggest problem is inflation. We will not solve that problem by borrowing more or by increasing interest rates, which is what we are doing today. Instead, we should be

working for a tax cut. That is what President Reagan did in the United States. He implemented a 30 per cent across-the-board tax cut. It was not just for the big guys, but also for the little guys, the middle guys and everyone in between.

Is there a Canadian today who does not want a tax cut? Some may say it would not be good, but maybe at this time it would be. What did the tax cut and control of government spending do in the United States? It cut the inflation rate to zero.

Mr. Kelly: Come on.

Mr. Robinson (Burnaby): You know that's not true.

Mr. Wenman: It may be 4 per cent this year. Mr. Socialist to my left and Liberal socialists across the way, would you like to have the American inflation rate today? Would you trade it for Canada's? Would you trade ours for the 4 per cent projection this year? It reached zero in one quarter. These members know it worked. It is the truth.

Mr. Kelly: What is their unemployment record?

Mr. McRae: And a world depressions was caused by it.

Mr. Wenman: Where will you be on the recovery? When the American recovery comes because they cut their taxes, inflation rate and government spending, we will be seeing the opposite. Have we cured inflation or unemployment? No. We have high inflation and high unemployment.

Mr. Robinson (Burnaby): Mr. Speaker, I wonder whether the hon. member would permit a brief question?

Mr. Wenman: Certainly.

Mr. Robinson (Burnaby): Mr. Speaker, I know the finance critic for the Progressive Conservative Party indicated he would advocate that the policies of Ronald Reagan be applied in Canada. He, of course, is praying that they are successful. Will the hon. member indicate whether he too is an advocate of the economic policies of Ronald Reagan and whether, in his view, they should be applied in Canada today?

Mr. Wenman: Mr. Speaker, if the hon. member will listen to my speech, I will tell him about supply-side economics. That is the basic text of my speech today. I support those points and I will tell him why. I support them, Mr. Socialist, because they work, and I will give an example of how they work.

The brother of the late President Kennedy is now promoting the same policies as our Liberal government. Let us see what President Kennedy did. In 1961 when John F. Kennedy took office, the unemployment rate stood at 6¾ per cent and the budget was in deficit by almost $4 billion. Between 1961 and 1966 real output as measured by constant dollar GNP grew at a 5½ per cent annual rate. It grew. Our growth rate is going in the other direction. It is going down.

Mr. McRae: What is happening to the American growth rate?

Mr. Wenman: It is going up, my friend, you just wait. The unemployment rate fell to less than 4 per cent and the federal budget moved to a roughly balanced position. That is what happened when President Kennedy applied a 30 per cent tax cut across the board. Inflation throughout the era averaged between 1 and 2 per cent annually, not 1 and 2 per cent a month as it is in Canada.

Surprising as it may seem, given the mythology surrounding Jack Kennedy, government spending as it relates to total output actually declined during the Kennedy era. Government spending declined. Some may say that is not the right medicine today, that it was the right medicine a decade and a half ago. President Reagan has begun to apply it, and it would be more effective if he did not have the brakes on him. It is working. Would anyone deny that it is working in the United States? Then, by a spillover—unfortunately by a spillover, not because of anything members opposite are going to do over there—we may benefit somewhat. But they should be prepared now for the recovery, not dragging deeper and deeper into recession and depression, and that depression is as bad as the recession.

• (1550)

The depression that I feel about the economy, the fear that I have to invest, the fear that I have to go out and create something new, that fear is real in my constituency. It is real amongst my people. We need a reinstall a new, strong attitude amongst those people. We have to recognize it. I hope it is the bottom. We might have to wait until 1985 for the turnaround in Canada, as they are experiencing it in the United States this year. We might have to wait a little longer. We might have to wait until we get rid of this government, because we cannot change their attitude. This borrowing bill is a perfect example. I hope the Canadian people will see it. Do you understand? Do you understand what I am saying? I hope so. Well, if you do not come and see me afterwards and we will talk about it.

We will get into the subject of supply now. Let us consider a little what these tax cuts are. In our society there is something called a resistance theory, not an astounding theory but a very interesting one. It was evolved by Professor Arthur Laffer. The professor made a statement saying that you can tax people and then you can tax them more and the government gets more money; you can tax people still more, and you get more money; you can tax more and more and more, until people get to the point where they say: "Just a minute, I am not paying any more tax, that is too much, I am not working any more because I am only working for the government, the government is taking more of my money than I get myself." We then find this resistance to taxation. So the more you tax, actually at that point the curve goes the other way and you start getting less revenue. This has proven to be true, the more you tax at a certain point, the less revenue you get. In order to get more revenue at that point you have to cut taxes. The main game in Canada right now amongst businessmen—it is survival, at the moment—generally, amongst those who are surviving, is to figure out how to get more disposable income, how to beat

income tax, how to establish income tax shelters. The avoidance of income tax is the biggest game in town. Why? Because we have reached that peak where taxation becomes regressive, and to get more tax revenue we have in fact to cut taxes. That is what John F. Kennedy found in 1961 when he started his program. He cut the taxes by 30 per cent, and in the end he got more tax revenue. He got more tax revenue because by cutting taxes 30 per cent more people went to work. As more people went to work less people were being paid unemployment and welfare. Those people soon began paying unemployment insurance. They were producing some real goods that could be exchanged domestically and internationally. They could exchange those goods for real hard currency, for real money. In so doing the United States stabilized the dollar. The American dollar became so stabilized that they could in fact afford to go off the gold standard.

Unfortunately, through these heavy liberalized programs that we have experienced in the past 15 years, we have moved in the other direction, and the American dollar now is less stabilized. Perhaps the Americans need to do something as President Reagan said, to make the American dollar as good as gold. A lot of people are saying the U.S. is going in that direction. It may be that they will bring the gold standard back again, and make the American dollar good in that way. It is an interesting idea. If that happens, Canada must be ready. We may have to reconsider pegging our dollar.

What is happening to our dollar today while we are sitting here? It is dropping, and dropping very fast. It is at 80 cents, or 80.1. It is falling fast. I heard on the radio that it may drop to 77 cents. Some analysts are saying it will drop to 77 cents. It may be that we should think about pegging our dollar and making it good, too. It may be that we need to peg it at about 70 cents, but perhaps we should peg it at 75, 76, 77, 78, or 80 cents. I do not know what you are going to peg it at, but perhaps you had better peg it at some point and guarantee it. Let the Canadian government guarantee that dollar because if it guarantees that dollar, we can start controlling the interest rate a little better and we would not have our interest rates fluctuating up and down and being influenced so much by international markets. To stabilize that dollar, we would have to put some money again today into the money markets. If it were pegged, it could be stabilized and that stabilization of the dollar would mean we could then work on the interest rates. That is what we have to do now.

I would be happy if the Liberal government would wake up to supply side economics, if they would swallow their pride and look at the way it works. Then we could control inflation rates better, interest rates would begin to drop, and the unemployment rate would follow suit as sure as can be. That will drop as well. Why not take those good ideas and apply them? Some people say that that is fine for the Americans but that ours is a different stituation. That is a large model, they say, there are 250 million people there, that situation does not apply here.

Very well, let us take the other side and see if it has worked anywhere else. Let us go to a smaller model, let us go to Puerto Rico and see what has happened there. Under Governor Romero's leadership, income tax in Puerto Rico has been reduced by 5 per cent per year since 1977. Can you imagine, our starting a program this year and saying that for every year we are going to reduce taxes by 5 per cent? What if we had done it for five years, since 1977? It would be 25 per cent, 30 per cent next year. If people had that kind of confidence that the government was going to do that, what would happen? In Puerto Rico the additional 5 per cent reductions have been legislated since 1982, tax rebates have increased each year, employment has soared, and the Puerto Rican government has gone from deficit to surplus. That is what happened there, with tax cuts.

Let me say that again. That is the message I am trying to leave with you today, Mr. Socialist over there. I say, listen, here it is. Tax rebates have increased each year. In other words, in Puerto Rico they cut the taxes every year by 5 per cent and they got more money than the year before because they increased productivity and people were working at real jobs. Employment soared. We used to talk about Puerto Rico and the unemployed, that they all had to come to New York, to the United States. Now the Puerto Ricans are employed on their own merit, on their own quality and on the ability of their own government to design an economy. The Puerto Rican budget, which was hopeless, which was blocked into deficit, in fact went from deficit to surplus.

We have a long way to go in this government to get from deficit to surplus. The government opposite have been borrowing, as they are doing today, spending and wasting. There is not one Canadian who does not know about that wasting and is not concerned about it. The government opposite suddenly has adopted the attitude that it can do better than the individual Canadian can.

Some hon. Members: Hear, hear!

Mr. Wenman: I can tell you, Mr. Speaker, that the government opposite cannot do it better than the individual can. You cannot beat individual initiative, individual incentive and free enterprise. For too long free enterprise has been a dirty word. People kept talking about free enterprise and thinking that somehow all the wealth would come into one hand. It does not work that way, it has not worked that way.

We keep talking about how the other system, the socialist system, would redistribute the wealth, in other words, take it from everywhere and give it back, redistribute it. We have had great faith in that redistribution. What we have lacked faith in is the goal. It is not a redistributed profit that we need; it is the creation of new wealth. That is what we need. We have to say that there is a certain amount of dollars in our society. We do not need to take them and squash them down into a little thin line. No, we do not have to do that. We have to take this little line of wealth that is here and note that above it is another pile of wealth and power that has not even been tapped. That is the wealth and power of the Canadian people themselves. They can produce more, if they are given the opportunity and incentive to do so. That is the great wealth of this nation, the great resources of this nation, that the government over there is bungling.

What is happening to the potential of the west? I spoke here last year about the potential in the west. I spoke excitedly about the Alsands project and the pipeline and coal development in British Columbia. I said that if the Government of Canada could just see our potential and let us grow and develop, by our growth and development all of Canada would rise with us.

• (1600)

Mr. Parker: Grants.

Mr. Wenman: We should not give money out in grants. It should be given back to the people through tax cuts. If we gave people their money back, they would know how to spend it. They would buy things and create incentives. That is how to create a new and strong society. That is the new Conservative supply side economics.

Mr. Robinson (Burnaby): Reaganomics.

Mr. Wenman: Why are hon. members on my left so afraid of what works? Why are they so afraid of success? I do not understand it. I know that what the socialists to my left and the socialists across the way want is morally right. I see their good and shining faces here. I see their halos. I know that they, like I, want a better way for all Canadians. We all want the same thing. It is just that they are naive.

Mr. Parker: You want the multinationals to take it all.

Mr. Wenman: That line is so sick and old that it went out 30 years ago. Even socialists do not pump that one any more.

This is a great nation with great potential. That potential is in the east and the west. There is a potential inside me and inside everyone here. It can be developed, but it will never be developed properly by the government's taxing more and borrowing more. It will only be developed if we rid the economy of unwarranted and unneeded regulations, restrictions and requirements.

There are six things which need to be done to bring a new economic order to Canada. First we have to rid the economy of unwarranted and unneeded regulations, restrictions and requirements.

Second, we have to maintain the integrity of the Canadian dollar. That may mean pegging the Canadian dollar and making sure it retains its value, because when the dollar retains its value we will not have to worry about interest rates bounding up and down. We can lower interest rates. We need lower interest rates, and I am telling hon. members opposite how to do that. Another thing we could do is to get involved in forward markets. Instead of going day to day and buying the dollar day to day, perhaps we should buy it for a year from now so that we will guarantee its value a year from now. Then there would be stability in relation to interest rates. We should get involved in forward markets. That is an alternative which is worth looking at. It would stabilize the dollar and perhaps make it as good as gold. We can make the dollar good by pegging it to the American dollar, if we want to.

Third, we should develop freer trade. We should take away trade restrictions. We should go into the Pacific Rim. I could talk about other examples. I have talked about Puerto Rico and the United States. What about Japan? What is the unemployment rate in Japan? What is the inflation rate? What is the interest rate? It is about 5 per cent across the board. It could vary a couple of percentage points either way. What about Malaysia? What about Thailand? What about those upward real growth economies? Real growth can be shared, whether under the trickle-down theory or whatever. It is like the tide coming in. If there is a tide of wealth, power and opportunity coming in, everyone rides on that tide. All the people are lifted by the tide in proportion equally.

Mr. Robinson (Burnaby): Or they can be washed up.

Mr. Wenman: They could be if there is not social justice. I agree there must be social justice, but that does not necessarily mean redistribution or lack of incentive.

Fourth, we should cut government spending. We should make government a smaller part of our lives.

Fifth, we should restore incentives in society. We should restore the old profit and free enterprise motive. It works. Why should we not do it? It has worked.

Mr. Robinson (Burnaby): Rubbish.

Mr. Wenman: It is not rubbish. It has worked. It has not had an opportunity to work in the Soviet Union. It has not had an opportunity to work in the socialist countries of the world, although I notice the Chinese are starting to come along. They are beginning to look positively at motive, incentive and profit. I have been to many Third World countries, and some of them are turning around. Peru is one example. Others have turned around on the basis of a free enterprise model, but they have not done so on the basis of a socialist model. Socialism does not work. That is an outdated, dead philosophy of many years ago, and its time is passing fast.

Mr. McKenzie: Sweden saw the light.

Mr. Wenman: Finally, we need tax cuts. I do not mean little tax cuts; I mean a big one. A little one will not make any difference. We need a big one to provide real incentive.

Mr. Robinson (Burnaby): What if you don't pay taxes? What about the poor and the elderly?

Mr. Wenman: Mr. Speaker, I have been speaking for almost 40 minutes. I have given the hon. member the answers. As I said, he has the right idea; he just has the wrong solution. He means well; it is just that he is somewhat naive economically. For that I forgive him. I encourage him in the other things he speaks about in this House, and I support him, but on economic matters he should listen to me because we in the neo-conservative movement of North America and the world have the answers. The answers are not in the hands of professionals, socialists and intellectual elitists. The answers lie in basic

common sense and in basic humanity. We in this House of Commons have the answers. Let us give power back to the House of Commons. Let us have the authority. Let the government listen to us, and we will provide the answers for the Canadian people. It is too bad Parliament is being destroyed.

I could go on for much longer, but I want my message to come through clearly. We can have lower taxes and lower interest rates. If we did, we would have lower unemployment rates, and that would bring about a better and stronger society. I believe that. I hope someone listening today believes it. I hope everyone listening today will agree that now is the time to move upward. We must always judge where the bottom of the market is, and if we are at the bottom, now is the time to take a chance and invest in this country. Now is the time to show our Canadianism, to demonstrate that we really believe in it and to get in there, work a little harder, and invest a little more. If we did that, we we would be participating in a recovery which would allow this nation to continue to be the best in the world.

The Acting Speaker (Mr. Jarvis): The hon. member for Burnaby (Mr. Robinson).

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, we are very pleased to see such a distinguished hon. member occupying the Chair.

I rise this afternoon to say a few words about the bill before us, which asks Parliament to authorize the borrowing by this government of some $6.6 billion.

I view this bill from the perspective of the representative of the people of Burnaby, who have told me in no uncertain terms that the economic and budgetary policies of the Liberal government are a disaster. I intend to touch this afternoon on several areas of concern to my constituents. They are of concern not just to my constituents but, I believe, generally to the working men and women in Canada.

However, before doing so, I cannot resist commenting on the remarks made by the hon. member for Fraser Valley West (Mr. Wenman) on behalf of the Conservative Party. He indicated that the Conservative party is an advocate of Reaganomics and neo-conservativism. On February 15, his colleague and finance critic, the hon. member for Etobicoke Centre (Mr. Wilson), said that the Progressive Conservatives had better pray that Ronald Reagan is successful with his economic policies in the United States, or his party could suffer enormously here in Canada.

The hon. member for Etobicoke Centre said:

> It's something that we would be doing if we were a government. Something we will do once we are in power again.

He said this to Conservatives:

> You had better pray that the United States is successful in turning around their economy because if they aren't it will be very hard for us as a party to convince people of our policies.

Was he not right? The policies of Ronald Reagan in America are a disaster, and every day it is being shown more and more clearly what a disaster they are for the people of America. Those are the policies the Conservative party is advocating here in Canada.

Mr. Wenman: What is their inflation rate? What is their interest rate relative to ours?

Mr. Robinson (Burnaby): Members of the Conservative Party have spoken of interest rates, and I agree we should talk about interest rates and the devastating effects high interest rates are having in our communities, and particularly on small business people. However, I remind the Conservative Party that the person who is responsible for that particular policy is the Governor of the Bank of Canada together with the Minister of Finance (Mr. MacEachen). The governor is a fellow named Gerald Bouey, and he was reappointed as Governor of the Bank of Canada not by a Liberal government, but by the Conservatives.

• (1610)

Mr. Nystrom: Shame!

Mr. Robinson (Burnaby): Gerald Bouey, this great economic guru who is being bitterly attacked by the Conservative Party as the author of high interest rate policies, was reappointed by the Conservative Minister of Finance, the hon. member for St. John's West (Mr. Crosbie). So let us hear no more about the Conservative alternatives.

Some of us, Mr. Speaker, who were Members of Parliament when the Conservatives were in power, remember the telegrams, letters and phone calls we received from our constituents. I am not going to read a lot of them, but I have a telegram sent to Prime Minister Clark from a small businessman in my community of Burnaby. He said this:

> Congratulations Mr. Prime Minister Clark. We both are flat broke. You politically, me financially. We all will be out of business very soon. It is impossible for me or anyone to pay 16.5 per cent interest on $2 million on debenture to the Bank of Montreal from business $2.3 million gross take.
>
> Prime Minister Clark, you just didn't have heart to muzzle these interest rate hungry pirates.
>
> P.S. Please don't tell me it is good for Canada and the only way out. I can give you half a dozen ways to keep dollar where it is today without bankrupting Canadians.

That, Mr. Speaker, was one telegram I received in response to the disastrous Conservative economic policies. Now the Conservatives say the NDP was responsible for their being thrown out of office. Mr. Speaker, the only people responsible for the defeat of the Conservative Party were the people of Canada in the election of February, 1980.

Some hon. Members: Hear, hear!

Mr. Robinson (Burnaby): Let us recognize that fact very clearly. What hypocrisy for the Conservatives on the one hand to call for a speedy election so that the people of Canada can have their say on the Liberal government—and I certainly agree with that and I know they would be turfed out—when on the other hand they were not prepared to accept the verdict of the people of Canada in February, 1980. They say they present

an economic alternative. I would like to quote the former Conservative Minister of Finance, who has now been shuffled over to being their External Affairs critic speaking on the policy of interest rates as follows:

> Yes, I would continue to back Mr. Bouey.

No surprise, Mr. Speaker; he reappointed him. He said:

> I agree that our interest rates have to keep track of those in the United States.

That was not a Liberal, that was the Conservative finance critic in the summer of 1981. "I agree with the policies of the Liberal government; interest rates must stay high."

Recently the present Tory finance critic said this:

> One after another the premiers proposed reducing interest rates, while accepting the inflationary consequences of a lower Canadain dollar. They were convinced that the benefits of lower interest rates and increased economic activity would offset the negative effects of increased inflation.

Some of us happen to agree with that, but what did the finance critic for the Conservative Party say? He said, "I do not agree with the premiers, I agree with the Liberal Party."

Mr. Nystrom: Shame!

Mr. Robinson (Burnaby): He said:

> It's a quick fix that Mr. MacEachen is against, and I agree with him on that.

I am not quoting a Liberal colleague of the Minister of Finance; I am quoting the finance critic of the Conservative Party.

Mr. Mazankowski: That did not work in Saskatchewan and it did not work here.

Mr. Robinson (Burnaby): We know the Conservative Party has suported the policy of hewers of wood and drawers of water. We know that one of the top financial advisers to Prime Minister Clark said:

> There's nothing disgraceful about being a hewer of wood and drawer of water if that's where you have your comparative advantage.

That was said by a senior adviser to the Conservative government, Mr. Speaker.

Let us just come right up to date and see what the very distinguished Leader of the Opposition (Mr. Clark), faced with disastrous economic policies, high interest rates, high inflation and a totally unacceptable level of unemployment, said one week ago today. He said:

> We have looked for a solution other than the government's, but we couldn't come up with an alternative.

What an abdication of responsibility on the part of the Official Opposition. They condemn the government's policies, as we do, but when they are asked to come up with an alternative, what does the Leader of the Conservative Party say? I repeat:

> We have looked for a solution other than the government's, but we couldn't come up with an alternative.

He continued:

> At this moment I don't have a better solution.

What an admission of the bankruptcy of the policies of the Conservative Party! So much for the so-called alternative offered by the Progressive Conservative Party.

In the same interview, the former prime minister indicated he was not really a Conservative, he was really a progressive. I think some of us know that particular tendency in the Conservative Party is under bitter attack, and some of us wonder just how long the "progressives" in the Progressive Conservative Party will survive in the fact of that attack.

Enough said, Mr. Speaker, on the absence of any alternative offered by the Conservative Party to the very real economic crisis facing our community. It is clear the government today is prepared to fight inflation on the backs of working men and women, the poor and the elderly. What action has this government taken to close the tax loopholes which so riddle our income tax system? I need only point to a recent issue of *Canadian Business* with the headline on the cover "Tax avoidance as a way of life. How to turn the toys in your life into income tax deductions". We suggest, Mr. Speaker, that an income tax system so riddled with loopholes which benefit only the well-to-do and wealthy must in fact be radically altered. It is a system in which the rich get richer and the poor get poorer.

We have seen the failure of this government to bring forward any effective competition legislation despite the fact the small business sector is being rapidly driven under by corporate concentration in the Canadian economy. What does the Conservative Party have to say about that? They are silent. In fact, when pressed, they say competition legislation is not a priority at this time. Let the big corporations get even bigger. The government purports to be fighting inflation. We all know the devastating effects this policy is having on unemployment. Almost two million Canadians cannot find work, many of them young people and women, but they say they are fighting inflation.

Well, what are the facts? In the greater Vancouver area, which I am fortunate enough to represent, the percentage increase in inflation year-over-year until March, 1982, was 11.4 per cent. How can they suggest with any credibility that they are in fact fighting inflation in light of that kind of increase in the cost of living?

There are many sectors reeling under the impact of this government's economic policies. I do not intend to cover all of them, but one of the most significant is the impact on the forest industry in British Columbia. Members of the International Woodworkers of America have documented very clearly the devastating impact on their members, and the absence of any sensible alternative. Nothing whatsoever has been done about high interest rates, and we know the effect on the construction industry. Not just the construction workers, but others in the labour movement who are supported by the IWA membership are hurting. We know the high levels of unemployment in the forest industry are directly attributable to the high interest rate policy of the Liberal government. We know as well that the proposal in the budget to tax the reasonable

benefits, which in particular such people as union business agents and field workers receive, are totally inequitable. The tax, for example, on vehicles used by business agents means an average increase of some $100 a month in their expenses. The company car which is given to the high-priced corporate executive is a perk, but these people of course need these cars to do their jobs. We know as well the impact of this budget and the failure of this government in the bill before us today to come to terms with the serious slump in the plywood industry, particularly in British Columbia. Plywood made in Canada is largely sold in Canada. The slump in construction, particularly in the area of home building, directly affects those in the lumber industry, especially plywood mill workers.

• (1620)

In British Columbia today there are 10,000 unemployed IWA workers. At the peak of unemployment there were some 15,000 people unemployed. In the last six months, over 22,000 IWA members have had a lay-off of six weeks or more. There will be permanent damage to many industries in Canada as a result of this government's high interest rate policy, including the forest and the lumber industry. What must be clearly shown is that it is the same policy which I have talked about that put woodworkers out of work and is so profitable for those who are already wealthy, those who have high salaries, such as the Governor of the Bank of Canada and the Prime Minister of Canada (Mr. Trudeau). They have extra money to invest. These high interest rates are beneficial to these people because they can receive a significant return on their investment. Once again, the rich get richer and the poor get poorer. It is the same old story.

We know as well that the decision to tax working people on the benefits they receive from their employers is most discriminatory. Loggers have to go to logging camps in order to work. They have no choice. They are charged a certain amount for room and board. In some cases it is $2.50 a day. But the budget has brought in measures that will see these loggers taxed on a benefit which the government claims is worth as much as $60 a day or more. This could cost IWA members some $3,000 a year or more in additional taxes. While businessmen and women can go and spend a few hundred dollars for their hotel, their meals and their martinis at lunch time and claim these as business expenses, the working men and women in the logging sector of British Columbia are being forced to shoulder a significant increase in their costs as a result of the impact of this budget.

I might add that there are as many as 2,500 or 3,000 IWA members who live in my constituency of Burnaby.

There is one argument that I believe should be laid to rest. It is an argument that has been repeated with increasing frequency by the President of the Treasury Board (Mr. Johnston), The Prime Minister and the Minister of Finance. It is that somehow Canadian workers are the highest paid workers in the western world and that we have to cut back on the salaries of working men and women in Canada. By doing that, all of our problems will be answered.

It may have been at one time that we did well in Canada compared to workers in other countries. In 1970, for example, the hourly compensation of Canadian workers was second only to that of the United States. It is important to note that in 1980 Canada's relative position had slipped. Workers had moved from second position of ten countries in the western world to seventh position. The percentage growth in hourly compensation for the manufacturing workers in U.S. dollars was lowest of any of the ten countries being compared. From 1975 to 1980 working men and women in Canada had a percentage increase of approximately 48 per cent in their hourly compensation. Other countries, such as Belgium, had a 100 per cent increase; France had a 104 per cent increase; Britain had a 116 per cent increase. There were many other countries with much higher increases in their hourly compensation. Therefore, to suggest that working people should be made the victims of this government's economic policy is blaming the wrong people. If anyone should be brought to task for the failure of this government's economic policies, surely it is the members sitting on the government side themselves.

The ultimate insult in this government's economic policies and in the policy which is enunciated in the bill before the House today is suggesting to Canadians through a degrading and an offensive advertising campaign, a campaign which costs some $4.6 million, that it is "Making Canada Work." We all agree that we should be making Canada work. I know the people of Burnaby question the waste of Employment and Immigration Canada spending $4.6 million on an ad campaign which shows a young man standing in front of high tech video screens and a young woman posing in front of construction equipment with a caption "Making Canada Work". In the bottom corner there is a sticker from Employment and Immigration Canada. This amount of $4.6 million is an appalling waste of money on this kind of government advocacy advertising. Its sole objective is to promote the government's corporate image. If this government has $4.6 million to spend, it should not be wasted on this kind of advertising—and we know that millions are wasted on similar advertising by this government. Instead, the government should be spending the money on putting Canadians back to work.

I would like to turn now from some general remarks to the situation which particularly affects my constituents in Burnaby. The unemployment rate in Burnaby at present is officially at 12.5 per cent, but the real rate is at least 15 per cent. The volume of unemployment insurance claims at one Burnaby Employment and Immigration office has been running at almost double the anticipated volume since January. It averages between 45 and 50 claims a day. The normal average is 20 to 25. The vast majority of these claims are generated by lay-offs.

The forestry turndown is showing up on Burnaby unemployment records. Many of the loggers who live in Burnaby who would normally be working in the woods right now are registered already in the employment office. This situation applies also to miners who live in Burnaby.

Construction activity in Burnaby is minimal. The only major construction at this point is the erection of three high rises. South Burnaby has three work-sharing agreements in effect and even more is going on in North Burnaby.

The B.C. Institute of Technology is laying off 26 faculty members, perhaps more. There have been serious cutbacks at the Burnaby General Hospital. Somewhere between 100 and 150 staff positions have been cut, half of them are nurses. Thirty-six acute care beds are being lost at the Burnaby General Hospital. They are being eliminated. The number of Canada Manpower industrial training programs in Burnaby compared to this time a year ago is exactly one-half. The biggest clerical employer in Burnaby is the B.C. Telephone Company. At the present time it has a hiring freeze in effect. B.C. Tel laid off all its temporary and part-time operators. Simpsons-Sears is the second largest employer in Burnaby. It has been laying off people steadily since last November, to the extent that its staff is now cut in half from 800 to 400.

There are a number of small businesses in Burnaby employing ten people or less. They are very seriously hurting as a result of this government's failure in the economic field. Building permits are down about one third over last year. That is a clear indication that construction is in the doldrums.

Perhaps one of the most significant statistics is the stock of UIC claims with people who are resident in my federal constituency of Burnaby. In July, 1981, there were 1,780 individuals resident in the federal constituency of Burnaby claiming UIC. In October that number had risen to 1,863. In December that number had risen to 2,545. But we come now to the statistics which are most alarming. In the first four months of this year the figures increased as follows. In January, unemployment insurance increased to 3,061, in February, that figure rose to 3,475; in March it rose to 3,796, and in April the figure rose to 4,215. From July, 1981 to April, 1982 the figures rose from 1,780 people claiming unemployment insurance to 4,215, which is an absolute disgrace.

I would also like to comment on the over-all situation in British Columbia. I will quote from a confidential document entitled "Economic Review—British Columbia—Yukon Territory Region". It is dated April, 1982. This is the most recent document which summarizes the economic situation in British Columbia and the Yukon. This document is prepared by Employment and Immigration Canada. I will read just a few extracts from it to give the government some indication of the seriousness of the recession facing us in British Columbia. According to this document, the good news is that the recession has hit rock bottom. The bad news is that we are likely to remain at rock bottom for some time to come.

• (1630)

What kind of forecast is that for the people of British Columbia? The document also indicates that lay-offs are continuing throughout the forestry industry. MacMillan-Bloedel expects many of its mills to be shut down for considerable periods during the summer because of the reduced demand for newsprint. In my own constituency two industrial mills laid off 15 people two months ago and are placing a further 75 people on a work-sharing contract.

Also the document indicates that the mining industry is following the path of the forest industry into the depths of a recession. For most of the workers in the mining industry the big problem will be getting through the coming summer. Two mining companies with head offices located in Burnaby indicate that they expect very serious difficulties in coming months. In the oil and gas sector exploration activity has dropped significantly over the past year. This confidential document prepared by the department continued:

> A victim of continuing high interest rates, many small and some not so small construction companies are facing bankruptcies, receivership or just general hard times.

One construction company in Burnaby is now in receivership.

In the service sector all services are being hurt in the current recession. These include consumer services, business services and government services. As we know, retail sales have been particularly hard hit during the current recession. The current overall picture is of major lay-offs which have caused generally across the board high unemployment. Many other industries, especially service industries, which rely on people who work in sectors such as mining and manufacturing having money to spend are also under restraint.

We know that the hospitals in British Columbia are being attacked, that jobs are being lost in the hospital sector and that schools are being shut down. In my constituency of Burnaby five schools—two senior secondary schools and three elementary schools—have been shut down. I recognize that this bill and its authorization of borrowing will not do anything whatsoever to alleviate that very serious problem and the effects of the economic policies of the government.

There is nothing whatsoever in this bill to deal with the serious housing crisis facing the people of Burnaby. What is in the bill, in particular for young people, who want to buy homes, to deal with astronomical interest rates? There is absolutely nothing but a usurious interest deferral scheme which was recommended to the minister by the banks. Is it any surprise that the policies of government only help the banks? If we look at the most recent disclosure figures for contributions to the Liberal Party and to the Conservative Party, we see the following statistics. In each year each of the major banks gave $50,000 to the Liberal Party and $50,000 to the Conservative party. The banks know very clearly where their interests lie in this particular economy—it is with the Conservatives and the Liberals who regularly receive money from the Canadian banking sector. They do not see any difference, neither do the people of Canada.

I should like to turn to the impact of the economic policies of government on post-secondary education and on young people, particularly post-secondary education students. In my constituency is located Simon Fraser University, the British Columbia Institute of Technology and the Pacific Vocational

Institute, as well as a number of high schools. I will be attending graduation ceremonies this month and next month at the high schools in my constituency—Burnaby North, Burnaby Central, Burnaby South, Cariboo Hill, St. Thomas More and Marian High School. What do I tell the graduating students when they ask what their prospects are for jobs? What do I tell them at the British Columbia Institute of Technology or at Simon Fraser University or at the Pacific Vocational Institute? I can tell them about the bankruptcy of the Conservative economic policies and of the failure of Liberal economic policies. But I can do no better than to quote one of the senior instructors of forestry at the British Columbia Institute of Technology. He said:

> I've been involved in forestry for 35 years and the job situation now is the worst since about 1947. There's been ups and downs but never as bad as this year. Maybe 25 per cent of the student body will find jobs . . . normally it's 90 per cent at the time of graduation.
>
> Other technical students, including mining students, are experiencing setbacks.

The branch manager of BCIT's Canada Employment Centre said:

> Right now, the opportunities are dismal. Usually 90 to 95 per cent find work but it will go a way down this year. They could get work fighting fires—

Even that is no longer present. He went on to say:

> —students cannot look to the public service sector for help.

BCIT noted as well that the number of employers recruiting on its campus is significantly less this year. I also point out that the situation at Simon Fraser University for graduates of that university is very much the same. The summer job market is bleak. It is the bleakest it has been for post-secondary students in many, many years. The housing situation facing post-secondary education students is impossible. The Liberal government and the Minister of Public Works (Mr. Cosgrove) has refused to allow CMHC to provide any funding for housing for post-secondary education students.

A young man came to my constituency office a month ago. He told me that he worked for two years to save enough money to study at technical school. He spent two years of his life training to become a wildlife technician. For two years since he graduated he has been looking for a job. What do I tell him? What kind of waste of human resources in the country is that? What kind of waste is that which is being duplicated across the land?

It is young people who are being particularly adversely affected by the economic policies of government and it is also women. I should like to point out the serious impact of government economic policies on women and the failure of this particular piece of legislation to come to terms with that devastating impact. We know that traditionally the unemployment rate for women is higher than it is for men and that in times of economic crises, such as those we face now, this problem is exacerbated by the last-hired-first-fired syndrome. Although the number of women entering the labour force has increased very significantly during the last ten years, basically more women are doing the same kind of work. Sixty per cent of all working women do three kinds of jobs—clerical jobs, sales jobs and service jobs. These are low-paying, dead-end jobs; in effect, they are job ghettos. In many of these areas we are seeing significant lay-offs which disproportionately affect women and disproportionately affect young women.

Also we know that the wage gap between the wages of women and the wages of men is 60 per cent. For every dollar a man earns, a woman earns 60 cents. For example, in Canada in 1979 the average working woman earned $11,741 compared with the average man's salary of $18,537. Women do not only suffer from this wage gap at the present time, but as well when it comes time for a pension, including the Quebec pension plan and the Canada Pension Plan, their low pay follows them. Low pay means little or no pension benefits on retirement.

Basically the federal government has been providing lip service to remove this disparity. It acknowledges that the problem exists but it refuses to implement effective affirmative action programs to mitigate against this job ghetto and wage gap disparity. It insists upon voluntary affirmative action programs in the private sector, and the result of those has been a dismal failure. The last count shows that some 27 of 750 companies approached have signed such an agreement. Also we know that in this time of economic crisis there have been serious cutbacks in child care facilities which once again discriminate heavily against women. There is still a very small percentage of women in the management category. I believe there is some 4.3 per cent in the public service. The government's record on its commitment to equal pay for work of equal value is absolutely vacuous.

• (1640)

We know that there is nothing whatsoever in this budget and the bill which was introduced by the minister to assist the elderly and old age pensioners who are falling further and further behind. In 1980 some three million Canadians lived in poverty. Ten per cent of all Canadian families and 30 per cent of all single people were poor, according to statistics provided by the National Council of Welfare.

Perhaps the most searing indictment of this government's economic policies is the fact that over half of the single persons in Canada over the age of 70 live in poverty. Over two-thirds of the elderly women in Canada live in poverty. In this day and age, that statistic is an absolute disgrace.

There has been virtually no change in the distribution of income from 1951 to 1981. The bottom 20 per cent of families still receive 5.9 per cent and the top 20 per cent still get about 40 per cent, which is almost ten times as much. That figure has not changed over the last 30 years.

We in the New Democratic Party advocate a fundamental approach to the serious economic crisis facing Canadians today. Our first proposal is for a massive injection of funds into the economy in order to create jobs in Canada. We must recognize that at this time in our history there is much work which needs to be done. Jobs could be created if only this government would take the initiative and put Canadians back to work instead of having them collect unemployment insurance and welfare.

We also believe that we must take control of the manufacturing sector in Canada which is now so heavily dominated by

foreign interests in general and American multinational corporations in particular. The government should revitalize our manufacturing sector and ensure a far greater proportion of research and development is carried out in Canada. As a result of our branch plant economy, the proportion of our research and development being conducted in Canada is one of the lowest of any western nation.

We must immediately lower interest rates to break their stranglehold, particulary on small businesses on this country. We must eliminate the insidious situation where the only ones who profit from the economic policies of this government are the banks.

As I have said, there is much work to be done and I do not have the time to enumerate the many sectors in which jobs could be created. However, one such sector would be the field of shipbuilding, where literally thousands of jobs could be created if a Canadian shipbuilding sector were developed. This sector would have a significant impact on our balance of payments. Other sectors which could create jobs are energy conservation, reforestation and, most importantly, as I have indicated, the manufacturing and high technology sectors of our economy. All these areas must be stimulated.

The most important step to take is to break the corporate stranglehold on our economy once and for all. This stranglehold on our economy is a result of the dominating pursuit of profit and greed. The pursuit of that profit and greed has led to the poverty we have seen, particularly among the elderly and single parents. Another result of this pursuit has been the destruction of our environment in many parts of Canada because the way to achieve greater profits is to cut corners. Profits will be greater if you do not take precautions to ensure that there is no pollution or that acid rain does not destroy the lakes of northern Ontario, that there is no arsenic poisoning in the Northwest Territories. The pursuit for greater profits means to disregard the question of ensuring that Minamata disease and mercury poisoning does not affect the native people in northwestern Ontario. We should make sure that Amax does not pollute Kitsault Inlet in northern British Columbia.

An economic system based on the pursuit of greed wreaks havoc on the health and safety of workers and, indeed, on the lives of working people. Since it cost money to ensure a safe and healthy working environment which would result in reduced profits, it would be natural for those whose only goal is the pursuit of profit to be unconcerned about injuries to a few workers, or illness or possibly loss of life. Just last month, a company in southern Ontario was fined $4,000 because a worker lost his life. The reason he lost his life was that the company involved had not followed the occupational health and safety regulations of Ontario.

In an economic environment where the pursuit of profit is based upon squeezing as much as possible out of the system, the result is the destruction of the environment and death, maiming and sickness of working people.

Hazardous products are another result of this economic environment. Since companies are primarily concerned about squeezing as much money as possible out of the manufacturing process, they will try to manufacture their products as cheaply as possible. If your company builds Pinto automobiles, for example, you will calculate that it will cost more to produce a safe car than to face court costs resulting from litigation. What kind of obscene economic system is it when it is based solely on the pursuit of profit and results in unsafe and hazardous goods? Another example is flammable nightgowns for children which are permitted to be made. This type of system also results in degrading and offensive advertising and the waste which is so prevalent.

Our party envisions an economic system which is fundamentally different from the one advocated by the Liberal and Conservative parties. We seek an economic system in which all people who want to work will have jobs. We seek an economic system based upon serving the needs of people instead of satisfying the greed for profits to the greatest extent possible.

I have received a great deal of correspondence from my constituents in Burnaby concerning the budget and the proposal which is before the House today. These letters from my constituents have urged the government to change fundamentally its economic direction. I have received more letters describing the pain being felt by my constituents as a result of the budget, high interest rates, unemployment and the high cost of living than on any other issue.

Just last week I had a gentleman, Mr. Berkenpas, come into my office. He worked for 18 years as a draftsman in Burnaby and had been laid off due to the effects of this government's economic policies. He is 56 years old and has worked 18 years with this company. What is he to do with his future? He has a family to support.

Pensioners have written me about their anger over the suggestion in the budget that the provision regarding contributions to an RRSP will be changed so that they will no longer be eligible for a $1,000 pension income deduction.

A Mr. Terpening who lives on Southwood Street in Burnaby said:

> My wife and I have been married for 27 years. I am a pensioner and the pension I receive from my former place of employment is such that, in the event of death, the pension will, of course, be cut in half with a further reduction due to the fact that my wife is 20 years younger than myself.

He goes on to say:

> As you will appreciate, the Government proposal to prevent seniors putting monies into an RRSP without their being penalized will, in our case, cause an unnecessary hardship, as it will no doubt to other senior citizens.

I have some more examples of the economic impact of this government's policies. I had another letter on the question of taxing RRSPs and the taxation of benefits. Many constituents are concerned about the taxation of life insurance and annuities. One constituent will lives on Montecito Drive in Burnaby wrote:

> I do not feel it is fair to discriminate against policy owners who choose permanent life insurance to provide long term protection rather than term insurance—

I have taken this opportunity to bring to the attention of the Government of Canada and the people of Canada, through the

vehicle of Parliament, the concerns of my constituents about the economic policies which, in my view, are having a very serious impact not only on my constituents, not only the people of British Columbia, but on all Canadians. We say that there must be a fundamental change in the direction of the policies of the government.

Mr. Norman Kelly (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I will not present my economic speech in the House today since I attempted to do that yesterday.

I cannot help but feel compelled to comment on the tenor of the speech made by the preceding speaker. I would hope that most politicians in this House would understand that all of us irrespective of political persuasion are trying humanely and intelligently to do our best for the electorate. There is no one in this House who does not come to this chamber sensitive and eager to help seniors, handicapped, businessmen, the young, females; but to hear that type of harangue or diatribe makes me think that the New Democratic Party, which poses as the party of reform, the party of change, the party of the future, in fact has a mind-set which is at least 150 years old. That is the type of social—

• (1650)

An hon. Member: Think of something!

Mr. Kelly: I have so many images going through my mind right now that I am finding it difficult to sort them out. But that language is typical of the class warfare which characterized political life a century and a half ago, when the aristocracy was fighting the middle class and there was a growing working class or proletariat. In those days, that language may have been appropriate because life for most people was very difficult. But that is not the case today. I would argue, as my colleague to my left just suggested, that that type of intervention in this debate is not at all profitable. It obscures the real debate. It hinders the efforts by hard working members of this House to make the very real and tough decisions which face us in this chamber, now and in the years ahead. I would almost say that the New Democratic Party is, in its mind-set, a medieval party. For that reason, I would argue that it is a reactionary party.

Mr. Jarvis: That does not mean shining knights.

Mr. Kelly: It really casts this debate in moral terms which come right out of the writings of the medieval clergy, the priestly cast which set itself apart and above the mere mortals who had to work for a living. Those people could make their grand moral pronouncements and feel great satisfaction in having done so. That was one of the functions of the priestly cast in those days. Frankly, I do not think it was a very productive one; and it appears to be the function of the New Democratic Party today, at least as it has been revealed in the rhetoric of the hon. member who spoke earlier. But I am carrying myself away from the major topic of debate today, which is Bill C-111.

Mr. Rose: You should be carried away, Kelly.

Mr. Kelly: I have been following the debate on Bill C-111, and, from what I have been able to see, there have emerged, in the criticisms of the opposition, three major themes. The three major themes are that government is big and expensive, government is out of control; and, perhaps the most condemning of their criticisms, government today is inept. For those reasons, the opposition argues that government does not deserve to be given the money that it has requested and that the House should therefore vote with a clear conscience against Bill C-93. I would like to take—

Mr. Mazankowski: Bill C-111.

Mr. Kelly: I am sorry, I meant Bill C-111. I would like to take the opportunity to offer my appraisal of those criticisms.

I would like to start with the first one, which is that government is big and expensive. I have to agree; the opposition is right: government is big and government is expensive. But I do not think that is really the point that the opposition members make when they argue that it is big and expensive. I think that what they are really saying is that this bigness is, in some way, unnatural, that it should not be big, that there is something artificial about the size of government and that, because it is artificial, because it could not exist naturally, then it must be as quickly as possible contained in its size and reduced.

I would argue, sir, that governments these days cannot be anything else except big and, for that reason, expensive. The public, in its quest for a comfortable existence which is as risk-free as possible, has placed demands on government which have led to the growth of government. As proof of my statement, I would offer not only the fact that the federal government has grown extremely large over the past two or three decades, but the fact that so, too, have the provincial and municipal governments. In the latter there are no party loyalties. Ostensibly, municipal governments are party-free. If one takes a look at the voting records of these governments, one will see that there is a free mix of votes in that forum, so that people do not vote strictly along party lines. But municipal governments have perhaps been the fastest growing level of government in Canada in the last decade and a half. Therefore, I simply cannot accept the arguments of the opposition that this party, this Liberal government which has been in office for so long, has—

Mr. Mazankowski: Too long.

Mr. Kelly: —of its own volition deliberately and manipulatively expanded the size of government for its own political purposes. This government has been sensitive in listening to the demands of the public and has grown in response to those demands. Rather than being condemned for them, I think this party should be praised.

Mr. Mazankowski: A lot of cheering on that one!

Mr. Kelly: As the hon. member in the opposition said, no one is cheering me on that one. Well, Mr. Speaker, take a look at the provincial governments. Whether the government is Progressive Conservative—

Mr. Mazankowski: There are quite a few of them.

Mr. Kelly: —whether the government is Social Credit, whether the government is Pequiste, whether the government is New Democrat—

An hon. Member: No Liberals.

Mr. Kelly: —all of the governments of Canada have listened to the demands of the public and, in their responses, have grown proportionately as large as the federal government, if not larger. I do not hear hon. members opposite criticizing those governments, presumably because many of those governments are of the same political persuasion as they are and it would not be fit or seemly to have an interfamily quarrel on the floor of this chamber.

Mr. Mazankowski: No, never do that.

Mr. Kelly: The point I have been making is that the federal government has grown in a very natural, very humane and therefore very compelling way over the last two decades.

Mr. Munro (Esquimalt-Saanich): In a very indebted way.

Mr. Kelly: I would illustrate my argument by asking the members in the opposition to turn their criticisms around and to ask themselves what they would cut from the present federal budget. If government is too large and too expensive, what would they cut?

• (1700)

Mr. Taylor: Cut out metric.

Mr. Munro (Esquimalt-Saanich): Purchases of Petrofina.

Mr. Kelly: The budget is divided roughly into four parts. Transfer payments account for 51 per cent of government expenditures, the public debt about 23 per cent, government operations about 16 per cent and national defence approximately 9.7 per cent.

If you go through the arguments of the opposition parties as we listen to them in the House or find them in newspapers or magazines, Mr. Speaker, you will find that while each party has a different emphasis on how it should spend money, or a different mix in the programs they project, the size of government and the totality of its budget would be really very little different from what we have today. In fact, I would argue that both would probably be larger then what we have today.

For example, in our transfer payments 51 cents of every dollar is transferred to provincial governments, corporations and individuals. I have not heard any spokesman for the two opposition parties suggest they would make any cuts, let alone sizeable cuts in any transfer payments to the three recipients I just mentioned. In fact, if you look at the rhetoric of the opposition parties, you will find that that portion of the budget would probably increase, and increase dramatically.

What about the public debt? It was not that long ago when the Leader of the Opposition (Mr. Clark), on the verge of an electoral triumph in 1979, was talking about the need for a stimulative deficit, the need for the Government of Canada to go even deeper into debt in order to make those investments that would be necessary for a greater return, both privately and publicly, later in the decade. In light of that right hon. member's desire for a stimulative deficit, the demands by his colleagues for greater incentives to the business community and their strident demand that we give more to the provincial governments to help them look after education, medicare and social services of various sorts, I do not believe that party is committed to a reduction of the public debt.

If, Mr. Speaker, you have been following the arguments made in this House by members of the New Democratic Party, you will see that they are totally committed to a significant increase in the public debt. I am pleased to hear that at least they are honest enough to commit themselves so openly to increased indebtedness. They at least have the candour of their commitments, something which cannot be said about the party which forms the official opposition.

When we look at the cost of government operations, I doubt that the NDP would give us any reduction in this area. In fact, to deliver the types of programs they anticipate, there would be a significant increase in the size of government operations.

The official opposition party would probably make government operations slightly cheaper than they are right now. I do not know whether they would follow through with the slasher's desire to eliminate 60,000 public servants, but I expect we would see a determined attempt to reduce the size of government operations in the years ahead.

The trouble with cuts in government operations is that this is a minor cost of doing business, a minor cost in the government budget. No matter how rigorously you apply the paring knife to government operations, you will not find a lot of money. I suggest that the official opposition's desire and eagerness aside, any savings that would be found in a reduction of government operations would be minimal at best.

In the last category of budget expenditures, national defence, the New Democratic Party makes no attempt to hide its commitment to a lower defence budget. I believe I can say that without fear of contradiction. However, the official opposition has been equally candid in its projected policies in the area of national defence. If they form the government, the budget of the defence department will be increased dramatically.

In sum, when we look at the four categories of budget expenditures and the policy pronouncements of the opposition parties, we have to conclude that their argument against big expensive government is nothing more than posturing. If they have the opportunity or privilege of forming the government, we would have a government and a budget as big as we now have, with a very good chance of larger ones.

I now want to look at the second criticism, that this government is out of control. I know in saying this in the House, members opposite are reflecting a widely spread feeling among contemporary Canadians. When I go to my constituency, I rarely attend a meeting or a function without someone making the accusation that while the government is asking them to tighten their belts, the government itself is out of control and is spending money as though there were an unlimited supply.

Let us see if in fact this government is out of control, for that is a very serious accusation and has to be met head-on in this House. I will preface my analysis of government by indicating that there are three important players and relationships in government. First, there is the bureaucracy and the relationship between its executive management and labour. Second, there is the cabinet and its relationship with the bureaucracy. Third, there is the cabinet and the bureaucracy and their relationship with Parliament. As well, there are two important concepts: first is value for money; the second is accountability.

• (1710)

Mr. Speaker, in the light of those relationships, from a perspective of those two important concepts, is this government out of control?

An hon. Member: Yes.

Mr. Kelly: From what I can see, and I do not claim omniscience though some members opposite do, I would have to argue that no, this government is not out of control. Mr. Speaker, it was not that long ago that the Lambert Commission, the D'Avignon report and a succession of auditors general sounded the warning that this government was on the verge of being out of control. This government listened to those warnings and it acted on them so that we have today in place a very sophisticated and thorough management system which did not exist a few years ago.

I would like to take this opportunity to outline this management system so that all hon. members opposite, and the public with whom they talk, can understand that this government is making a very serious effort to discipline this very large and expensive government that has evolved over the last few decades.

First of all, Mr. Speaker, there is the fiscal plan. That is a five-year projection of the anticipated expenditures of the Government of Canada. Then inside each department, in an effort to create programs that can fit into that five-year plan, there are what are called departmental strategic overviews. These overviews represent an annual review of the objectives of each department, according to the planning guidelines generated by its parent cabinet committee. These reviews examine in detail the objectives of the department. They ask a number of important questions. Do the objectives of the department still make sense? If they make sense, to what extent has the department achieved those objectives, and at what cost? If it has not achieved those objectives, or if the cost is too high, are there reasonable alternatives?

Still within the department, Mr. Speaker, there are multi-year operational plans. These plans indicate the way in which each department attempts to realize the objectives enunciated in the strategic overview. The plans are continually updated and are submitted yearly to Treasury Board and the parent committee of cabinet, with accompanying additional evaluation plans, so that Treasury Board and cabinet have the information necessary to make a wise and prudent judgment of the performance of those departments.

Still within departments, Mr. Speaker, there is something called the budget year operational plan. This is an attempt by the department to establish the relationship between the estimates presented to Parliament and the department's management system.

Now moving on from the departments there is the very real accomplishment of the reform of the estimates. The reform of the estimates has its expression in three separate documents. The first document is the government expenditure plan which outlines the expenditure plans of the government in total and by envelope for a number of years in the future. The second document shows the appropriations necessary to carry out the plans outlined in the preceding document. Thirdly, still under development and not yet submitted, are the program evaluation plans which get down to the nitty-gritty of the expenditure of the dimes and the pennies necessary to carry out the appropriations which themselves flesh out the plans of the first document.

Supplementing all of these plans and estimates is the IMPAC program. This program is three years old. There are 25 plans that have evolved in 31 departments, covering 85 per cent of the expenditures of this government and covering 95 per cent of the government's employees.

Now, Mr. Speaker, if you take all the programs that I have just outlined in boring detail and look at their impact on the system and ask yourself, has the evolution of these programs, has the establishment of all of these planning systems and the recruiting of all of the staff necessary to carry out these evaluations and plans expeditiously and accurately all produced results? Have they managed to discipline the system that Lambert and others suggested was on the verge of uncontrollability?

If you look at the evidence, I think you would have to say that the results have proven the benefits and the wisdom of the system. The growth rate of the government in person-years has been curbed substantially. In 1975 there were 317,184 person-years in government. In 1981 there were 315,680 person-years; that is a decline, Mr. Speaker, an important decline.

An hon. Member: Not enough.

Mr. Kelly: In 1982 the increase in person-years will be less than 1 per cent and we will have a work force measured in person-years lower than the work force similarly measured in 1976. That, Mr. Speaker, is a remarkable accomplishment.

Take a look as well at the total cost of government in Canada. I mentioned earlier that the cost of government is

roughly 16 per cent of the total budget. Mr. Speaker, I point out that it was not that long ago that the cost of government in Canada was 25 per cent of the budget. So while government is more expensive today, and I would not argue that it is not, as a proportion of the government's budget the cost of government is in fact coming down. I think that is another remarkable and laudable accomplishment of this government.

• (1720)

In the light of those accomplishments and in the light of the fact that the present Auditor General has nothing but muted criticisms and mild commendations to make of the government's performance, why do we not hear more about the successes of this government? Why do we—that is, the public—not have a greater understanding of this government's ability to discipline itself and to control its size and expenditures?

The answer is two-fold. First, good news, frankly, is no news. What does it profit an opposition to praise the government? No one on this side of the House should be waiting with bated breath for opposition members to say anything good about the very real and important steps this government has taken and about the resulting efficiency achieved over the last few years.

The second reason we do not hear much about the gains which have been made in government productivity or efficiency is the fact that, regrettably, most members of this House—certainly the vast bulk of members of the opposition—have never read the documents in which these plans and their successes have been documented. Quite frankly, most members of the opposition do not have the foggiest idea of how the system operates and because they do not have the foggiest idea, they are trapped in the outmoded rhetoric of the mid-1970s when most of their criticisms were beginning to emerge.

Finally, I would like to take this opportunity to assess the third and, as I said, perhaps the most serious criticism which has been made in this particular debate, and that is that this government has so mismanaged the economy that Canada is on the verge of collapse. Rutgers University appeared to document this perspective and to give it some intellectual legitimacy when it revealed in a report several weeks ago that of the executives in the seven industrialized nations it surveyed, the 4,200 Canadian executives were the most pessimistic. It was Canadians who, looking ahead to the future, concluded, unlike their counterparts in other countries, that there was nothing ahead except more doom and more gloom. I would argue that their predictions do not prove mismanagement of the economy. They offer nothing more than soft impressions and a psychological knee-jerk reaction to contemporary difficulties. They reflect the dark cloud syndrome in the Canadian psyche that opposition members—especially of the official opposition—so successfully manipulate in the debates in this House and on the hustings across Canada.

If we have to make a judgment about the economic performance of this government—

Mr. Munro (Esquimalt-Saanich): Who is "we"?

Mr. Kelly: Anyone. "We" is anyone in this House or outside this House, businessmen, academics, workers, or people who stay at home. It does not matter; it is anyone. If we have to make a judgment about the very serious criticism which has been levelled at this government, let us at least deal with some hard, objective data. When we look around for this hard data, what do we find? There have been two very illuminating, independent and objective studies which have been published recently, in 1981 and 1982. The New York Stock Exchange undertook the study, published in 1981, that examined the performances of the industrialized countries of the world from 1960 to 1979. Its conclusion was that the Canadian economy had the second best record of performance in the industrialized world. When we realize that Japan was number one, second best in that study represents a remarkable achievement by the administrations which were in power during that period.

That is an American perspective, and to some hon. members opposite it may be tainted for that very reason. But there has been another report published more recently, this one in 1982 by the European Management Forum, which decided to research, evaluate and write a report on industrial competitiveness. The Forum evolved 241 criteria and applied them to 21 industrialized nations. As a result of its studies the Forum concluded that the Canadian economy was number five. It was not number 13, not number 20 or not number 21, as one might guess from the rhetoric of hon. members opposite; it was number five. I think that is a respectable placing. Japan was first, Switzerland second, the United States third and West Germany fourth.

As far as I am concerned, those two reports indicate conclusively that this government has had, if not the best record, certainly a fine record of achievement in the last two decades. I am not ashamed of its performance. I am not prepared to apologize in this House to hon. members opposite for the performance of this government and for the performance of the Prime Minister (Mr. Trudeau).

There is a sub-theme inside this theme of mismanagement, and that is that the Government of Canada interferes so badly in the Canadian economy and that the heavy hand of government is so pronounced—

The Acting Speaker (Mr. Jarvis): Order, please. I regret to interrupt the hon. member but his time has expired. He may continue, of course, with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Jarvis): The hon. member does not have unanimous consent.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, Bill C-111 seeks to provide borrowing authority for $6.6 billion. That is a big item. It is a big ticket item, and the fact is that it is one

in a series. This government will undoubtedly be back for more.

The hon. member who preceded me spoke about the fantastic record of this government over the last two decades. What is staggering is that 20 years ago this $6.6 billion figure represented the total federal government expenditures of Canada. Ten years ago it represented about one-half. Today the $6.6 billion represents roughly 10 per cent of total federal government expenditures. So we can see that the growth has been phenomenal and more Canadians are wondering where this trend will eventually lead us. Our expenditures and deficits are growing. We are spending more to service our debt. Our rate of growth is declining and production is stagnant. Canadians note that the only growth in Canada today is that of government, and that is not productive.

• (1730)

It is clear, Mr. Speaker, that this trend cannot continue. It is obvious that the direction of this country must change. I submit that we must reduce the level of government expenditures as a percentage of the GNP. Secondly, we must stimulate growth in production to generate new wealth. We must do this if we are to sustain the level of government services we have been accustomed to in this country, if we are to provide those less fortunate with the kind of support services we have in the past so they can live in dignity.

Let us briefly look at our current economic setting, Mr. Speaker. We all know our economy is in a shambles. This year, in spite of the Minister of Finance's (Mr. MacEachen) predictions of a $10.5 billion deficit, economists predict it will be in the order of $13 billion plus. Next year it is expected to rise to $14.5 billion as opposed to the budget forecast of $9.6 billion.

Why this trend towards higher deficits? There are a number of reasons. Number one, energy revenues are lower than originally anticipated; some suggest $20 billion or $30 billion less. Second, lower corporate incomes result in reduced income taxes collected. I note with interest, Mr. Speaker, that the CNR has reported the worst quarterly loss in its history, at $67 million for the first quarter of 1982. Compare that to its 1981 first quarter profit of $69.9 million. Other companies have experienced similar cutbacks in their profits. The oil companies are just one example. Banks have registered profit reductions in the order of 25 per cent to 30 per cent. It has been estimated that more than 50 per cent of the Vancouver business community will be applying for tax refunds this year. As of 1981 corporate profits are at their lowest level since 1947, when the national accounts were first published.

Third, there is the fact of escalating interest costs. We are now spending one dollar out of every five to service our debt. Last year there was an increase of 38 per cent in that category alone, and I suspect it will be higher this year.

Fourth, we continue to rely upon oil imports to supply domestic needs. This will not only have a negative effect on our balance of payments and budgetary transactions, but indeed it has a very significant effect on growth, development and job creation in this country. It certainly has a major effect on the level of the Canadian dollar, which also impacts on interest rates.

Fifth, because of the slowdown and massive unemployment with more people being forced on unemployment insurance, welfare and other government social benefits, those costs will escalate, which will further increase government spending.

We are experiencing a stagnation in growth. It is now estimated that our growth is going to be minus one-half per cent in 1982, compared to a supposed increase of 2.2 per cent projected by the Minister of Finance.

I cite these points because it is clear that the Minister of Finance and his bureaucrats have clearly misread the behaviour of the economy. They have clearly been irresponsible in projecting the effects of the November 12 budget, and to me this kind of gross incompetence should trigger both the minister's and his advisers' resignation, if not that of the whole government. I say to you, Sir, that that would be the best way of improving business confidence in this country. But, of course, that is not about to happen.

The mess we are in is not something which materialized over the last year or so; rather it was over the last 14 years. It is part of a pattern. For example, since this Prime Minister (Mr. Trudeau) took office in 1968 we have only had one balanced budget, which was in 1969. If you look at his record further you will note that during the period 1968-82 we have accumulated budgetary deficits totalling approximately $90 billion. And the hon. member across the way asks, is this government out of control? You are darned right it is out of control, Mr. Speaker. Our national debt now stands at roughly $135 billion, or $14,260 per taxpayer, or $5,560 per capita.

Mr. Kelly: What about Japan?

Mr. Mazankowski: I am not talking about Japan. This is the House of Commons of Canada, we are dealing with the Canadian economy, and that is what is important.

Interest on our national debt is some $16.6 billion a year. Put another way, it is $1,750 per taxpayer, or $680 per capita.

Looking at inflation, we know that in 1968 it was something in the order of 4 per cent. Today it is hovering around 12 per cent in spite of wage and price controls in 1975 which were supposed to see the rate of inflation drop to 4 per cent. In the day leading up to wage and price controls the Prime Minister said he had wrestled inflation to the ground. Well, it has been some match! The consumer price index has increased by 183 per cent, and the purchasing value of the dollar has fallen by some 70 per cent more or less since that man has taken office. In 1968 unemployment was 4.5 per cent; today it is about 9.6 per cent, or 1.2 million Canadians are unemployed. The bank rate was approximately 7.5 per cent in 1968; today it is around 16 per cent with customers having to pay anywhere from 18 per cent to 20 per cent. The Canadian dollar was worth 93 cents U.S. in 1968; today it is 81 cents and falling.

We have a shameful manufacturing deficit of $21 billion, the result of which has been 133,000 fewer manufacturing jobs

in 1982 compared in 1981. We have a current account deficit of $8 billion. Investment capital is flowing out of Canada at unprecedented levels, seven times greater than the average during the 1970s. We have identified some $10.2 billion, of which $5.3 billion is foreign and $4.9 billion is Canadian, plus $8.4 billion worth of unidentifiable capital which has left this country, all for a total of $18.6 billion.

• (1740)

I say to you, Sir, that the major part of this was caused by the Canadianization program, which was itself responsible for the outflow of $6.5 billion in the first six months of 1981. Unfortunately, that outflow is not slowing down. If you look at the outflow in the last quarter of 1981, Mr. Speaker, you will note that capital is flowing out at the same rate it did during the second quarter of 1981.

We have this risk-taking, productive capital leaving the country. It is being replaced by passive money seeking high interest rates in the form of bonds and bank deposits. It has been pointed out that some $5.6 billion in interest is flowing out of the country. It has also been pointed out that the failure of Canadianization is demonstrated by the fact that under the Canadianization program more money is now leaving the country to pay the interest than there was in the form of dividends paid out. This results in higher interest rates, pressure on the Canadian dollar, loss of jobs and a further loss of confidence in the economy.

That is clearly the central problem in Canada's economic woes, but it is clearly within the control and the responsibility of this government. It has not acted, but it must act. This outflow must stop. That is crucial if we are going to restore the kind of economic vitality that we need in this country. We need investment capital to stimulate production, to re-tool and to embark upon the various projects that are proposed but, indeed, at the present time are being stalled, postponed and delayed.

Other members in this House have made the following point: the outlook in this country is bleak. There is no hope. There is no promise. There is doom and gloom which is increasing day by day. There is a sense of despair in the country. Why is that? There are two reasons. First, the government does not appear to be addressing the problem. As a matter of fact, it is obvious the government is not addressing the problem; rather it is adding to the problem.

Second, we go back to the election campaign of 1980. One must go back because at that time there was the creation of false expectation. This government campaigned on a policy that was full of deceitful rhetoric. It promised cheap energy. It promosed lower interest rates. It promised a healthy economy. It promised a vibrant oil industry. The expectations were high. It was "elect us, and we will show you the way".

This goverment has not been able to show the way. This government's simple, slick solution has not worked. They have backfired. What do we have today, sir? We have the cancellation of Alsands, the cancellation of the Cold Lake Project, the cancellation of Judy Creek, the delay of the heavy oil upgrader in Saskatchewan and/or Alberta. We have the delay of the Alaska highway pipeline. We have a 40 per cent reduction in exploration and driling activities in western Canada, the result of which has thrown hundreds of thousands of Canadians out of work. Associated industries have gone bankrupt. The whole industry has collapsed. There has been an exodus of men, equipment, expertise and, indeed, capital.

The petrochemical industry is now another entity of the once vibrant petroleum industry that is now suffering. The latest edition of the "Alberta Report" cites "The Petrochemical Calamity; how Alberta's brightest industrial hope vanished overnight." And what are the chief reasons? There has been a slump in demand in global markets, primarily because of increased costs of petrochemical feedstock prices in Canada as a result of taxes and high interest rates. It has been a sobering situation for an industry which held such promise in Alberta. It was to be the star of the economy in 1980. It was to be the stimulus, the catalyst, that was going to diversify the economy of Alberta.

But the negative impacts of the National Energy Program in addition to the high interest rate policy and the very devasting provisions of the budget have thrown 13 out of 15 petrochemical projects into a state of limbo. I shall cite them for the record.

The Alberta Energy Company project of 1.1 billion pounds of benzene located at Bruderheim, worth $350 million, to be completed in 1984, is delayed while new partners are sought. Another Alberta Energy Company project also at Bruderheim, worth $300 million and to be completed in 1984, also delayed while new partners are sought.

AEC and Dupont Canada Inc. project for a low-density polyethylene plant at Redwater, worth $200 million; planned completion date 1984 and delayed six months.

The Alberta Gas Ethylene Co. project for 1.5 billion pounds of ethylene at Joffre, worth $590 million and due for completion in 1985, is delayed one year at least. The CIL and Trimac Ltd. Project worth $128 million is also delayed.

The Celanese Canada project worth $255 million, to be completed in 1982, also is delayed.

A Dow Chemical of Canada Ltd. project, a 180,000 tonne per year polyethylene plant at Fort Saskatchewan and worth $75 million, to be completed in 1984, is also delayed. Another Dow Chemical project worth $135 million, to be located also in Fort Saskatchewan and to be completed in 1984, also is delayed.

Gulf Canada Products Co. project, worth $250 million, is delayed in its early stages.

Enesco Chem Ltd. has two projects. One is worth $250 million and the other $240 million, both delayed, to be announced later.

Union Carbide Canada Ltd. has a $259 million project for ethylene glycol and it is further delayed.

AEC, Esso Chem. and Hudson's Bay Oil and Gas, which had a $700 million project to be completed in 1986, is delayed indefinitely.

That is what is happening, Mr. Speaker. This government has killed the exploration industry. This government has killed the Canadian component of the industry. Now it is killing the petrochemical industry. The fact is that the National Energy Program has crippled and destroyed a once vibrant industry out there in Alberta. Mr. William Wilder, President of Hiram Walker Resources Ltd. has stated:

> The NEP is just part of an approach to the economy of this country on the part of the federal government that is undermining the ability of every industry in Canada to meet the kinds of economic challenges it faces today—
>
> Because federal policies have so eroded the real market attractions of investing in Canada, increasingly the only way we can attract money to keep our currency relatively strong is by paying historically high interest rates.

I think that sums up the National Energy Program quite well. It has hurt the manufacturing industry, small business, the farmers and the workers.

As a matter of fact, I would like to read a letter that I received from one of my constituents, Mr. Henry C. Wilson, sales manager for Sun Life of Canada. He addressed his letter to the Prime Minister of Canada, a copy of which he forwarded to me. It reads:

> As a Canadian of several generations I wish to ask you if you know what you are doing to this great country of ours? I write with respect to the re-election of your government in 1980, the introduction or nationalization of our country through programs such as NEP and thirdly with respect as a life underwriter, in the life insurance industry to the November 1981 budget and change in December 1981.
>
> As in hockey, Sir, usually five players make a mistake before the goal keeper makes his. Canadians were first to make the mistake in re-electing you to govern our country again. You then had your chances and have made your mistakes many times since.
>
> The NEP is a disguise I believe to socialize our country and it appears to be working better than you even planned I am sure. With the number of companies moving out of Canada or going broke, our wonderful Canadian Crown Companies will not even have to pay for some of the assets they will take over, simply pick up the keys. By the way, part of my tax dollar is in that Canadian Crown Company you have been playing with and I don't like it. As a result of NEP unemployment is higher than ever, as are corporate bankruptcy in our area of this country. This was before the budget of November 1981.
>
> The Budget of November 1981 will kill any of the free enterprises or small businesses that were missed by the NEP.
>
> • (1750)
>
> It takes cash flow to purchase life insurance. My business today is 25 to 40 per cent of pre-November 1981. Do you know how many dollars this represents in Canada that are not flowing through the system to provide life insurance protection for families? Do you realize the dollars that life companies do not have today to finance homes, apartments, commercial buildings and finance industry—all these things that put people to work and lastly pay tax dollars to you to keep you flying around the world?
>
> I write to suggest that you do two things very quickly to save our country.
>
> (1) Scrap the NEP.
>
> (2) Bring in a new budget that gives reward for work and provides incentive for people to put a dollar away for a rainy day—through life insurance or a deferred annuity as was pre-1981 income.

This gives us an idea of the depth of the feeling and the impact of the National Energy Program and of the budget upon average Canadians.

We know that the government's program for economic development is based upon resource megaprojects. Either deliberately or through stupidity, economic leadership in the country has been such that economic infrastructure has been destroyed. Now we have a large number of potential megaprojects which were once on stream and are now down the tubes. I remind hon. members of the House that back in February, March and April of 1980 the oil industry was humming. At that time Alsands project was proceeding. It had the support of the Alberta government and the approval of the Alberta government and the approval of the Alberta Resources Conservation Board. As a matter of fact, it was working on site. The industry was humming, but it is now down the tubes as are so many others.

What about the alternatives? What will the government do now to pick up the slack? Will it make any fundamental changes to the National Energy program? The National Energy Program was referred to in the *Edmonton Journal* as "a real life nightmare". It went on to recite the deficiencies in it. The government must do something to refuel the engine for economic development upon which it has relied. If we are to alleviate the unemployment situation, there must be changes to the National Energy Program.

Mr. John D. Porter, management director of the Independent Petroleum Association of Canada, said recently that what was needed were some fundamental changes to the National Energy Program. He indicated the following:

> (a) Reduce the charges under the petroleum gas revenue tax.
>
> (b) Reduce the level of incremental oil revenue tax.
>
> (c) Reintroduce tax incentives so Canadians will invest in exploration and development in Canada.
>
> (d) Establish priority access to Canadian markets for Canadian crude oil production, thereby eliminating imports from foreign sources, thus reducing our balance of payments problem.
>
> (e) Open new long-term competitively priced natural gas export markets for Canadian producers at the earliest opportunity.

Those are some very logical and common sense recommendations which I suggest the government should consider seriously.

There are other options. We on the opposition side are looking for some answers. With the cancellation of the Alsands project, does it mean that efforts will now be redirected to revitalize the Cold Lake project or something similar to it, even though it would be on a smaller scale? I think this requires serious consideration.

Further, what will be the government's policy with respect to encouraging conventional oil drilling and exploration? Given the fact that supplies are dwindling, I believe serious consideration should be given to revitalizing that particular sector. What efforts will be made to commence in earnest a heavy oil upgrader? There are huge amounts of heavy oil shut in which we cannot now use because we do not have the facility to upgrade it to a level where it can be accepted by our conventional refiners. Now that Alsands has been cancelled, surely it is incumbent upon and behooves the government to reconsider and accelerate the establishment of a heavy oil upgrader in Alberta or Saskatchewan or both.

What plans does the government have with regard to establishing the kind of necessary initiatives toward enhanced recovery of heavy oil? There are huge deposits of heavy oil in Alberta and Saskatchewan. If we are to work toward achieving energy self-sufficiency, we certainly cannot wait until production is in place as far as the high Arctic, frontier lands and Hibernia are concerned. We have a long time to go before the regulations, the transportation system and all obstacles will be overcome. We must move toward revitalizing this very important sector. Since the announced cancellation of Alsands there has been nothing coming from the government in terms of what it proposes to do alternatively to take up the slack.

Finally, in order to end the uncertainty, the confusion and the devastation, the budget must clearly be withdrawn. I bring these recommendations to the attention of the House at this time in the interests of preserving and enhancing our leadership in technology in oil sands and heavy oil recovery. Also I bring them forth in the interests of ensuring adequate and secure supply, of aiding the restoration of our economic health and of looking at serious problems in regard to interest rates, the current account deficit and the outflow of capital to other countries. I bring forth these recommendations also in the interests of job creation and stimulated economic development and growth.

I believe these alternatives must be actively explored and that industry once again must be the major catalyst. The ground rules must be clearly spelled out. There must be stability and confidence. The government cannot move in and out and change rules in the middle of the night. There must be a clear set of rules, regulations and guidelines within which industry can function. We certainly cannot stand any more destruction and division as has occurred in the country over past years.

It is time to renew our economic and political partnership so that it will encourage production and growth, encourage the Canada first policy, reduce our dependence upon imports, and revitalize the private sector. We must attract new investment and ensure that investment dollars stay in the country. We must restore investor confidence and build upon our natural strengths. We have many natural strengths. I have talked mainly about the energy industry, but we also have agriculture, the oil industry and the mining industry. We have much potential in the country.

I should like to quote from a speech by Mr. Jim Gray, executive vice-president of Canadian Hunter Exploration in Calgary. He said:

> This country is languishing in a state of economic gloom and political rancour.
>
> Entrepreneurship and free enterprise are out of fashion in the decision-making regions and cities of Canada. The centralization of political decision-making in government offices, especially in Ottawa, is apparently the new process for building one Canada.
>
> Quite obviously it is a process that, because it is designed to centralize power in Ottawa, is in direct conflict with regional decision-making. An inevitable result is serious tension.
>
> Canada today is a game played by and for bureaucrats and government theorists. We were once a great nation of producers and entrepreneurs. The hands that once drove industry and created jobs now spend weeks out of every year in the stroking of politicians.
>
> The builders that once spent all their time driving production on the drilling rigs, at the mine site or on the factory floor now sit, cap in hand and hour by hour, in the outer offices of the Ottawa bureaucrats. They are waiting for their decisions as to the tax regime and regulations under which the entrepreneur will operate and strive to create jobs and production and make a profit.

This is a very, very sad litany of what has happened. The enterprise spirit in the country has been destroyed. Unless the government fundamentally changes its direction, that spirit will be destroyed to the extent that it will be very difficult for any government, even a Conservative government, to recover and redirect.

The Acting Speaker (Mr. Blaker): Shall I call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being six o'clock, pursuant to order made Friday, May 7, 1982, it is my duty to interrupt the proceedings and put forthwith, without further debate or amendment, every question necessary to dispose of second reading stage of the bill now before the House.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

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

(*Division No. 174*)

YEAS

Messrs.

Allmand	Bussières	Cullen
Appolloni (Mrs.)	Caccia	Cyr
Axworthy	Campbell (Miss) (South West Nova)	Daudlin
Bachand	Campbell (LaSalle)	Dawson
Baker (Gander-Twillingate)	Campbell (Cardigan)	De Bané
Beauchamp-Niquet (Mrs.)	Chénier	de Corneille
Bégin (Miss)	Chrétien	Demers
Berger	Collenette	Deniger
Blais	Comtois	Dingwall
Bloomfield	Corriveau	Dion
Bockstael	Cosgrove	Dionne (Chicoutimi)
Bossy	Côté (Mrs.)	Dionne (Northumberland-Miramichi)
Bujold	Cousineau	Dubois
Burghardt		Dupont

Messrs.

Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gourd
(Argenteuil-Papineau)
Gray
Guilbault
Harquail
Henderson
Herbert
Hopkins
Irwin
Isabelle
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lang
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
MacBain
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson
(Miss)
Olivier
Ouellet
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan
Yanakis—117.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Bosley
Bradley
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
de Jong
Epp
Fennell
Fretz
Friesen
Gamble

Messrs.

Gass
Greenaway
Gurbin
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Heap
Hnatyshyn
Hovdebo
Howie
Jarvis
Jelinek
Keeper
Kempling
King
Lewis
Lewycky
MacDonald
(Miss)
MacKay
Mayer
Mazankowski
McCain
McDermid
McGrath
McKenzie
McKinnon
McLean
Miller
Mitchell
(Mrs.)
Munro
(Esquimalt-Saanich)
Murphy
Murta
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Robinson
(Burnaby)
Roche
Rose
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Waddell
Wenman
Wise
Wright
Young—82.

• (1820)

Mr. Deputy Speaker: I declare the motion carried. Accordingly, the bill stands referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Deputy Speaker: It being after six o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon, pursuant to Standing Order 2(1).

At 6.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 13, 1982

The House met at 2.00 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

SUGGESTED CUT IN TAXATION—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise under the provisions of Standing Order 43. Federal government taxation is killing business and pounding the life out of the people. One utility company which paid a total federal tax of $8 million in 1980 was required to pay $64 million in 1981, or eight times as much, even though its revenue was only three quarters of the 1980 revenue. This increase was due to the excise tax and the Canadian ownership tax. These taxes are passed on to the people, including the aged, the poor and the crippled. Therefore I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House urge the government in the name of humanity and compassion to cut these taxes before we have a tax revolution in this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CALL FOR RELEASE OF ANATOLY SHCHARANSKY BY SOVIET AUTHORITIES—MOTION UNDER S.O. 43

Mr. David Smith (Don Valley East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity to move a motion which I believe will obtain the consent of the House. Whereas Glendon College of York University, Toronto, will next month be honouring with the degree of Doctor of Laws, Anatoly Shcharansky, a man who has struggled to obtain his fundamental human rights, and whereas this Soviet dissident has involved himself fearlessly in mankind's struggle for freedom of thought, of expression and of movement, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Winnipeg North (Mr. Orlikow):

That this House urge the Soviet authorities to acknowledge Anatoly Shcharansky's courageous principles and allow for his release in order that he may accept in person an honorary degree of Doctor of Laws to be conferred by Glendon College of York University.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

OFFICIAL LANGUAGES

OMISSION OF UKRAINIAN FROM MAP—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, the information branch of the Commissioner of Official Languages recently published a map supposedly depicting the languages of the world. The map is apparently intended as a teaching aid for students from the age of 13 to 17 years. The map pointedly omits any reference to the Ukrainian language. There are over 600,000 Canadians of Ukrainian descent in this country who have contributed their language and their traditions to enhance the cultural mosaic of Canada. The publication of this map by the government is an insult to each and every one of them. Therefore I move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That this House direct the Commissioner of Official Languages to withdraw this offensive map immediately and prepare a proper one which recognizes the Ukrainian language as one of the world's languages.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

EXPLORATION OF NEW BRUNSWICK'S OIL SHALE DEPOSITS—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, in view of the collapse of the Alsands project and the Prime Minister's statement in the maritimes that the government will be looking

for self-reliance in other areas, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the government immediately commit itself to funding exploration of the oil shale in New Brunswick.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

CALL FOR APOLOGY BY HOUSE OF COMMONS—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I ask for support of this motion by all parties in the House. Yesterday many male members of the House laughed uproariously when they were told that one out of every ten men in Canada beat their wives repeatedly. As a result, there has been a public outcry against the appalling attitude expressed by these hon. members. Therefore I move, seconded by the hon. member for Beaches (Mr. Young):

That all members of this House apologize to the women of Canada for the shameful and disgusting display of discrimination and ignorance by members who degraded this House yesterday with their performance.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

AGRICULTURE

NECESSITY FOR BEEF STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, the Minister of Agriculture (Mr. Whelan) has been talking about a national beef program of one sort or another for over a year. In the meantime, because of the lack of any effective national program, every beef producing province has announced assistance to the beef industry which significantly varies from province to province. I therefore move, under the provisions of Standing Order 43, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That the Minister of Agriculture stop accusing farm leaders of being gutless and show some leadership by calling a meeting of provincial agriculture ministers to work out a nationally co-ordinated and jointly funded beef stabilization program between the two levels of government and the producers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

STATUS OF WOMEN

REGRET CONCERNING REPORTED ATTITUDE OF MEMBERS—MOTION UNDER S.O. 43

Mr. Marcel Roy (Laval): Madam Speaker, under the provisions of Standing Order 43, I wish to remind hon. members of an incident that occurred in the House yesterday when a question was being put to the Minister responsible for the Status of Women, the Hon. Judy Erola, and some hon. members seemed to be unmindful of the situation concerning wife battering in Canada. I move, seconded by the member for Kingston and the Islands (Miss MacDonald):

That the House apologize for this attitude and shows that its members are aware of the extent of the problem of violence done to women in Canada, and that it reiterate its support for the third report of the Standing Committee of the House and urge hon. members to support its main objectives, which are to gain a better understanding of the problem of violence and provide better protection for its victims.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE ADMINISTRATION

CALL FOR RESIGNATION—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, more and more men and women across this great country are losing their jobs, causing real tragedy in the daily lives of ordinary Canadians. They depend on members of this House of Commons to show leadership in the direction of our economy. The absolute stupidity of the government is pushing Canada into a depression. The greatest resource of Canada is our young people who have spent years of effort to prepare themselves so that they may take part in the richness of our nation, but they are now finding no jobs and no hope of jobs. The stubborn jackass of a finance minister—

Some hon. Members: Order, order!

Mr. Shields: —who knows full well that his policies are not working, that they only serve to make a disastrous situation worse, must now change his policies before it is too late. The

Minister of Energy, Mines and Resources (Mr. Lalonde) must throw out his national energy policy which has already wreaked havoc on the one industry which could have led the way to Canada's economic recovery.

I therefore move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House do immediately receive the resignations of the members of this lunatic group called a government—

Some hon. Members: Order.

Mr. Shields:

—whose disastrous, short-sighted and ignorant economic and energy policies are responsible for hurling our great country toward another depression.

Some hon. Members: More, more!

Mr. Shields: Madam Speaker, the people of Canada want to work, they do not want to—

Some hon. Members: Order.

Madam Speaker: Order.

Mr. Shields: —they do not want welfare.

Madam Speaker: Order. The hon. member for Humboldt-Lake Centre (Mr. Althouse).

* * *

AGRICULTURE

FARM INCOME STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43. Since the Minister of Agriculture (Mr. Whelan) is at least six weeks past his own deadline for a federal-provincial agreement on an improved stabilization program to assist in preventing further declines in Canadian net farm income, which has basically remained unchanged since 1974, at which time that income was close to parity with other sectors of Canadian society, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House order the Minister of Agriculture to report to it the principles being proposed by himself and his department, as well as to report how many meetings he has initiated on this topic since June of 1981 when he set his deadline for the introduction of a new program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NATIONAL ENERGY PROGRAM

POSITION OF MEMBER FOR YORK-PEEL—MOTION UNDER S.O. 43

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas my good friend, the illustrious hon. member for York-Peel (Mr. Stevens), has been one of the harshest and most severe critics of the National Energy Program, and whereas it was disclosed in the press today that he is chairman of the board of a company which is now a partner in the recently announced $600 million Beaufort Sea exploration project, I move, seconded by the hon. member for Lac-Saint-Jean (Mr. Gimaïel):

That this House invite the hon. member for York-Peel to prove that he is a man of conviction by asking him either to change his position on the National Energy Program and begin to support its excellent policies or to resign his corporate position.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

EXCHANGE VALUE OF DOLLAR—GOVERNMENT POSITION

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Prime Minister. Today the Canadian dollar fell to its lowest level since the depths of the depression 50 years ago, before the Bank of Canada stepped in to support it. This alarming drop reflects the conviction of investors that the government will again introduce the wrong economic policy at the wrong time and take steps to devalue the dollar or bring on exchange controls. Will the Prime Minister commit to this House, on the basis of whatever credibility his government still possesses, that the government is not planning to devalue the dollar or impose exchange controls, now or in the foreseeable future?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is probably right in ascribing this drop in the dollar to an assumption that we are going to take the wrong policy. I can assure her that we are going to take the policy which she seems to prefer in her question, and which has been this government's policy, that of not devaluing the dollar and not imposing exchange controls.

Oral Questions

BANK OF CANADA

POSITION OF GOVERNOR

Miss Pat Carney (Vancouver Centre): Madam Speaker, my second question is also directed to the Prime Minister. The panic selling of the dollar and the flight of money from the country reflects the fact that the whole world, not just Canadians, has lost confidence in the ability of this government to govern. After all, it is the government which brought in the national energy policy which cost us hundreds of thousands of jobs, and has even put our banking system at risk. Has it also lost confidence in the Governor of the Bank of Canada? Will the Prime Minister confirm whether the governor's resignation has been asked for or has been offered?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can also say quite categorically that that is a completely unfounded rumour. The governor's resignation has not been offered, nor has it been asked for, nor has it been discussed in any way.

* * *

FINANCE

REQUEST THAT MINISTER BE REPLACED

Miss Pat Carney (Vancouver Centre): Madam Speaker, my third question is also addressed to the Prime Minister. I am advised, by talking to people throughout the country, that the one positive step the Prime Minister could take to restore some degree of confidence would be to replace the finance minister and withdraw the budget. Is the Prime Minister prepared to take that step, or, having pulled the plug on the economy, is he prepared to let the country go down the drain?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would inform the hon. member that the people who advised her of that seem to have a very simplistic view of the world economy and the Canadian economy if they think that one man in Ottawa can be responsible for the high unemployment in Germany, Britain, Italy and the United States.

Some hon. Members: Oh, oh!

Mr. Trudeau: Madam Speaker, we again have the example of bellowing backbenchers who refuse—

Mr. Shields: Go home and talk to the residents in your riding.

Madam Speaker: Order. The hon. member on my left does not have the floor.

Mr. Trudeau: Madam Speaker, I apologize for the backbenchers to the hon. member for Vancouver Centre who should be as distressed as I am that they do not find her questions important.

THE ECONOMY

LEVEL OF INTEREST RATES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is to the Prime Minister who will know that today interest rates went up 25 bases points in Canada. This week interest rates on American T-bills went down about 40 bases points. Will the Prime Minister tell us how long he is going to force interest rates up in this country, now nearly three points above American rates expressed on T-bills, in order just to protect the market value of our dollar? What is he going to do to get interest rates down in Canada, and not keep blaming the Americans?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we have in these two questions an example of the confusion which is present in the opposition ranks. The hon. member is suggesting we should not do anything to protect the dollar. The previous questioner from the same party wanted to be assured that the Canadian dollar was not going to be devalued and, therefore, that it should be protected.

REQUEST THAT NEW BUDGET BE INTRODUCED

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Prime Minister will know that we have advocated policy after policy to strengthen the exchange value of the dollar without resorting to ridiculous, high interest rates, which he seems to want to impose on the country.

• (1420)

One of the reasons the dollar is going down is the lack of confidence in the economy, the lack of confidence in his government. When is he going to bring in a new budget? When is he going to set the country on a new economic course? When is he going to change things so that Canadians will not take their money out of Canada and that foreigners will not take their money out of Canada? When will there be some confidence in Canada again so that we can build the country and make it go forward? When are we going to turn off the fiscal doomsday machine?

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Amid all that shouting, Madam Speaker, I think the hon. member was asking me when we should be changing our economic policy. I would point out to him that a member of his own party, a couple of minutes ago, wanted to be reassured that we were not changing our policy in so far as devaluation of the dollar is concerned.

Mr. Corbett: What devious hypocrisy!

Mr. Trudeau: There is hypocrisy over there, Madam Speaker. The problem could be solved if the Conservative Party were to get their act together and know what economic policy they are going to follow.

EXTERNAL AFFAIRS

STATEMENTS MADE BY UNITED STATES AMBASSADOR TO CANADA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. The internationally accepted role of an ambassador is that an envoy should not interfere in the host country's politics by speaking out publicly on matters which are to be resolved domestically. Considering that the United States ambassador to Canada has once again violated this principle, this time by asserting, on the one hand, that Canadians spend too much on social programs and, on the other hand, by asserting publicly that we should not strengthen our FIRA legislation, what action does the Government of Canada propose to take to ensure that this does not happen again?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the hon. member has not stated the international rule exactly. It is that ambassadors are expected to represent their countries in another country and to speak on issues in that country which affect their own country's interests and policies. As I am sure all hon. members of the House would wish, we give a fairly wide latitude to that rule, just as we would expect other countries to do so in the case of our ambassadors.

I would admit what the hon. gentleman says, that there are some instances which, from time to time, could be considered borderline. In those cases, by and large, I think it is better that those be dealt with, as long as they are borderline, by the normal political and free speech process of this country, so that members like the Minister of National Defence or other members of this House can publicly answer things which are publicly said. It seems to me that that is in the best tradition of Canadian democracy.

Some hon. Members: Hear, hear!

POSITION TAKEN BY FORMER UNITED STATES AMBASSADORS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have rarely heard such a weaselly answer, even from the Secretary of State for External Affairs. I would like to direct a supplementary question to the Secretary of State for External Affairs, since the Prime Minister has decided that he is not going to get involved in this rather basic question which simply involves the principle that the American ambassador in Canada should act precisely according to the same rules as do all other ambassadors. That is really the point at stake here.

One predecessor of the current ambassador, namely, Adolph Schmidt, has said "I would never use a public forum to criticize Canadian policies." Another former American ambassador, Mr. Porter, has also agreed with this principle. Since I know of no person other than the Secretary of State for External Affairs who has said that ambassadors should be going around publicly engaging in domestic debate, does the minister not agree with the two former American ambassadors who said that an ambassador's role, when he has differences with the Government of Canada, is to express those differences with the Government of Canada, and otherwise keep his views to himself?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, first of all, there is no difference in any rules or tolerances that we apply as between one ambassador and another in Canada. They are all treated exactly the same.

• (1425)

We must understand that an ambassador's role is not just to represent his government to the government of another country in the sense that he gives messages privately to that government; he is also entitled to speak out publicly—as our ambassador, for instance, in Washington does—on the issues of the day as they affect the interests of his country. It is only when an ambassador departs from that course that he is rightly subject to censure.

Mr. Broadbent: Madam Speaker, I would like the minister to be able to give to the House any comparable example of a Canadian ambassador going down to the United States and criticizing domestic U.S. policy. I suggest, with all respect, that the minister cannot give any such example.

UNITED STATES PRESSURE RESPECTING FOREIGN INVESTMENT REVIEW AGENCY

Hon. Edward Broadbent (Oshawa): Madam Speaker, in the context of the present American ambassador's objectionable practices in this country, and considering that Mr. Robinson said, shortly before last fall's budget, that Canadians could anticipate an announcement that the Liberal commitment to strengthen FIRA would in fact be withdrawn shortly—and when we saw the budget we saw that his forecast was confirmed—does this acquiescent attitude of the Government of Canada to U.S. pressure really account for the minister's response to these questions today rather than the substance of the arguments he is presenting?

Mr. MacGuigan: Do you want to take that, Prime Minister?

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Why don't you ask Pierre Bussières? Get up, Pierre.

Mr. Blenkarn: He hasn't got any notes on that subject.

Mr. Broadbent: Ask your backbenchers.

Mr. Hnatyshyn: Prime Minister, Bill Rompkey has his hand up.

Some hon. Members: Oh, oh!

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Order.

Mr. MacGuigan: Madam Speaker, I should not have to recall for the hon. member the cases in which our ambassador, our officials and our ministers speak openly and publicly in the United States against various aspects of American policy. Often at the instance of the hon. member's party they raise the question of the Garrison dam, for instance. We speak publicly. We lobby publicly in Washington on this issue—

Mr. Broadbent: That is an international question.

Mr. MacGuigan: —because we believe it is in the interests of our country.

As I stated before, this is a question relating to a host country's policies and the effect they have on the policies of an ambassador's home country, in his view, and that is the rule which is internationally accepted as a valid one.

With respect to FIRA, I might say that our policy on FIRA has not changed. Our explanation of it in the United States has not changed.

Mr. Broadbent: Read the budget.

Mr. MacGuigan: It is not for me to say what the product of the review of FIRA will be, but the fact is that this is not the highest profile issue we have in our relations with the United States, and the effect of the American pressure to which the hon. member refers is not a crucial factor in the formulation of our policies.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF ENERGY OF THE PHILIPPINES

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of Mr. Geronimo Velasco, the Minister of Energy of the Philippines.

Some hon. Members: Hear, hear!

PRESENCE IN GALLERY OF MAYOR OF LAHR, GERMANY

Madam Speaker: I would also like to draw the attention of the House to the presence of someone many members of this House have met, Mr. Dietz, the Mayor of Lahr, Germany.

Some hon. Members: Hear, hear!

* * *

KENT ROYAL COMMISSION

ESTABLISHMENT OF NEWSPAPER ADVISORY COUNCIL—GOVERNMENT POSITION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, the last exchange of questions was like putting a question to Edgar Bergen and getting the answer from Charlie McCarthy.

Some hon. Members: Hear, hear!

Mr. Beatty: Perhaps I can go directly to the ventriloquist. My question is directed to the Prime Minister. It arises from a cabinet document entitled "Response to the Royal Commission on Newspapers." Can the Prime Minister confirm that cabinet is currently considering a set of proposals dealing with the Kent commission which would substantially scrap its recommendations and result in a Canadian newspaper advisory council being set up, and in policies which would restrict Southam and Thomson to their present size, and which would result in the breakup of those two chains if they were to be sold?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is asking to be informed of a discussion which has gone on in cabinet and which has not yet been the subject of a public announcement. I think that even Charlie McCarthy would know that the rules provide that a cabinet decision will not be announced until the minister responsible wants to make that announcement. The Minister of Multiculturism is at present travelling with the Governor General, and when he returns he may or may not want to deal with this question.

QUERY RESPECTING CABINET DOCUMENT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, one of the recommendations is that in future non-media companies wanting to acquire newspaper holdings would first have to demonstrate to the Restrictive Trade Practices Commission that the purchase would be in the public interest. In view of the fact that the cabinet document itself says that even this review process may be struck down by the courts, can the Prime Minister give the House the assurance that, if this proposal is included in legislation presented to Parliament, before asking Parliament to pass it the government would first seek a reference to the courts?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have to repeat to the hon. member that he is asking me to comment on a cabinet document—an alleged cabinet document. I can assure him that the rules of Parliament do not call for me to answer such a question and he, as a former cabinet minister, although admittedly an insignificant one, should not have to be told that.

Some hon. Members: Oh, oh!

EXTERNAL AFFAIRS

REQUEST FOR ASSISTANCE TO TRANSPORT CANADIAN AEROBATIC TEAM AIRCRAFT TO EUROPE

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Secretary of State for External Affairs and concerns a question I put to him on April 28. I am informed that the Canadian aerobatic team has received an offer from the Solidarity Union, of Poland, to help finance the movement of the Canadian aerobatic aircraft from Canada to Austria where the world championship competition will take place, in exchange for painting on the Solidarity logo on the aircraft. I understand those concerned have written to the Minister of National Defence and the Secretary of State for External Affairs asking for some assistance in getting their aircraft over to Europe. Has the minister responded to the Canadian Aerobatic Association and, second, has he responded to its request to use the Solidarity logo on its aircraft instead of the Maple Leaf?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the question that was addressed to me by this Canadian body was one asking for advice about the appropriateness of using the Solidarity logo. As hon. members know, many people in Canada wear Solidarity pins and are very proud to carry the Solidarity logo. That is a decision which, in a free country like this, Canadians are free to make, and they do so, showing their solidarity with the Polish organization. It is not for the government to advise a private organization whether it should adopt such a position. That is basically for it to decide, and that was the advice we provided.

Regarding the question of transportation, I think that might be more appropriately addressed to my colleague, the Minister of National Defence.

* * *

FISHERIES

CLOSING OF FISH PLANTS IN ATLANTIC CANADA

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Fisheries and Oceans concerning employment in the fishing industry in Atlantic Canada. The minister knows that Atlantic Canada is experiencing record unemployment, and now the Fisheries Council of Canada has suggested reductions in the number of fishermen, vessels, and processing plants. The minister also knows that further fish plant closures would have drastic effects on unemployment in Nova Scotia and the Atlantic provinces.

Will the minister undertake to fight against further fish plant closures? Will he also make every effort not only to continue employment in the fishing industry at current levels but to reactivate closed plants, and will he work to create more job opportunities in the Atlantic fishery? Surely with millions starving in the world, we can catch, process, and sell this high protein food.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I am afraid the hon. member's last question underlines exactly the problem we have had in the fishery, which is to try to load upon this industry all the other economic problems and all the problems of unemployment caused by closure of mines or whatever. For a good number of years I have advocated—and in this I have been supported by members on all sides of the House—that we should see the 200-mile limit not as an unlimited expansion but as a way go give the industry which existed some chance at stability. I am afraid that many people, including some of the large companies on the east coast, have expanded beyond anything that the oceans can provide.

On the question of disposing of surplus fish, I might say to the hon. member that if we had been able to convince the industry to co-operate, and if international markets had been better than they have been, we might have made more progress.

GOVERNMENT POLICY

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a supplementary question. I want to point out to my colleague from Atlantic Canada that, while I welcome his answer, he should remember that our colleagues in Ontario do not solve the problems in the auto industry in Oshawa by closing plants in Windsor. In Atlantic Canada we do not want this problem resolved by closing plants and getting rid of fishing vessels and fishermen because we are already faced with great unemployment. Does the minister have a plan for curing the difficulties in the fishing industry so that we can get on with developing this great resource industry and thus create more job opportunities? If he does not have a plan, can he assure us that the Kirby task force will come up with a plan to resolve these difficulties?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, it is exactly because we felt that putting money into the industry, as we did in 1974, would not give us a long-term solution to the problem that the Prime Minister appointed the task force which I recommended before Christmas.

I might say that the first part of the hon. member's question underlines the problem again. Some companies have made decisions against the advice of my department and against the advice of DREE and, in one case, against the advice of its usual banker. It went ahead and expanded, spending $7 million. I really do not think that in that situation the government should be expected to carry the responsibility.

Oral Questions

EMPLOYMENT

APPLICATION OF EMPLOYMENT BRIDGING ASSISTANCE PROGRAM IN BRITISH COLUMBIA

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In Port Alberni alone 1,200 UIC claims will run out by the end of August. The only thing that the minister has announced that might give some aid to these people is the employment bridging assistance program, announced three weeks ago jointly by the province of British Columbia and the minister. That announcement was met with a lot of opposition from the union, and a lot of silence from the companies. Inquiries at the CEIC offices by people interested in the program are met with a big silence also. No details of the program have been announced and no one knows who can apply or who will benefit.

Has a final agreement been signed with the province of British Columbia and, if so, when will details be announced to CEIC offices? Will those people who are already off claim, or who will be coming off claim within the next couple of months in the forestry industry, be eligible for the program if it ever gets under way?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in putting forward the program a very clear public announcement was made jointly with the province of British Columbia which is co-operating with us in this venture. The guidelines for the program were very clearly established. Officials of the Employment and Immigration Commission in B.C. were part of that announcement. The province and the federal government have a joint committee which administers the program, and it has undertaken discussions with the forestry industry and its unions.

I just do not believe that what the hon. member is saying is accurate. There has been a fair degree of consultation. Because of the affiliation of the hon. member's party with the unions, I would ask them to encourage the unions to be co-operative rather than standing completely opposed to this. They should give their members the opportunity to go to work in the very valuable area of forest management rather than simply standing on the principle that they will have nothing to do with a new employment program and will hold out for something different. This is an opportunity for their workers to go to work. I think if the hon. member worked with the unions in his own area he would find he could be of much better assistance to his constituents than by standing here asking these questions.

• (1440)

REQUEST FOR INVESTIGATION OF FOREST INDUSTRY LAY-OFFS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, one of the difficulties unions have in accepting this program is there was no consultation with them in developing the project.

Madam Speaker: Order. Members have to restrict themselves to questions. Every question is preceded by a commentary on the previous answer. This cannot go on because we will not have all the questions we want to have in question period.

Some hon. Members: Hear, hear!

Mr. Miller: Madam Speaker, I am often the one who criticized—

Some hon. Members: Order.

Mr. Miller: I shall ask the question, thank you. The purpose of the program is to establish better forest management. Just as the government is introducing this program, Noranda in Nanaimo recently laid off 35 people in their—

Madam Speaker: Order. Unless the hon. member goes directly to his question I will have to recognize another member.

Mr. Miller: Will the minister investigate the charge that they are laying off people directly involved in improving forest management, and take some action against companies which are laying off people doing work which this program is supposed to cover?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we are always pleased to look into any representation made by Members of Parliament, and we will certainly look into that one. I would assure the hon. member that in the Vancouver Island area we are already committed to establishing special response employment programs so that workers who do come off their entitlements will be able to re-establish their eligibility. He can take that particular word of comfort back to his riding.

* * *

[*Translation*]

UNEMPLOYMENT

REQUEST THAT PRIME MINISTER CONVENE QUEBEC LIBERAL MEMBERS TO SETTLE PROBLEM

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Right Hon. Prime Minister. As you know, Madam Speaker, 50 per cent of the members on the government side and 33 per cent of the government's cabinet ministers are from Quebec, and this government is nevertheless responsible for the fact that 43 per cent of bankruptcy cases in Canada occur in Quebec. In the circumstances and since he has such a formidable team, does the Prime Minister intend to call a meeting of Quebec members, both ministers and other members, and propose a special strategy to deal with the fact that 400,000 workers are unemployed in his own province?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not sure whether the hon. member wanted me to call a meeting of ministers of the Quebec government or the federal government. I can assure him that the latter regularly,

that is several times a week, attend meetings of parliamentary committees, where these very important issues are discussed. I do not know what the procedure was when the hon. member opposite was a minister, but I trust that he too was consulted, and on this side, consultation is alive and well.

* * *

INDUSTRY

INQUIRY WHETHER GOVERNMENT WILL INTRODUCE SPECIAL MEASURES FOR QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary. The Prime Minister misunderstood my question. I was, of course, referring to the federal, not the Quebec government. However, I repeat that although the Prime Minister is proud that 50 per cent of the members on the government side and 33 per cent of his cabinet are from Quebec, they are nevertheless responsible for the fact that Quebec has 43 per cent of the bankruptcy cases in Canada. In the circumstances, does the Prime Minister intend, in the short term—I suppose he does sympathize with Quebec's 400,000 unemployed workers—does he intend to present a specific industrial strategy, because 400,000 Quebecers are waiting for these exceptional measures that were promised by the Prime Minister?

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the member for Joliette made several mistakes in his statement. When he referred to the fact that 43 per cent of Canadian bankruptcies occur in Quebec, perhaps the hon. member should realize that during the past ten years, Quebec's share of bankruptcies in Canada varied between 39 and 43 per cent. This is simply because Quebec has far more small and medium-size businesses than other Canadian regions. Quebec has more restaurants and retail and wholesale merchants, and that is why the percentage of bankruptcies is higher in Quebec. The hon. member is asking what measures have been taken to bring relief in this difficult situation. The hon. member should know that during the past year, we have provided loan guarantees, through existing programs under the Small Businesses Loans Act, to 5,000 small businesses in Quebec. If we consider the past five years, Madam Speaker, 29,000 small businesses in Quebec have received direct assistance through federal programs. That is what we are doing, Madam Speaker.

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[*English*]

INDUSTRY

FOOTWEAR—REPORT OF ANTI-DUMPING TRIBUNAL

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Over 6,000 jobs have been lost in the Canadian footwear industry since last November when the Liberal government lifted its quotas on leather shoe imports despite Anti-Dumping Tribunal recommendations to the contrary. Notwithstanding the insensitive attitude of the minister and his cabinet colleagues toward the growing number of unemployed Canadians, can the minister either justify his action of last November—which was totally contrary to the recommendations of the Anti-Dumping Tribunal—or indeed justify the continuing existence of the tribunal itself, the advice of which the government does not heed? Who is right, the minister or the tribunal?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I advise the hon. member to take another look at the report of the Anti-Dumping Tribunal. We have not disregarded its advice. We have acted in a way we believe is totally consistent with its findings, which said that our industry is in the position to meet competition from developed countries, the main source of imported leather footwear. That is why we decided not only to maintain the existing quota on non-leather footwear, but extend it to canvas footwear, while taking into account that conclusion of the tribunal. This was in addition to creating a special fund of $17 million to aid our industry in modernizing and becoming more efficient and competitive. We are not insensitive to the industry; we consider it and its workers very important, and I think we have read the report of the Anti-Dumping Tribunal a lot more carefully than did my hon. friend.

GLOBAL QUOTA ANNOUNCEMENT

Mr. Otto Jelinek (Halton): Madam Speaker, according to the president of the Canadian Shoe Manufacturers' Association, unless leather shoes are reinstated in the global quota at once, a further 10,000 Canadians will lose their jobs within four months. Two months ago the minister gave an undertaking in this House that he would make a decision in that regard within 30 days. He is now one month behind schedule, and I ask the minister to stand up in this House and tell us if a decision has been made. If so, what is it? If not, when can we, and in particular the shoe industry which is functioning in a void out there, know when the decision will be made by this cabinet minister who has promised it?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the decision in question is that of cabinet.

Mr. Jelinek: You promised it two months ago.

Mr. Gray: We will be in a position to state very soon the results of our review of information provided to us by the industry and other elements interested in the Canadian footwear sector. I think we will be able to state the conclusions of our review before too long.

Oral Questions

REGIONAL DEVELOPMENT

INCLUSION OF NORTHUMBERLAND COUNTY IN DREE AGREEMENT

Hon. George Hees (Northumberland): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce in his role as minister responsible for DREE. Can he report to the House what progress he is making in including the County of Northumberland in the eastern Ontario subsidiary agreement, a project on which I had been working for many months with his predecessor, and about which his predecessor wrote me last December 17 as follows:

I feel that federal and provincial officials are making real progress in the development of the agreement format. It is hoped that the matter will be put forward for governmental decision early in 1982.

In answer to a question I put to him in the House on February 3, 1982, he said:

—I am very happy to remind the hon. member that one of my last acts as minister responsible for DREE was to deliver a letter to his office by hand, stating that the draft of that agreement would be ready very soon. I also remind him that at my first meeting with the provincial government of Ontario, with his support, I stated my initiative to do something for the county of Northumberland. I hope that in the very near future that initiative will reach its final conclusion.

Can the minister advise when he expects to announce the entry of the county of Northumberland into the eastern Ontario subsidiary agreement?

• (1450)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I am happy to confirm my hon. friend's great interest in this subject. This matter is being actively worked on in connection with the review of departmental programs that has to be carried out because of something which intervened since the letter that my hon. friend read, that is, the announcement of the Prime Minister of the eventual integration of the Department of Regional Economic Expansion with the Department of Industry, Trade and Commerce. This is a subject which I know is of great importance to a number of people on both sides of the House, and I am working on it very actively.

Mr. Hees: Madam Speaker, I am glad to hear that. I would just like the minister to know that his predecessor also said to me that in his first meeting with—

Madam Speaker: Order. I am sorry, we have to stick to questions. If the hon. member has a question, I can recognize him.

Mr. Hees: Madam Speaker, I will certainly ask the minister a supplementary question.

INQUIRY RESPECTING DATE OF DECISION

Hon. George Hees (Northumberland): Could the minister give the House some indication of just when he expects to come to a conclusion on this matter? I have written to him several times. I have had great difficulty in obtaining answers. His predecessor told me that he expected to bring the matter to a conclusion very, very soon. He had an agreement with the provincial government. Everything was done, except actually announcing that Nothumberland was to be included in the eastern Ontario subsidiary agreement. I can see no justification for the minister holding up this decision any further. His predecessor had the whole thing done.

Madam Speaker: Order. The hon. member for Winnipeg-St. James.

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HOUSING

PROGRAM TO STIMULATE CONSTRUCTION

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the minister responsible for housing. HUDAC has indicated that the housing construction industry is in a real crisis today. Predictions for housing starts are down to 145,000, that is, down some 18.5 per cent. Yesterday the minister seemed to express some skepticism about his own program when he said:

—we are now in the process of dealing with individual applicants to see if some of those projects will get started.

Is the minister satisfied that the meagre program for housing starts approved by cabinet is sufficient to help the industry survive in present conditions?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am quite satisfied that the $350 million allocated in the budget of November last year will go a long way toward assisting the industry in adding to the number of starts this year, notwithstanding the fact that the New Democratic Party voted against 30,000 units and 60,000 jobs in that industry.

Some hon. Members: Shame!

Mr. Keeper: Madam Speaker, the minister should know that 60,000, at a time when we have nearly two million real unemployed, is pretty insignificant. He should take note of the fact—

Some hon. Members: Order.

Madam Speaker: Proceed to the question, please.

EFFECT OF INTEREST RATES

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, given the fact that interest rates have gone up today and that building permits are down by 22.2 per cent, is the minister prepared to recognize that the housing industry is in a real crisis and that he should go to his cabinet colleagues and convince them to bring down the general interest rate policy in the country?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the government realized that the industry would need support and that is why in November of last year these moneys were allocated in the budget for that assistance, and that is why in December of last year I introduced legislation in the House and sought the support of all hon. members for that legislation. It is unfortunate that that legislation was delayed unnecessarily for three months and was eventually voted against. I hope the 60,000 people who find employment under that program and the 30,000 families who will enjoy that program know that the NDP voted against it.

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CANADA PENSION PLAN

MINISTER'S POSITION ON EXPANSION OF BENEFITS

Mr. Vince Dantzer (Okanagan North): Madam Speaker, my question is directed to the Minister of National Health and Welfare. The minister may or may not know that at the recent Canadian pension conference held in Ottawa, the Quebec minister of social development said that he had been working with federal officials on pensions and that for the first time Quebec officials and federal officials were on the same wavelength. Then he proceeded to say that he favoured and would institute benefits under the Quebec Pension Plan to equal 37.5 per cent of pensionable earnings. Does the minister favour expanding benefits under the Canada Pension Plan, thereby following the Quebec scheme or alternatively does she favour expanding benefits under pensions in the private sector?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Neither, Madam Speaker, because there are other avenues that are perhaps just as interesting and would be worth exploring. I am glad to hear questions by members of the opposition, but I would like to know what kind of reforms they would like to see in private sector pensions. The fact is that Dr. Denis Lazure has finally, if I may say so, announced the position of the Quebec government, which is in need of money and, if I understood correctly, is going to replenish the funds of the Quebec Pension Plan. That is one negotiating position, and I hope that all provinces will be able to make their positions known in this national debate as soon as possible, so that Canadians, namely all employees and part-time workers, can be covered by private sector pensions in the future.

[*English*]

Mr. Dantzer: Madam Speaker, the minister did not answer the question and I understand why. I gather she is having some difficulty with cabinet.

TERMS OF REFERENCE FOR PROPOSED ALL-PARTY COMMITTEE

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I will ask the minister a less contentious question. She was reported as saying in that conference that the government would establish an all-party committee to study the whole question of pensions and the long-awaited green paper. Has the minister set the terms for that committee?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I think the hon. member did not properly read the text of my speech to the Canadian Pensions Conference last Tuesday. There will be consultation with the persons concerned, and therefore I feel we would be lacking in respect for the opinion of Canadians if we immediately announced our position. Unlike Quebec, we want to hear what the main economic partners and what the employees themselves want in the way of reform and we want to know who has the best plan for investing these vast sums of money at this stage. These are fundamental issues, and we are therefore considering the possibility of setting up a parliamentary committee on this question, to seek out the views of Canadians across Canada. I feel very strongly that before we commit ourselves, we should find out how anxious Canadians are to contribute to a pension plan and how such funds can best be invested for the wellbeing of all Canadians.

* * *

[*English*]

INDIAN AFFAIRS

DECISION TO APPEAL COURT AWARD TO MUSQUEAM INDIAN BAND IN BRITISH COLUMBIA

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. I would like him to direct his mind to the long-standing dispute between himself and his department and the Musqueam Indian Band in Vancouver. As the minister knows, the matter was adjudicated in court and Justice Collier of the federal court of British Columbia found the minister and his department fraudulently negligent in the discharge of his trust responsibility to these native people. The minister has now launched an appeal against this judgment which awarded the Indians $10 million. Why has the minister launched this appeal after this lengthy court hearing? Why is he not withdrawing this appeal and paying this money which belongs to the Indians, forthwith?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I am sure the hon. member is aware—at least I think many of his colleagues who were in cabinet in the previous government would soon tell him if he is unaware—that most ministers accept the independent legal advice of law officers of the Crown. In fact I think there is a primary duty on the part of ministers of the Crown to do so. Of course I took a legal opinion with respect to whether an appeal was the appropriate thing to do in this particular case, and they felt that an appeal was warranted. I do not think I should substitute my legal views for those of the law officers of

the Crown who presumably are unbiased and non-partisan, and who would be far more acceptable in terms of credibility to the opposition than one of the ministers.

Mr. Baker (Nepean-Carleton): Oh, oh!

Mr. Munro (Hamilton East): I was assuming that they would endorse that procedure and agree that I did the right thing in this particular case.

COSTS OF APPEAL

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, the appeal will be fought on the backs of Canadian taxpayers. The Indians have already spent $250,000 in court and the appeal will cost them $1 million. How long will the minister ride on the backs of these people, knowing full well that he is responsible? It would not be the first time that ministers have not accepted the advice of legal officers of the Crown.

If the minister insists on taking this matter to court for another two or three years, will he assist the Indians in paying for the legal costs? Furthermore, since he has the jurisdiction and the responsibility, will he pay interest on the money which is sitting somewhere following the judgment of Judge Collier?

• (1500)

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member is also aware, in many criminal proceedings where an Indian has pleaded not guilty in the court of first instance, we do pay the costs of appeal. If the circumstances warrant it, in some cases we are prepared to enter into arrangments of that kind and, yes, I would be prepared to look at it.

As well, there is another question here of which I think the hon. member is aware. It is the fundamental principle of whether the minister has a trust responsibility, which is a key question to the Indian community in Canada. That is what is involved in this particular case. I think some Indian leaders, to whom I have talked, realize that this fundamental question which has been a source of frustration to everyone concerned for so many years will have to be determined. It will not satisfy anyone to have a lower court decision on it, and since it is so fundamental it will probably have to go to the Supreme Court of Canada. The Musqueam case does serve that particular purpose, not only for the Indian people but for all of us who are concerned about this principle.

* * *

PETITION

MR. HEAP—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and thirty-eighth report of the Clerk of Petitions, stating that he has examined the petition presented by the hon. member for Spadina (Mr. Heap) on Wednesday, May 12, 1982, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, I ask the government House leader whether he could give the House some idea as to the business for the remainder of this week and as far into next week as he can take us.

Mr. Pinard: Madam Speaker, first of all, we will complete debate on second reading of Bill C-112. After consultation, we made an agreement this morning, and I would ask you to seek unanimous consent to the following motion:

That notwithstanding any Standing or Special Order, if a recorded division has been requested previously on either Bill C-112 or on Bill C-61, the said division or divisions shall be deferred until 3 p.m. on Tuesday, May 18, 1982.

Madam Speaker: Does the House agree to this motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Pinard: Following this agreement, tomorrow will be an opposition day.

[*Translation*]

As far as next week is concerned, for Monday we have also made an agreement to deal with third reading of Bill C-61 concerning young offenders. By order of the House, as agreed just now, if a recorded division is required, it will automatically be deferred until 3:00 p.m. on Tuesday. After Bill C-61, and before ten o'clock on Monday, we shall, if possible, start consideration on second reading of Bill C-110, which deals with export development. On Tuesday and Wednesday, we shall proceed with consideration at the report stage and third reading of the energy bills, which are to be referred back to the House, by the Special Committee on Energy Legislation, in the following order: C-101, C-106, C-105, C-102, C-107 and C-104. Finally, Thursday will be an opposition day.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I wonder if I could ask the government House Leader whether or not there has been a decision by the government to advance Bill C-43, the freedom of information bill, or is it the position of the government that it will lay quiet and allow the bill to die before the end of this session? What is the intention of the government with respect to this bill?

Mr. Pinard: Madam Speaker, I hope to be in a better position to answer that question next week. However, I can assure the hon. member that we have taken good note of his offer to allow this bill to be dealt with in a future session at the same stage as it would be if we were to prorogue.

This is not to say that we would not want to conclude debate on that bill through all stages before the summer.That is why I would prefer to be more specific next week after consultations with the hon. Minister of Communications.

ROUTINE PROCEEDINGS

[*English*]

ENERGY LEGISLATION

PRESENTATION OF FIFTH REPORT OF STANDING COMMITTEE

Mr. D. M. Collenette (York East): Madam Speaker, I have the honour of tabling, in both official languages, the fifth report of the Standing Committee on Energy Legislation.

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

* * *

PETITIONS

MR. WISE—RECONSIDERATION OF GUN CONTROL LEGISLATION

Hon. John Wise (Elgin): Madam Speaker, I have the responsibility today to present a petition signed by some 994 residents of my constituency of Elgin. These citizens, by way of this petition, are vigorously demonstrating their strong and united opposition to the private member's bill, C-451, and consider its purpose to be a serious infringement on their rights as law-abiding Canadian gun owners.

I believe the record should show that Bill C-451 is not a government bill and has not received second reading, in spite of what the petition indicates.

I fully support the views of the petitioners and indeed, judging from the conversations and correspondence that I have had with the Solicitor General (Mr. Kaplan), the changes sought in Bill C-451 will indeed not become law.

MR. DARLING—RECONSIDERATION OF GUN CONTROL LEGISLATION

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I too wish to present a petition from the undersigned residents of the towns of Gravenhurst, Bracebridge and many other municipalities of Parry Sound-Muskoka. This petition also deals with the private member's Bill C-451.

These petitioners humbly sheweth that the private member's Bill C-451 regarding gun control legislation deals with the number of firearms in circulation in this country and the control of the number of firearms in Canada, and the undersigned, your petitioners, humbly pray and call upon Parliament to oppose this legislation and deal directly with the present gun laws which are cumbersome, expensive to administer and ineffective except to harass law-abiding people. As in duty bound, your petitioners will ever pray.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,822, 2,823, 2,835, 2,843, 2,848, 2,861, 2,888, 2,890, 2,901, 2,950, 3,133, 3,495, 3,736, 3,737, 3,895, 4,121 and 4,224.

[*Text*]

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE—EDUCATION LEAVE COSTS

Question No. 2,822—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Industry, Trade and Commerce at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $8,302 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): 1. (a) and (b) Treasury Board Policy; chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions governing education, training and development, including subsidization.

2, 3 and 4. Nil.

SUPREME COURT OF CANADA—EDUCATION LEAVE COSTS

Question No. 2,823—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Justice for the Supreme Court of Canada at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $8,969 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Please refer to Treasury

Board Policy, Personnel Management Manual, chapter 110-5, "Conditions governing education, training and development, including subsidization".

2. Nil.

3. (a)(b) and (c) Nil.

4. Nil.

PUBLIC ARCHIVES—EDUCATION LEAVE COSTS

Question No. 2,835—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of the Secretary of State for the Public Archives at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $15,932 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Public Archives as follows: 1. (a) and (b) Departmental policy sub-section 5.1.10 derived from Treasury Board policy: Chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions governing education, training and development, including Subsidization.

2. Nil.

3. Nil.

4. Twenty-five per cent left the public service. (One of four).

TREASURY BOARD—EDUCATION LEAVE COSTS

Question No. 2,843—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Treasury Board, Secretariat at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $6,042 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. Donald J. Johnston (President of the Treasury Board): 1. (a)(i), (ii), (iii) Chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions governing education, training and development, including Subsidization. (b) Same as (a) above.

2. Nil.

3. (a) and (b) Nil.

(c) One hundred per cent.

4. One of two, or 50 per cent.

NORTHERN PIPELINE AGENCY—HOSPITALITY SERVICES

Question No. 2,848—**Mr. Clarke:**

With reference to the professional and special services recorded by the Privy Council Office for the Northern Pipeline Agency at page 32.26, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) how does the department account for the 86 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $14,786 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): (a) The increase of 86 per cent in expenditure in hospitality services over that for 1978-79 is the result of:

(i) Accelerated activity in 1979-80 which was really the first full year of activity at the operational level;

(ii) The role of the agency in ensuring that maximum economic energy and industrial benefits for Canada are achieved.

(iii) The 'single window' role that the agency performs which requires frequent liaison meetings with departments and agencies of the Government of Canada, most of which are held at the Calgary operational office of the agency.

(b) "List of each contract of a value more than $2,000"—none.

(c) Guidelines are used to determine when the Northern Pipeline Agency will pay for hospitality. These guidelines are in strict accordance with those issued by the Treasury Board which are common to all government departments.

(d) Of the $14,786 paid for hospitality in 1979-80, the following percentages were used to entertain:

(i) Foreign visitors (includes U.S. and others), 6 per cent; (ii) Canadian businessmen (includes community and native representatives), 41 per cent; (iii) Provincial public servants, 5.8 per cent; (iv) Federal public servants, 41.2 per cent; (v) Ministerial exempt staff, nil; (vi) Members of Parliament, nil; (vii) Members of Provincial Parliaments, Assemblies, etc., .6 per cent; (viii) Canadian dignitaries, Governor General, Lieutenant Governors, etc., nil; (ix) Federal Crown Corporation executives, .5 per cent; (x) Provincial Crown Corporation executives, nil; (xi) Members of federal commissions, boards and councils (includes advisory councils), 1.5 per cent; (xii) Other (Yukon Government)—contractors, 3.4 per cent.

Order Paper Questions

RCMP—HOSPITALITY

Question No. 2,861—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Solicitor General under the Royal Canadian Mounted Police at page 32.36, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality (a) what is a list of each contract of a value of more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $83,671 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant-Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Bob Kaplan (Solicitor General): (a) Nil. (b) Treasury Board Administrative Policy Manual, Chapter 360—Hospitality. (c) Percentage (i), 79; (ii), 0; (iii), 0; (iv), 7; (v), .02; (vi), 0; (vii), .3; (viii), .09; (ix), .13; (x), 0; (xi), .06; (xii), 13.4.

DEPARTMENT OF PUBLIC WORKS—OTHER TYPES OF SERVICES

Question No. 2,888—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the administration program at page 32.26, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 2,354 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accounts	1978-79	1979-80
Other Types of Services	$ 1,048	$25,726
Official Hospitality	16,972	11,127*
Other Business Services		
Membership Fees	5,837	7,392*
Conference Fees	5,477	3,910*
Sundries	1,048*	3,297*
	29,334	25,726

* Included above in other types of services.

The comparable figure for 1978-79 is $29,334 as compared to $25,726 in 1979-80 which reflects a decrease of $3,608 in 1979-80.

(c) There were no contracts over $2,000, but a total of $2,539 was spent at the Canadian Government Conference Centre on official hospitality and is included in the amount of $11,127 as shown above.

DPW—OTHER TYPES OF SERVICES

Question No. 2,890—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the land management and development program at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 4,682 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accounts	1978-79	1979-80
Other types of services		
Vote 40	$ 869	$41,563
Vote 45	134	—
	1,003	41,563
Garbage Removal		
Vote 40	2,394	5,512*
Photographic Services		
Vote 40	2,882	6,190*
Vote 45	16,060	
	18,942	
Snow Removal Services		
Vote 40	23,237	18,270*
Training Educational Services		
Vote 40	7,919	10,847*
Sundries	1,003*	744*
	$53,495	$41,563

* Included above in other types of services.

The comparable figure for 1978-79 is $53,495 as compared to $41,563 in 1979-80 which reflects a decrease of $11,932 in 1979-80.

(c) Individual payments over $2,000 were as follows: Government of Canada—Public Service Commission, Ottawa, Ontario—Training and Education Services, $2,902; Arthur Richer and Fils, Ste Sophie, Québec—Garbage Removal, $3,134; Relevés Aériens Gar-X Ltée, Montréal, Québec—Photographic Services, $3,133; D'Alesio Contracting Ltd., Montréal, Québec—Snow Removal, $3,300; Réal and Gilles Laurin, St. Colombian, Québec—Snow Removal, $6,680.

SECRETARY OF STATE—OTHER KINDS OF SERVICES

Question No. 2,901—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State under the official languages program at page 32.32, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Gerald Regan (Secretary of State): (a) There was in fact a decrease in expenditures for other types of services, in

1979-80 compared to the amount for 1978-79. Expenditures for 1979-80 totalled $8,958, compared to $38,211 in 1978-79.

(b)(i) training of public servants; (ii) non-departmental conferences; (iii) hospitality; (iv) miscellaneous services.

(c)(i) $3,536 (no contracts over $2,000); (ii) $248; (iii) $1,047; (iv) $4,127 (no contracts over $2,000).

FITNESS AND AMATEUR SPORT PROGRAM

Question No. 2,950—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Labour under the fitness and amateur sport program at page 32.18, volume II of the 1979-80 Public Accounts of Canada, with particular reference to education and information services (a) what services did the National Film Board provide for $242,260 (b) what is a list of each contract of a value more than $2,000?

Hon. Gerald Regan (Secretary of State):

Education and information services provided by National Film Board—1979-80

Production of a filmed television sport announcement promoting skiing.	$ 4,500
Production of a one hour filmed TV special on the Canadian National Ski Team.	15,000
English and French prints of "Nelli Kim" Film.	3,150
Production of a 30-minute film on cycling, English version.	30,000
Copies of the set "You've got the Power" clips.	1,967
Purchase of 20 prints of "Runner" English version.	20,000
Canadian-non-theatrical booking programs.	17,643
Production of the 1978 Commonwealth Games film.	150,000
	$ 242,260

ATOMIC ENERGY OF CANADA LIMITED

Question No. 3,133—**Mr. Clarke:**

1. With reference to the notes to financial statements of Atomic Energy of Canada Limited for the year ended March 31, 1980 at pages 13-19, volume III of the 1979-80 Public Accounts of Canada, which notes that the company has listed "remuneration and expenses paid to sales agents and representatives" (a) what amount was disbursed for sales of (i) Candu reactors (ii) uranium (iii) medical equipment (b) what amount was disbursed for all other types of sales and, in each case, what was the type of sale?

2. Does the company have a policy concerning the payment of fees to agents for transfer to officials in prospective client governments with reference to the sale of nuclear Candu reactors and (a) if so, what is it (b) if not, for what reason?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: 1. (a)(i) Remuneration and expenses paid to agents for Candu sales support—$86,000. (ii) Nil. (iii) Remuneration and expenses paid to agents in support of sale of medical equipment and industrial irradiators by the Radiochemical Company (Commercial Products)—$746,000.

(b) Nil.

2. (a) AECL complies with "Government Policy and Guidelines Concerning the Commercial Practices of Crown Corporations" established by Treasury Board on December 16, 1976.

(b) Not applicable.

PARLIAMENT HILL

Question No. 3,495—**Mr. Cossitt:**

1. How many members of the Royal Canadian Mounted Police were stationed within the buildings on Parliament Hill on November 21, 1981 or thereabouts and what was the breakdown of the total for each building?

2. Did the RCMP request permission to enter the Parliament Buildings and, if so, to whom did they make such a request?

3. Was the request granted and, if so, by whom?

4. Did the RCMP in each occupied building remain at one central location or did they wander anywhere they wished in the buildings and, if so, for what reason?

Hon. Bob Kaplan (Solicitor General): 1. No members were stationed within the buildings on Parliament Hill, however, accommodation was provided in Centre, East and West Blocks for members on rest periods when not deployed.

2. Yes, the Sergeant-at-Arms.

3. Yes, the Sergeant-at-Arms.

4. Members were assigned specific rooms and requested to remain in same except when moving to duty posts outside or washrooms.

CLIFFORD OLSON

Question No. 3,736—**Mr. Lawrence:**

What amount was paid to or at the request of Mr. Clifford Olson of Vancouver, British Columbia or what was the value of any benefits or consideration given to him or at his request by the RCMP or by any other police force, to the knowledge of the RCMP, for each taxation year 1976 to 1981?

Hon. Bob Kaplan (Solicitor General): A payment of $90,000 was made at the request of Mr. Clifford Olson of Vancouver, British Columbia into a trust fund for the use of his wife and child. This payment was made in 1981 and was the only one for the taxation years 1976-1981. There were no benefits attached to the payment.

The RCMP have no knowledge of information relative to payments by other police forces to their informants.

GRAIN BOXCAR NO. CN-422258

Question No. 3,737—**Mr. Malone:**

1. Did a grain boxcar No. CN-422258 leave Rosalind, Alberta on November 19, 1981 filled with select grade oats and, if so (a) was the destination for the oats Thunder Bay, Ontario and did they first travel to Vancouver before reaching their final destination (b) did the car travel from Vancouver to Peace River before leaving for Thunder Bay?

2. Do grain box cars or grain hopper cars on CN rail lines travel to Thunder Bay via Vancouver and Peace River and, if so (a) how frequently and what is the reason for the error (b) is the cost absorbed by the railway company or by the farmers directly (c) is CNR taking measures to alleviate the problem and, if so, what measures?

3. What methods, if any, does the government have to control such inefficient transportation routes?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of the Canadian National Railways and Transport Canada advise as follows:

1. On November 20, 1981, the Alberta Wheat Pool agent at Rosalind, Alberta, gave "telephone release" to CN's Edmonton Carload Centre for three carloads, including CN-422258, loaded with oats. (a) Yes. (b) The carload travelled from Vancouver to Athabasca and then to Thunder Bay.

2. (a) Rarely. In this instance an error was made in recording the information given by the pool agent in the "telephone release", and as a result, the billing details fed into CN's computer system recorded the destination for CN-422258 as Vancouver. Upon arrival there, it was sent to the Lynn Creek Yard to await placement to a terminal elevator; subsequently, the loaded car was diverted to Vancouver's Thornton Yard and returned to Edmonton's Calder Yard where the staff, being unaware the car had not been unloaded, sent it to Athabasca, Alberta. At that point it was found to be still under load and was returned to Edmonton. Identification and destination were established and the car was forwarded to Thunder Bay.

(b) The cost of the extra transportation was absorbed by Canadian National in this case.

(c) Canadian National is continually striving for the elimination of this type of error.

3. The Canadian Wheat Board has access to the railway car training computers and the Grain Transportation Authority also keeps a close watch on car movements. It should not be forgotten that last crop year 233,686 cars were unloaded at Thunder Bay while 150,059 were unloaded on the west coast. The vast majority of these cars were moved to terminal position with dispatch.

INDIAN LAND CLAIMS

Question No. 3,895—**Mr. Miller:**

1. Did the Nuu-chah-nulth submit a comprehensive land and sea claim to the Department of Indian Affairs and Northern Development and, if so, on what date?

2. What was the procedure and criteria used by the Office of Native Claims to analyse the claim for historic accuracy and what were the results of the analysis?

3. To date, since the claim was submitted by the Nuu-chah-nulth, what information and documentation was the claimant group required to provide to the Office of Native Claims in support of the claim?

4. Were meetings held concerning clarification of points that seemed subject to misinterpretation in the claim and, if so, in each case (a) what was the date (b) who attended and what was his/her affiliation (c) what were the results?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): 1. Yes, October 1980.

2. A review of the claim was undertaken under the provisions of the 1973 policy on comprehensive claims. No decision has yet been made.

3. None.

4. No. (a), (b) and (c) not applicable.

ERECTION OF STATUE BY NCC

Question No. 4,121—**Mr. Cossitt:**

Did the National Capital Commission or any division thereof contemplate, consider, or authorize the erection of a sculpture, statue or monument in the area of the former Rideau Club at Metcalfe and Wellington Streets, Ottawa and, if so (a) was the estimated cost approximately $300,000 (b) what was the name and job designation of the highest-ranking official dealing with the matter at the commission (c) was the decision vetoed and, if so, what was the name and job designation of the person who vetoed it (d) did Mr. Michael Pitfield, Secretary to the Cabinet and Clerk of the Privy Council, oppose the erection of the sculpture on the grounds that he did not want to look at it out of his office window (e) what was its purpose in the first place and how could it be justified in view of the government's restraint policy (f) was it to be a monument to the Prime Minister; the Hon. Bud Drury, chairman of the National Capital Commission; the Minister of Energy, Mines and Resources; or the hon. member for Edmonton East?

Hon. Paul J. Cosgrove (Minister of Public Works): Yes. (a) No. (b) NCC executive committee chaired by Mr. C. M. Drury. (c) No. Project was cancelled after consultation with the Offices of the Prime Minister and the Minister of Public Works. (d) No. (e) To instal an interesting work of art as a centre of attraction and to facilitate future animation activities on the site. (f) No.

OMNITRADE LIMITED

Question No. 4,224—**Mr. MacKay:**

1. Did the government issue work permits to any of the directors of a corporation named Omnitrade Ltd. at 750 McArthur, Montreal who are not residents of Canada and, if so (a) what was his/her name and address (b) on what date and for what reason was the permit issued?

2. What is the residence status in Canada of each director and is he/she a Canadian citizen or a landed immigrant?

3. Are any of the directors residents of the Czechoslovak Socialist Republic and, if so, which ones?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1 to 3. Yes. As of the date of the question, there were four non-residents working at Omnitrade Limited of Montreal with work permits. In so far as the remainder of the question is concerned, personal information or information concerning a person's employment in Canada is considered by the Canada Employment and Immigration Commission as personal and confidential.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

Taxation

GOVERNMENT ORDERS

[*Translation*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES

MEASURE TO AMEND

Hon. Pierre Bussières (Minister of State (Finance)) moved that Bill C-112, to amend the statute law relating to certain taxes, be read the second time and referred to a Committee of the Whole.

He said: Madam Speaker, yesterday hon. members had an opportunity to discuss a borrowing authority bill, and on that occasion I explained that we were resuming second reading on the same subject because the previous borrowing authority bill, which also covered, in its second part, a number of amendments to the Excise Tax Act and in its third part, the legislation on natural gas and oil revenue taxes, had been split, following discussions between the government, opposition and New Democratic House leaders and the finance and energy critics, to provide a format for debate on borrowing authority and fiscal measures that was more appropriate in the opinion of hon. members. I also explained that, in addition to splitting the bill in two and thus providing for separate debates, this agreement also provided a time limit for debate in the House, in Committee of the Whole or in the standing committee, depending on the bill. I explained to the House that I would restrict my comments so as to enable the largest possible number of members with an interest in this issue, both on this side and on the other side of the House, to speak to this bill.

• (1510)

During the debate on the previous bill, which in its second and third parts covered the subject of the present bill, hon. members complained that the government had failed to explain why the bill raised the ceiling on the natural gas tax from 70 cents to $4.00 per gigajoule. I shall briefly give some of our reasons for wanting to regulate the tax in this way.

At the present time, the Excise Tax Act provides for a set schedule of tax increases, according to which the tax increased from 28 cents on November 1, 1980, to 56 cents on January 1, 1982, and will increase to 70 cents on January 1, 1983. The schedule was established on the basis of assumptions relating to the policies and prices set in the National Energy Program which, the House will recall, was announced in October, 1980. According to this policy, the tax will apply to both domestic and export sales, according to a proposal in the National Energy Program published in October, 1980. Hon. members will recall that the province of Alberta objected to the price schedule set in the National Energy Program and objected very strenuously to the tax on natural gas exports. Following negotiations, it was agreed to increase domestic oil prices beyond the prices provided in the National Energy Program, and following this increase, to abolish the natural gas export tax. Thus, a new mechanism had to be established for determining what the natural gas tax rate would be. The House will recall that the tax rate must be set in such a way that the ratio thus established between the price of natural gas and the price of oil in eastern Canada will promote the use of natural gas in eastern markets. This ratio is determined by the natural gas tax rate, the price and quantity of imported oil, the price paid to producers for domestic oil and natural gas, the Canadian ownership tax rate and the cost of transporting natural gas from Alberta to the eastern provinces.

Thus, we have a complex formula with a large number of variables. If the use of a specific formula of this kind were prescribed by law, the result would have been frequent rate variations, perhaps every two months or even more often. The companies that distribute natural gas to consumers raised the point that the time and money involved in implementing the rate changes, including the submission of applications to regulatory commissions, could, and certainly would create a number of problems. Therefore they requested a procedure for minimizing the administrative costs resulting from too frequent changes in this tax. By prescribing the rate of the tax through regulations, we shall have some flexibility and the margin of autonomy required to reduce the effect of short-term mistakes in the variables underlying this complex formula which I described earlier.

A ceiling of $4 had been chosen as the maximum amount in a possible range of rates which would apply during the life of the energy agreement between Canada and Alberta. In view of the forecast increases in world oil prices and the expected reduction in natural gas transportation costs, it is possible, while not probable, that the tax could reach $4 per gigajoule by 1987. However, to meet the representations and the requests of certain hon. members, I undertake to introduce in committee of the whole an amendment to lower the ceiling from $4 to $3 per gigajoule. Moreover, I shall propose in the same amendment that this ceiling of $3 be phased in over a number of years for the period of the agreement. I believe that this amendment will meet the requests and the representations made during the debate on second reading. Of course, this does not meet all the representations made at that time, but it responds to a basic concern reflected by these representations.

The rate of tax proposed in this bill for the year 1982 is not much higher than the rate provided by existing legislation. In 1982, the tax will amount to 42 cents for January and 63 cents for the rest of the year, which gives an average of 61 cents over a 12-month period. This rate is only five cents higher than that prescribed by the existing legislation. I would also like to emphasize that the removal of the tax on natural gas exported from Alberta and British Columbia reflects the wish of this government to take into account the representations made by the producing provinces. Moreover, the fact that the Minister of Energy, Mines and Resources (Mr. Lalonde) has been able

to reach an agreement on so critical a subject as oil and gas prices demonstrates that the government, and particularly the Minister of Energy, Mines and Resources on behalf of the government, has shown a lot of flexibility and skill in his negotiations with the producing provinces.

In view of the objective which is to increase the share of the Canadian government in the revenues generated by oil and gas production, and especially of the emphasis placed on the need to obtain this increase by other means than an export tax, it has been necessary to increase other taxes collected from the industry, such as the oil and gas revenue tax. I would like to remind hon. members once again that the bill now under consideration simply implements the arrangements arrived at after months of intensive and skilful negotiations between the Government of Canada and the provinces, and which were finalized and officially endorsed in the agreements signed with the Premiers of Alberta, Saskatchewan and British Columbia. Mr. Speaker, through this bill, the House is asked to approve the agreements signed between the Government of Canada and those of the producing provinces.

Concerning the provisions for levying special taxes on profits derived from crude oil production, I would remind the House that all other producing countries insist that their government get a significant part of oil revenues. Britain, Norway, Mexico, the OPEC countries all levy heavy taxes on production. The United States are already levying a tax on windfall profits from old oil operations in order to tax extra profits on the production of oil that has long been discovered. This bill provides for the implementing of a tax on incremental oil revenues, in respect of revenues derived from the production of old oil. That tax is meant to achieve exactly the same purpose as the American tax I have just described.

I would remind the House that the financial situation of oil companies in Canada compares favourably with that of companies in most other oil-producting countries. Although a number of Canadian companies thought they would be better off if they invested money in oil operations in the United States, they now realize that involvement in the United States is not without any risks. The Canadian government here is generously encouraging Canadian corporations into finding new oil, through the many incentives to be found in the Canadian Energy Program. Sure enough, Mr. Speaker, the government is not unaware of the indebtedness of some companies, of the decline in world oil prices, and of the impact which capped oil and gas wells may have on the industry. I want to assure hon. members that the government and the Minister of Energy, Mines and Resources (Mr. Lalonde) are closely monitoring that situation.

This bill introduces a resource deduction from the oil and natural gas revenue tax. As of January 1st, 1982, there is a 25 per cent deduction on production revenues, before deduction of any resource royalty payment. Such a provision was requested by the province of Alberta in order that the oil and gas revenue tax be levied at a later stage after extraction. The deduction structure was also designed to grant an extra incentive to operators who pay Crown royalties and transfer part of their production revenues to other persons in the form of royalties. Those royalties are not deducted from revenues on which the 25 per cent resource deduction will be based. Details of the resource deduction will be introduced in the oil and gas revenue tax regulations. Legislative authority to proceed this way is provided under Clause 19 of the legislation now before us.

Mr. Speaker, the bill also includes a number of lesser provisions that relate to the federal sales tax. I do not wish to take time to outline these provisions, since the hon. members who referred to them admitted that the amendments are of a rather technical nature. As I said in my opening remarks, an agreement was reached to expedite the legislation, and I hope that all the hon. members who wish to contribute to this debate will have an opportunity to do so. For that reason, Mr. Speaker, I am limiting my remarks to the few minutes I have used up to outline the main aspects of the legislation and to confirm to the House the commitment to change both the ceiling and the implementation of national gas taxes and savings.

• (1520)

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I must say I was a little bit surprised to see the Minister of State for Finance (Mr. Bussières) as opening speaker for the government on this legislation, given that the taxes imposed and legalized by this legislation represent the very heart of the National Energy Program in terms of the devastation it has wreaked upon this country.

Bill C-112 introduces three new monstrously huge federal taxes extracted from the oil industry and the consumers of this country. They are monstrous taxes; not minor, not insignificant, but monstrous. They are so monstrous as to have caused the decimation of the oil and gas industry in this country. Prior to the introduction of the National Energy Program, that industry was one of the most vital and healthy in this country. It provided hundreds of thousands of jobs and earned the country enormous amounts of income. In general, it provided an engine for growth in the economy from coast to coast.

Prior to the National Energy Program and these taxes being introduced, the energy industries in Canada were looked upon with envy by other countries. They were looked upon by economic groups such as the Economic Council of Canada as our ace in the hole, the one thing Canada had going for it that would give us a chance in the eighties. It was to make this country purr in the eighties. It could have generated the hundreds of thousands of jobs that are necessary for our population. This is what the energy industry could have been, would have been and was predicted to be in the eighties.

If it had not been for the National Energy Program as exemplified by these taxes, we would not be facing the interest

rates we face today; they would be two or three points less. We would not be facing nearly the number of unemployed we now have. At least 100,000 more Canadians would be employed. Instead of looking at a depression which more and more people are seeing for the future, we would be looking at a rosy future indeed.

That is what this bill exemplifies—taking away the future of Canada as we go into the eighties. It is a massive, horrendous tax grab that has devastated the industry. It has driven many into bankruptcy, driven many out of the country, driven a lot to the brink of bankruptcy and caused havoc. That is the consequence of the taxes levied by this bill which are part of a so-called National Energy Program. There is nothing national about it if one considers the energy sectors of this country, the oil and gas producing sectors in western Canada, as being a part of this nation.

This bill is a massive tax grab as a result of analysis done by brilliant people working for the minister at Tunney's Pasture. They prepared for him and a new cabinet an analysis of the energy sector in Canada. I saw that analysis. They projected what was going to happen. They projected what was happening in terms of ownership, what was happening in terms of activity. They projected an absolutely devastating scenario unless the government acted. They projected huge revenue flows into the oil and gas sector in western Canada. Their projects were such that, if they were right, something would indeed have to be done because the country would have been destabilized as a result of this massive transfer of wealth into a very small area, namely, the province of Alberta.

• (1530)

Based on these projections by those geniuses in Tunney's Pasture, they produced the National Energy Program. It was the answer to a hypothetical, totally false, totally inaccurate description of the future. It makes one wonder when there will be a recognition of all of this cabinet secrecy, all of this notion that no one should know what the government is doing until it is finally announced, and when we are going to address that problem. Anyone who had any knowledge whatsoever of the energy sector could have destroyed those analyses which were prepared by the officials for the minister. You did not have to be particularly brilliant. All you had to have was a little bit of knowledge of the real world, in terms of the energy industry, to know that the projections made by those officials were wholly inaccurate.

Of course, the system which is designed by the bureaucrats for the protection of the bureaucrats does not allow that. So they sit there, they put together a scenario, and they convince the minister, who knows no more than they about what is going on in that part of the country. That is not intended to be demeaning in any way, that is the reality. He would not know any more about energy than I know about fishing. I do not happen to live in a fishing area and so have not been exposed to the fishing industry. So the minister did not know the energy industry, he is advised by officials who do not know the energy industry, on an analysis that is totally out of whack with reality, and the consequences of that are the National Energy Program, which destroys the industry.

Mr. Thacker: Ask him what Dome has got for the workers. No jobs this year? And children on welfare?

Mr. Andre: I want to deal with the natural gas and gas liquids tax. Mr. Speaker, there is another technique that governments use for disguishing what they are really doing. When you talk about taxes to the ordinary citizen, the citizen assumes that you are talking about income tax and says that everyone should pay income tax and contribute to the upkeep of the government. He looks at analyses of income tax paid by Canadian industry and says they are not paying very much tax, that they can afford to pay more. But what the citizens fail to realize is how many new taxes the government has invented. Those new taxes do not mean very much to the public; they cannot be concerned about them when they do not know about them. We have the natural gas and gas liquids tax, the NGGLT, the PGRT, the petroleum gas revenue tax, the oil warranty, the incremental oil revenue tax, the COC, the Canadian ownership charge, the PCC, the petroleum compensation charge and, of course, there is excise tax and sales tax on top of that. There are about seven or eight different taxes, the sum total of which is a horrendous tax load on one sector. How come? That sector happens to be in an area of the country which does not have that much population; therefore they are not able to express through the ballot box their indignation in a way to cause the government and the bureaucrats harm.

Yesterday in committee the member for Pontiac-Gatineau-Labelle (Mr. Lefebvre) said he wished he had some oil wells in his riding, and I had to say "Amen, me too!" Boy, I wish there were some oil wells in Pontiac, in Montreal and in Quebec and Toronto. I wish there were oil wells all over central Canada, because that is the only way we would ever get a national Canadian energy policy. That is the only way we will get one until the system is changed.

In regard to this natural gas and gas liquids tax, there is an interesting little history on how that one came about. Just prior to introducing the national energy policy, which was part of the budget of the Minister of Finance (Mr. MacEachen) in October, 1980, the government were threatening to put an export tax on natural gas. That was objected to quite strenuously by the province of British Columbia in particular and also by the province of Alberta. There was a lot of lobbying and agitation on that matter, so the government was feeling the heat. When the Minister of Finance read his budget speech, he said, right in the budget speech: "In response to the representations, there will be no export tax on gas". And because they had a lock up and were able to control the media, that is what went out on national television—"No export tax on natural gas". That is what the propaganda masters had told the television and radio people who were at the lock up. The very next line in the speech said: "There will be a charge on gas sold to United States customers." That was the very next

line—a charge on gas sold to U.S. customers. If that is not an export tax, what is it?

Mr. Speaker, I am not allowed to say that is a lie; I am not allowed to say the author of that is a liar. But what is it, Mr. Speaker? It certainly is not true?

Then the province of Alberta took the federal government to court and said this charge on gas sold to U.S. customers is in violation of the Constitution of Canada. The lawyer representing the federal government, Mr. William Code, said the federal government had the authority to put on an export tax. The judges said: "Well, the Minister of Finance said it is not an export tax." Mr. Code replied: "Well, in reality it is an export tax." So the government had to admit in court that what the Minister of Finance had said to this, the highest court in the land, was not true. The Minister of Finance who said there would be no export tax was deceiving this House and the country when he made that statement, and that is what the lawyer for the government had to admit in a courthouse in Alberta. The court ruled, five to nothing, that that export tax was unconstitutional.

So the negotiations carry on. The federal government now has to negotiate. They lost in court so they have to negotiate. They negotiated with the province of Alberta and in the negotiations said: "Yes, we are going to have an export tax on natural gas, but the export tax will be zero rated."

Mr. Deputy Speaker: Order, please. The hon. Minister of Energy, Mines and Resources is rising on a point of order.

Mr. Lalonde: Mr. Speaker, on a point of order, I would just like to remind my hon. friend that the case he referred to is now before the Supreme Court. I would invite him to exercise care in his comments about a matter that is before the Supreme Court of Canada and upon which the court has not yet rendered judgment. The premier of one province got himself into trouble recently as a result of comments about things going on before the courts, so I would just draw his attention to that.

Mr. Deputy Speaker: The hon. minister's point appears to be well taken. Will the hon. member for Calgary Centre please take note of it.

Mr. Andre: I recognize that, Mr. Speaker, and my next comment was to be that that case has been appealed to the Supreme Court of Canada. Argument has been heard by the justices. I am told the court has indicated that it has made a decision and that it is preparing it for presentation.

• (1540)

Mr. Lalonde: An additional reason to be careful.

Mr. Andre: I am not commenting on the merits of the argument or the lack of them, other than to state the fact that the Supreme Court of Alberta ruled, five to nothing, against the federal government.

What we have in this bill is an export tax, zero rated. There is no export tax; there is a charge on gas sold to U.S. consumers. There is an export tax but it is zero rated. If that is not Orwellian 1984 double-speak, I do not know what is. It is no wonder the public does not know what is going on when that kind of language is used.

How much is involved for this fiscal year? In this current fiscal year that tax will bring in $1.505 billion, a very large amount. I do not want to prejudice court cases, but it seems that the only way to get things done in this country nowadays is to go to court because this institution, the highest court in the land, does not work.

There is another case going on respecting the NGGLT between the federal government and the city of Medicine Hat. The city of Medicine Hat is suing the federal government because this natural gas and gas liquids tax has caused utility bills in the city of Medicine Hat to double. The cost of heating a home in Medicine Hat has doubled as a result of this tax. Rudyard Kipling said, "They have all hell for a basement." In Medicine Hat natural gas is literally underneath the people's houses. It is just a few feet below. It is available everywhere in the vicinity of Medicine Hat. For 100 years people there have heated their homes with natural gas literally taken right out of their basements, and now they are facing horrendous increased costs.

What is really ridiculous is that it is now more expensive to use natural gas for various agriculture purposes—operating sprinkler systems in irrigation areas and so forth—than it is to use diesel fuel. Diesel fuel is refined. In the case of Medicine Hat I think it has to be trucked all the way from Edmonton. People in Medicine Hat have natural gas in their basements, but because of this additional horrendous tax increase, their utility bills are twice the level they were just a year ago.

Mr. Thacker: I wonder if they tax Quebec electricity.

Mr. Andre: It is natural gas that is taxed. Electricity is produced in central Canada and, of course, there are too many voters there, so electricity is not taxed.

Mr. Waddell: They took off the export tax.

Mr. Andre: But it is all right to tax natural gas because there are not many Liberal voters in Medicine Hat anyway.

I read in the newspaper yesterday or today that the beavers in the Department of Energy, Mines and Resources are working on the so-called son of the National Energy Program. They are going to produce some documents. They are worried about criticism and the obvious fact that the National Energy Program is a disaster. They are worried about the observations being made by everyone that the National Energy Program is a disaster. Those observations are not being made just by politicians but by literally everyone in the country involved in business in any way, shape or form. They are going to produce a new paper called "The son of the National Energy Program" which apparently will say that the National Energy Program is alive and well and on schedule. The National Energy Program might be alive and well, but the country is dying of it. If we

want to revive the economy and the country, the best way to do it is to kill the National Energy Program.

The government told us the three goals of the National Energy Program were self-sufficiency, Canadianization and fair revenue sharing. Everyone supports those goals. The problem is that the National Energy Program is working against the achievement of every one of them. It is working against self-sufficiency. Self-sufficiency is out the window. We will not have it in this generation or in this century. We will not come anywhere near self-sufficiency. That is the conclusion of the National Energy Board and everyone else who has looked at the energy situation.

With respect to Canadianization, between 1975 and 1980 the degree of Canadian ownership of the oil and gas industry increased very substantially. That was before the National Energy Program. All that happened in 1975 was that the tax law was changed to put Canadians on a par with foreigners for the first time in history with respect to investment in Canada. That was all. The tax law just put Canadians on a par, and the degree of Canadianization or growth in the Canadian-owned sector of the industry grew spectacularly. The National Energy Program finished that. It drove Canadians out of Canada. There are more Canadian companies with offices in Denver than there were Canadian offices in Calgary ten years ago. Downtown Denver looks like Calgary did four or five years ago. Buildings are being put up by Canadians and filled by Canadian oil companies.

In order to Canadianize the Canadian oil and gas industry, the minister's officials telephoned companies in 1981 and said: "We want to encourage Canadianization; we would like you to look into acquiring some American-owned oil and gas companies." The banks were telephoned and told this was government policy and that the government wanted them to cooperate. Many companies accepted those blandishments. Such companies were Dome, Sulpetro, Turbo, Drummond and Husky. They said, "Hey, this is a good idea. The banks want to give us money, and the government thinks it is a good idea. We are being encouraged and applauded."

Seven and a half billion dollars left the country. Not one new job was created. Not one new barrel of oil was added. There has not been a single benefit to the country in terms of achieving real goals. Foreign-owned companies have become for the most part Canadian owned, but every single one of those companies today has regret because they are all in deep trouble. They are in such deep trouble that the bankers who lent them money are in trouble. The latest estimate is that there might be as much as $5 billion in uncollectable bank loans outstanding in Canada. That is just absolute insanity. Why would the country spend $7.5 billion and not get a single job out of it? We did not get a single extra barrel of oil out of it. We did not get a single extra cubic foot of gas out of it. There has been absolutely no benefit. We have crippled the companies which were enticed by the blandishments of the minister and his officials. What incredible stupidity!

In the meantime, that $7.5 billion was joined by about $10 billion of capital. Investors said: "I guess we are not welcome in this country," and they left. Canadian and foreign money totalling about $17.5 billion also left. When that happened, the dollar was put under pressure. To keep the dollar from falling through the floor, we have to keep interest rates high. The interest rates we have are much higher than necessary because of the stupid National Energy Program. It is supposed to Canadianize. What has happened is just incredible.

Then there is the claim of fair revenue sharing. From each barrel of oil produced the federal government collects 44 per cent of the revenue. The people who go out to find the oil, the people who take the risk of acquiring the land, the people who take the risk in doing the geophysical work, the people who take the risk in drilling the oil, the people who take the risk putting the system in place, the people who take the risk building the pipelines and who do everything else, get 7 per cent of the revenue while the others get 44 per cent. Is that fair revenue sharing? It has resulted in fewer companies searching for oil; it has caused lay-offs; it has caused companies to go bankrupt; it has caused companies to leave the country; it has caused carnage in what previously was a buoyant and growing industry which generated jobs all across the country. That is what "fair revenue sharing" has done, Mr. Speaker.

• (1550)

Some weeks ago the province of Alberta reacted to the devastation and carnage by adjusting its royalty rates. I do not know of anyone who criticized that move. The federal government needs to show that it is equally concerned by making the same move and I am pleased to note that the minister has not rejected that notion. He has kept the door open. If the gossip columnists in the newspapers are right, he is engaged in a debate with the Department of Finance. Apparently that department wants the money and is not willing to give it up. If that argument really is going on, I would be on the minister's side.

I am absolutely convinced and I think it can be demonstrated that if the federal government would back off some of these taxes, the resulting stimulus to the economy would generate more revenue to the government than it would lose. People would be put back to work and would pay taxes rather than receive unemployment insurance benefits. Perhaps some Canadian companies who deserted the country as a result of the National Energy Program in 1981 would be encouraged to return and devote their energies and skills, which we certainly need, to activities in this country.

There does not seem to be much that we can do about this Mr. Speaker. I have been objecting for a long time and mine is not a voice in the wilderness. There is a veritable Mormon Tabernacle Choir out there which has been objecting for a year and a half.

I wonder if it was necessary to go through the pain of this carnage or if we could not have had a different system, Mr. Speaker. Perhaps in the first instance we could have avoided the mistake that is the National Energy Program if we had opened up the policy-making process, as the Minister of Finance is now talking about opening up the budgetary

process. Perhaps all of government should be opened up. There should be some scrutiny of the advice given to the minister by his officials on the energy policy process. We should be able to make an analysis of the data that are given to him as facts. I know they were not facts. The information could have been the result of error or it could have been cooked, but it certainly was not factual.

I wonder if things would have been different if the minister had listened to the Independent Petroleum Association of Canada. After the National Energy Program was introduced, it asked him to refer the matter to a standing committee of the House or to a joint committee of the Senate and the House for study. If the minister had agreed and there had been an opportunity for full discussion and analysis of that program 15 months ago, then perhaps we could have foreseen the consequences for Canada. Perhaps we could have avoided some of the worst consequences if the matter had been fully aired. How many billions of dollars or hundreds of thousands of jobs could have been saved? How many companies could have avoided bankruptcy if there had been fair and open and honest debate among parliamentarians?

When the Independent Petroleum Association said that the national energy policy was going to be a disaster for the country, the minister said that the association had no credibility. As a result, the head of Petro-Canada quit the association because it did not have nice things to say about the government. I wonder if things would have been different if the minister had listened, instead of discounting the credibility of the association. Would they have been different if the head of Petro-Canada had listened to the association instead of quitting? If the matter had been referred to a committee for study, I wonder how many people would be working today who are presently unemployed, wondering how they are going to maintain their standard of living and keep a roof over their head.

Is it not time that we demanded that the bureaucrats who actually run the government come out into the light? It is time we had an open democracy so that we can see what they are doing and perhaps prevent the terrible mistakes that are destroying the country.

I had hoped that the minister would announce some changes in the incremental oil revenue tax and the petroleum and gas revenue tax. The small producers have been lobbying the minister for over a year and I had hoped that he would do something for them along the lines of their suggestions. It appears that my hopes were in vain, Mr. Speaker, although there is still time left in the debate and committee stage is still to come. Perhaps the minister can bring himself to admit that his advisers are not doing well by him. I hope that he will admit that it is time to stop devastating the oil and gas industry. It is time we got back to the position we were in before the National Energy Program was introduced. We must be able to pursue self-sufficiency, Canadianization, and growth. We must be able to adopt a positive outlook and direct our efforts to making this country work. We continue to hope for all that, Mr. Speaker, although only a fool would hold his breath waiting for it.

Taxation

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, Bill C-112 is the new version of the former Bill C-93 which dealt with the energy taxes, namely, the tax on industrial gas only consumed domestically, changes to the petroleum and gas revenue tax or PGRT, and implementation of the oil revenue tax, the IORT.

The hon. member who has just spoken was talking about taxes. No one likes to pay taxes, Mr. Speaker, least of all the oil industry. At the committee hearings which are presently continuing, the president of Dome Petroleum, Mr. Richards, answered a few questions that I put to him about the taxes that the company paid. Dome Petroleum is the largest Canadian-owned oil company in Canada today. It is not Petro-Canada but Dome Petroleum that is the largest. Dome Petroleum was going to receive from the government about $640 million in grants over the next three years. Mr. Richards himself is reputed to be making in the neighbourhood of $600,000 a year, according to the book "The Blue-Eyed Sheiks". Dome Petroleum does not pay taxes. Some oil companies do not like paying taxes; Dome is one.

• (1600)

This is simply an incredible thing to have to explain to your constituents. I represent a working class riding in the east end of Vancouver. My constituents work hard and their income tax is taken right off the top of their cheques, yet here is an outfit like Dome which pays no taxes.

I know the last speaker is a spokesman for the oil industry, and I know people in the industry wonder why the public is not sympathetic to them. Well, when you go around like the hon. member calling everyone stupid, strutting and fretting, ranting and raving, it is sometimes hard to get people to listen to you.

I am going to refer to this later on because I think small oil and gas producers in Canada have some case to take to the government about changes in taxation. However, what I hope to do in my speech today is to tackle this Liberal government and make some criticisms in areas I think are solid. If the members to my right would listen for a change instead of ranting and raving, they might learn something.

I am a western Canadian MP from a consumer area of the country, but I have also spent a lot of time in a producing area. I am going to make some detailed and solid suggestions which the government might consider. I think that is the way to approach things because Canadians are tired of federal-provincial and Liberal-Conservative bickering. They want some suggestions for solutions to the problems. I may be wrong, Mr. Speaker, but I think that is what Canadians want and I propose to make a few today.

I am going to deal with three areas on behalf of the New Democratic Party, Mr. Speaker. One area is the taxation itself, the PGRT and the IORT, and what they mean. I am also going to deal with the natural gas and gas liquids tax which is levied after the gas reaches the city gate and which represents about 65 per cent of the burner-tip price of $5.51 per mcf.

What happened was that the government was going to bring in a tax on the export of gas. We pressed them in this House not to do that because it would really cripple some of the western provinces. The government backed off after some strong opposition. But what it did was to bring in a general tax on all gas, and that tax is really hurting consumers. Last winter in Ontario that tax added $848 to the heating bill of consumers, $544 in Alberta, and $708 in British Columbia.

Incidentally, Mr. Speaker, I would be remiss if I did not mention that we are having an historic event tonight in my city of Vancouver; that is, the first Stanley Cup final in 50 years. I am sure all members of this House will show some support for the Canadian team.

Some hon. Members: Hear, hear!

Mr. Waddell: Getting back to the more mundane matter of my speech on taxes, the third area I want to deal with is the agreement with Alberta and what it means to the Canadian consumer. During the period 1973-80 the Canadian public became largely disillusioned with the oil industry for several legitimate reasons. I hope the oil industry will listen to this. I have noted some industry people are writing in *Oilweek* and other energy magazines who have started to look at the issue as dispassionately as they can. If they do, they can make a solid case where they have one. In my view, the Canadian public saw first of all that the price paid for domestic oil was no longer related to the cost of production, but was being legislated in response to the arbitrary prices set by OPEC. We call them the Arabs, but they are not all Arabs. It was seen that this cartel was really determining prices in Canada.

Second, Mr. Speaker, the price increases were, by and large, not benefiting the Canadian public or the Canadian-owned portion of the oil and gas industry. Instead, the increases were contributing billions of dollars to the assets of the large foreign-owned corporations which had established reserves. For example, for every $1 increase in the price of conventional oil, it is estimated that the value of the reserves of Imperial, Amoco, Texaco, Shell and Gulf rises by more than $4 billion. We have to remember that this is a country which allowed as much as 75 per cent of its oil industry to be dominated by foreign-owned oil companies. It is really shameful that we did that. So every time we increased the price of oil, we gave these people more money. It is a wonderful scheme if you are a large, multinational oil company.

The assets of the industry as a whole increased by 260 per cent between 1973 and 1980. I understand that now industry profits have gone down and they have cash flow problems, but between 1973 and 1980 they made a heck of a lot of money. These gains seem particularly unfair to the Canadian public which had subsidized through taxation and super-depletion allowances the discovery of these reserves. So the consumer is paying once with the subsidies, paying again at the pump, and now they are going to be asked to pay a third time with increased taxes; but I will come to that in a minute.

Another reason the Canadian public was suspicious is that although the industry and governments had assured the public there was no shortage of crude oil and subsequently promoted large exports to the United States, by 1974 the reserve figures had been altered so dramatically that it was forecast that Canada would be a net importer of crude oil by the end of the decade. Understandably the public was shocked and appalled by this turn of events and demanded that the government start collecting and distributing accurate information on Canada's energy future.

Everyone knows that the Minister of Energy, Mines and Resources (Mr. Lalonde) once said in this House that we have enough conventional oil reserves for 300 years. Now it is about nine to 11 years. On the basis of what that minister said, we exported one-half our daily production, and that is why this government has all the problems it has today, because we are self-sufficient in all forms of energy except oil. We are going to do the same thing with our natural gas. We are on the point of exporting that as well, and in a few years we may have the same problem with natural gas.

Our party, Mr. Speaker, sharing these concerns, forced the minority Liberal government to form a public energy corporation which could provide accurate technical information on the oil and gas industry to the government, which in turn would earn profits for the Canadian people from the development of Canadian resources. That company is PetroCan. It belongs to us. For the same reasons there was a limited movement towards this end in Alberta when that province formed the Alberta Energy Company, which was involved in Syncrude. By 1980, Mr. Speaker, the oil and gas industry was by far the most profitable industrial sector of the Canadian economy. In fact, in Alberta it became almost impossible to raise investment capital, I am told, for anything but oil and gas exploration.

This sets the background to why the government would come in with some taxes to tax away these windfall revenues. It was to be expected, but the problem is that it may be killing the goose by the manner in which it levied the taxes.

• (1610)

The Liberal government's answer to the growing problem was the National Energy Program. I agree with the hon. member for Calgary Centre (Mr. Andre) in the sense that perhaps there was not a problem, but it was a rich industry and the money was flowing to few individuals and to many multinational oil companies, and this was money from Canadian consumers, so the government was bound to take some of that windfall back in the form of taxes. This was done in the United States. It enacted a windfall profits tax after the OPEC oil increases. It was perfectly in keeping with what had happened in other areas. The American ambassador may be surprised to learn that the United States did exactly the same thing.

While the thrust of the National Energy Program to Canadianize is correct and while its thrust to obtain a larger share of revenues from the industry is correct, the problem is that it is hurting independent Canadian companies by imposing a more complicated tax environment and by emphasizing

development of frontier areas which are in the control of the oil giants. These submissions were given to the committee. We sent an economics committee from our caucus across the country. We went to Alberta and listened to the Alberta Energy Services Association, to some oil companies and oil groups, and to some servicing groups. If we could take away the Canadian Petroleum Association and if we could cut through all the guff, we would see that there was a problem for small companies because of the complicated tax environment. Also we would see that the NEP was taking the action out of Alberta and moving it to frontier areas. Of course, that was part of the war between federal and provincial governments. It was hurting small Canadian companies and was helping the oil giants which the National Energy Program was supposed to curb in the first place. This is the real critique of the National Energy Program.

Moreover, the federal government unilaterally increased its share of the the energy resource revenue pie without making any significant commitment to encourage domestic conservation, alternate fuels, or expansion of domestic use of our relatively abundant supplies of natural gas and heavy oil. I know that there are provisions in the National Energy Program for alternatives and conservation, but they are far outweighed by the emphasis upon supply and upon going to the Beaufort Sea and Hibernia to find new oil. I think we must find new oil and we have to develop Hibernia, for example. We need oil in Canada. We cannot be ostrichlike in our critique of the government. But more could have been done in the area of conservation.

Last week I saw an advertisement in the magazine *Oilweek* in which a company was advertising a heat pump. It claimed that if heat pumps were installed in houses it would save something like 80 per cent of energy used. It was broken down per barrel, but unfortunately I did not bring the article with me. However, I will raise this matter again in committee debate on the bill. If I read the advertisement correctly, it seemed to indicate that we could save two, three or four oil sands plants by simply bringing heat pumps to all homes in Canada. This would provide employment. It is the kind of thing we should be doing instead of megaprojects. But that is another subject; I was discussing the National Energy Program.

Then there was an agreement between the federal government and Alberta which was signed on September 1, 1981. The agreement was premised upon rapidly rising world prices for crude oil throughout the decade. That premise has been shown to be wrong. In all my reading, I see a stable environment or a stable price for OPEC oil in the next decade. This makes sense for OPEC; if one thinks about it, one will realize that it is in the interests of OPEC. I see a stable price, not a rapidly rising one. The problem is that the National Energy Program and the agreement with Alberta were designed on a false premise, namely, simply to stuff more petrodollars into the federal deficit and the heritage fund without regard to either domestic producers or consumers.

I hesitate to mention this, but if there is a lesson one must learn from the Saskatchewan election, perhaps it is that a government with lots of money in its heritage fund and in its provincial coffers does not necessarily mean that the average grassroots person thinks he or she is receiving benefits. That was the problem in the agreement with Alberta. There was lots of money brought into the coffers of the federal government and into the Alberta heritage fund, but it does not help the man and woman in Vancouver-Kingsway, the man and woman in Spadina, or the farmers in the various ridings which my colleagues represent.

After ten years of acrimonious debate between the federal government and the government of Alberta, we have the worst of all possible worlds. We have high consumer prices and therefore increased tension between the producing and consuming provinces. We have a domestic industry which is in serious trouble. We have a deteriorating domestic supply of crude oil.

For the benefit of my friends on my right who are fond of heckling me, let me repeat that we have the worst of all possible worlds with the Liberal energy policy. We have high consumer prices when we were promised low prices; we have a domestic industry which is in serious trouble when we were promised a program to help small Canadian producers; and we have a deteriorating domestic supply of crude oil when we were promised energy self-sufficiency. Is that not the situation today?

Are there any solutions to these problems? Let me suggest some solutions, some of which are new ideas. It seems to me that one problem faced by small companies in western Canada is shut-in natural gas. They have trouble selling natural gas. The government should look at the possibility of a public natural gas bank, consisting of gas received instead of some provincial royalties. Of course, there would have to be an agreement with the producing provinces. If Alberta did this, in lieu of 20 per cent in natural gas royalties, it would increase the market for natural gas by some 10 per cent.

We could aid the provinces in the construction of facilities for the production of high quality gasoline from natural gas feed stocks, following the process developed by Mobil and currently underway in Germany and New Zealand. This facility would create an additional local market in Alberta alone of 5 per cent.

We could bring in a program to encourage maximum substitution of natural gas for heating oil and gasoline. I know there is a program in place, but we have done very little with our automobile and truck fleets. Most hon. members with offices in the Confederation Building come to the House on a bus. That bus is one of a fleet of buses. By what is it propelled? Is it propelled by natural gas? No, it is propelled by scarce gasoline. We could do much more here.

Another area in which we could become involved is the expansion of heavy oil in the west. The federal government, should immediately construct, in co-operation with the provinces of Saskatchewan and Alberta, one or more heavy-oil upgraders which would provide necessary facilities to expand

the Lloydminster, Wainwright and Cold Lake heavy oil fields. Such development should emphasize small-scale modules, and in situ miniprojects which would provide a much needed shot in the arm to both the drilling and service industry and smaller, independent, Canadian-controlled companies.

As much as we talk about Alsands, that kind of project would not have helped small drillers in Alberta. There is no doubt that the spin-offs will help some of the industry. If you really want to help the small, independent companies they would be better served in the areas of heavy oil and small drilling projects, not in mining, which is what Alsands was. This provides an economic alternative to the uneconomic Alsands megaproject route.

• (1620)

Second, the federal government could improve prices for heavy oil to bring on stream otherwise semi-marginal deposits.

Third, we could have a public heavy-oil bank, assisted in the process by a deferred royalty on heavy-oil payments. This would allow a shorter pay-out period while protecting the royalty share in Alberta, for example. There could be public participation with Petro-Canada, the Alberta Energy Company or Saskoil, or other miniprojects at manageable levels and economic prices.

What we could do for the Canadian industry is to replace the unfair and overly complex tax regime, the PGRT and the IORT that we are debating in this bill, with a simple federal and provincial royalty sharing agreement, analogous to the tax rental agreement.

I would like to expand on that particular matter. It may be the crux of the problem with this bill. Rather than face the problem of revenue sharing in a straightforward and rational way, the federal and provincial governments have engaged in a series of tax wars which have continued to the present time. They have burdened the oil and gas industry with one of the most complicated and consequently unfair tax regimes in Canada. This regime must be changed. Overly complex taxes are unfair taxes. To the largest corporations, these taxes become fine instruments to be tuned and played by well-paid accounting staffs for the benefit of corporate interests. On the other hand, for the small, independent Canadian producer, they represent a mountain of paperwork and added expense.

What we need is further price negotiations between Ottawa and Edmonton. The provincial government should consider voluntarily sharing a portion of its provincial royalties with the federal government. This would eliminate any justification for the PGRT, the IORT and excise taxes and would hopefully give the provincial government more say in what the surrendered revenues would be used for.

This is a novel suggestion. Some people may say it is naive or wishful thinking, but I believe there is a political will within the country for the producing provinces like Alberta, Saskatchewan and British Columbia to arrive at better agreements with the federal government. The oil agreement that the Premier of Alberta and the Prime Minister (Mr. Trudeau) toasted on September 1, 1981, is gone. It has become redundant because the price of oil on the world market is not going up. The tax regime so instituted is too complicated for Canadian industry, especially small industry. If it is redundant, let us change it.

There is another approach I would like to put forward on behalf of our party. We do not support the concept of giving tax incentives or bonuses without earning an interest in the particular venture. Therefore, if there are to be grants by either the federal or provincial government of up to 80 per cent of the cost of a well, we say that either the provincial or the federal government should get that share of equity in the well. We believe that there have been vast giveaways in that area.

The introduction of equity incentives, federal-provincial royalty sharing and the elimination of complex federal taxes would require a careful review of the existing royalty structures. This has to be done at the provincial level and done with federal-provincial co-operation. The object would be to simplify the taxation regime of the industry and not to fatten the coffers of the provincial governments.

I think I have made some positive suggestions about how to deal with an industry which appears to be ailing. I do not think I have strutted or fretted or called everyone stupid. I believe that my criticisms of this government have been just as effective as the criticisms of my friends to my right. They have made some changes and they will have to continue to do so.

I mentioned the tax on domestically consumed natural gas. That affects every member opposite because I suspect that most of them have people in their ridings who use natural gas. The tax on that natural gas is unfair and regressive. It affects senior citizens, people on fixed incomes and poor people just as much as, or perhaps more so than, the rich person because they spend a greater proportion of their income on such things as energy, food and housing. I believe that this tax is a regressive one and should be removed.

Total energy costs, as measured by a component of the consumer price index, have gone up 46 per cent since 1980 under the Liberals. Natural gas prices rose 28 per cent in 1981. The present cost to consumers for oil and gas will double by 1986. I am already receiving complaints from constituents in my riding who tell me that while their salary went up 8 per cent or 9 per cent, their energy costs are going up 28 per cent. They ask me what is going on. It cannot be explained. It is a regressive tax which should be removed.

I have already spoken about the PGRT. It is a very complicated matter. This royalty has certain advantages because it is put on at the wellhead, which makes it difficult to manipulate in order to deduct expenses at that stage. As I said, though, the problem is that it will hurt the small producers. I have suggested some ways to replace that tax with a method of sharing provincial royalties with the federal government, which may work.

During the committee hearing I would like to raise the matter of oil companies which have received a windfall gain from the Minister of Finance (Mr. MacEachen) for one quarter in 1981 in which no higher taxes were levied. What

happened at that time was that the government boosted the price of oil by $2.50 a gallon for three months, from October 1 to December 31, 1981. However, the taxes did not come in until January 1. Therefore, the government may talk tough with the oil companies but they gave them a windfall profit for those three months. I want to press the government on that matter during the committee hearing and perhaps introduce an amendment to the bill which would provide that this money be paid back to the Canadian consumer.

I would like to conclude by saying that the Canadian consumer is getting hosed by a Liberal government that promised during the election campaign that it would bring in lower energy costs. The official opposition have been roaming around the country, including Saskatchewan, saying that they are a party of low energy prices. Do not believe it. In the budget of the hon. member for St. John's West (Mr. Crosbie) when he was Minister of Finance, there as an initial 18-cent per gallon levy and it was going to rise further. People forget that fact. Let us not make any mistake about it: the Conservatives are the high energy cost party and they are being followed by the Liberal Party. I suggest to hon. members to my right that they review the budget of the hon. member for St. John's West and cut out the malarkey in the House of Commons.

An hon. Member: It was 18 cents. How much is it now?

Mr. Waddell: It was 18 cents immediately, then $4, then another $4, and so on. The price was going to be high and we voted against it. When the Liberal Party returned to power they proposed a similar regime and we voted against that as well. That is the point I am making. There are no members in the House who are prepared to get up and take the position of the consumer. They are always bleating about the oil industry, but we hear very little about the small oil industry and very little about the consumers of Canada.

• (1630)

Let me tell my friend that our proposal with reference to taxes would be the lowest priced energy proposal put forward by the two parties in Canada. I make that quite clear.

Mr. Jarvis: You sold them down the river in 1979. You are a hypocrite!

Mr. Waddell: There is another problem. I detect a little consternation on the faces of the members to my right, but I simply offer them the simple facts.

Mr. Jarvis: How many taxes do you propose, Ian?

Mr. Waddell: I simply ask them to read John Crosbie's budget and to look at the figures for future increases. I ask them to look at the agreement between Alberta and Ottawa, and they would then see that the figures are not that much different. They are just a little lower. I again ask, who represented the consumer—

Mr. Jarvis: Certainly not the NDP!

Mr. Waddell: —and who represented the small oil and gas companies? Premier Lougheed, the Conservative—

Mr. Jarvis: The Chamber of Commerce represents them better than the NDP!

Mr. Waddell: —is the great chief in hiding of the Conservative Party. What happened to the chief in waiting when he made the deal with Pierre Trudeau, the present Prime Minister, and they raised their glasses—

Mr. Deputy Speaker: Order, please. The hon. member should refer to hon. members of the House by their functions or constituencies.

Mr. Jarvis: He is too new, Mr. Speaker.

Mr. Waddell: When Premier Lougheed and the right hon. member for Mount Royal (Mr. Trudeau) raised their glasses, where was the consumer represented there? Who was representing the consumer? No one. Certainly, no one. When that agreement was made between Alberta and Ottawa, did we ever really think that we would get the worst of all possible worlds from a Liberal Prime Minister and a Conservative provincial Premier?

Some hon. Members: Shame!

Mr. Waddell: What we have is the worst of all worlds. We have high consumer prices, we have a domestic industry which is in serious trouble, and we have a deteriorating domestic supply of crude oil. Hon. members, ask what the NDP would do. Put us in government, gentlemen, and we will show you what we can do! This country has every energy resource known to mankind.

Mr. Jarvis: And you voted against every one of them!

Mr. Waddell: Only a succession of Liberal and Conservative governments could literally turn the situation on its end and get us into a position where we are short of oil and we have these high prices. And they criticize the NDP! That is ridiculous.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Emergency Measures—Order in council provisions affecting manpower. (b) Effect on unions; the hon. member for

Chateauguay (Mr. Watson)— Airports—Possible change in status of Dorval and Mirabel airports—Request for independent examination; the hon. member for Portage-Marquette (Mr. Mayer)—Finance—Request for increased tax rebate on farm fuel.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Bussières that Bill C-112, to amend the statute law relating to certain taxes, be read the second time and referred to a Committee of the Whole.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I was very interested in the statement of the hon. member for Calgary Centre (Mr. Andre) that we should have a chance to debate this subject and to kick it around. He felt we should have a parliamentary committee and that we should have a chance to go over it really thoroughly. This is the fourth time I have had a chance to speak on this subject. It is also the fourth time in the last seven days that I have had a chance to speak on subjects surrounding this issue.

Mr. Taylor: Nothing has been changed.

Mr. McRae: I recall that we spent 82 days on the first major bill and 35 days on this bill. I do not know what we mean when we speak about not having debate.

Mr. Taylor: Nothing has been changed.

Mr. McRae: I do not suppose there is any other jurisdiction or any other Parliament in the world where this kind of subject would be debated for 125 or 150 days, because in that list I did not include all of the opposition days and so on and the emergency debate we had last week. It seems to me that there has been a tremendous amount of debate around this particular subject or subjects related to the economy. I simply cannot believe that this Parliament has not aired its views very fully by now concerning this area.

In the last few days I was very interested to hear some of the comments coming from the opposition, particularly from the Tory opposition. The hon. member for Fraser Valley West (Mr. Wenman) made a very interesting series of statements about how his party sees this problem and our economic problems. Certainly one cannot separate them. He sees all of the solutions in terms of following Reaganomics, following President Reagan's economic and energy policies, and believes that if we follow those we will all arrive at the point where everyone will be healthy, wealthy and very wise.

Mr. Jarvis: That is yesterday's speech, Paul. Come on, give us today's speech.

Mr. McRae: That is not yesterday's speech. It has been the whole debate all along.

Mr. Jarvis: Oh, come on! It is a different bill today.

Mr. McRae: I was fascinated by some of the comments which were made along this line, that if we were to simply follow President Reagan and free up the economy, our energy economy and everything else, everything would be hunky-dory and we would have no problems.

Mr. Taylor: Could not be a bigger mess than you have made of it.

Mr. McRae: Members opposite say that if they were in power, this is exactly what they would do.

I was also interested in some of the comments of the hon. member for Vancouver-Kingsway (Mr. Waddell), who spoke just before me, in his discussion of the whole energy program and the energy bills. I think I support a good many of the things he has said; but, concerning the energy program, I find it very difficult in not understanding the position of that party, considering the positions it has taken in the past concerning its approach to energy.

In early 1973 I was in the House and really had the first inkling that we would have some real difficulty in terms of oil supply. That is when we had the first sense that we could not simply sell all of the oil we had as fast as we could get it out of the ground. I remember sitting in committee, I suppose it was in January or March of 1973, when Donald Macdonald, who was the then minister of energy, mines and resources, suggested that we would have to put on an embargo, a limit, on the amount of oil that we were exporting to the United States. I remember the absolute horror with which this comment was greeted by the hon. members of the Tory opposition. They grumbled and said: "This is ridiculous; we have unlimited quantities of oil. There is no limit to what we have; the only limit is how fast we can take it out of the ground." For about two years they took the attitude that it was an absolutely ridiculous policy that we should not keep pumping that oil out of the ground and exporting it.

Then I recall a change a little later on when we heard that there was a shortage. Because we had a shortage, the price had to go up along with the OPEC prices. This was in late 1973 and 1974. I recall a statement by one of the majors who told us that if the price of oil went up to $8 a barrel, we could expect an 800 per cent increase in the discoveries in this country. There would be no less than an 800 per cent increase. Actually, I think we had something like a 30 per cent increase in discoveries in that period, but we did not go to $8 a barrel; rather, we went to about $20 a barrel or a little more than that.

I have listened to this argument going on for a long time in this House, and I find that there have been two very interesting arguments, especially of late. One of them is that a terrible

tragedy has been brought on by this government's National Energy Program and its policies because we are not taking that oil and gas out of the ground fast enough. The argument is that we have to get it out of the ground, we have to continue to explore and we have to sell that oil. There is a kind of inference there that there must be a hole or something beneath the earth's crust and that all the oil will disappear into the hole, that it will run away if we do not get it out fast!

• (1640)

No one in this House has told me that in the long run we are not going to run out of conventional crude oil. We talk about cutting back to about 10 per cent of supplies in the 1980s by the early 1990s. Because of new discoveries, certainly the Hibernia, the north and other factors I will come to in a minute, we will probably not be down to that point so early. We may get a couple of years' grace.

We keep hearing that if we do not explore, drill and pump the oil and gas out immediately, it will not be there. Somehow it will disappear and be lost to us. We hear that it is a terrible crime not to take out the oil at this point. Future generations will want that opportunity in the next 10 or 20 years, but we do not hear about that. The exploration does not have to be done tomorrow, next year or ten years down the line. The oil is not going to disappear. There are no perforations in the caps on the national gas wells which will allow the gas to leak away.

There are over a thousand wells that have been drilled and capped. We are told it is a terrible thing that the gas was not taken out right away. I have great difficulty understanding that kind of mentality. We were told by the minister of energy, mines and resources in the Clark government that the crossover time between the supply and demand for natural gas and western reserves would be 1997. It may have been extended a bit, but it is still there. It will still be a resource that our children and our children's children will have a hard time finding.

The fact that we are not selling or exporting this gas immediately is not a tragedy for Canadians, it is a good thing. It is and will remain a valuable resource even though it is not being pumped out now. That is a myth that must be dispelled immediately.

There is another myth we constantly hear from the Tory opposition. If a company buys a property or the controlling interest in another company, that is considered an investment. That investment is made in the expectation that there will be some profit. That is the way business works. It is a legitimate function.

However, if the government should buy Petrofina, Phillips Petroleum or Atlantic Richfield, that is an expenditure and the money is wasted. They say that money is being thrown away by purchasing such a company. That is what we hear. They believe that if the government buys it, it is not an investment, not profitable and will not yield a return. I have difficulty with this kind of mythology that says that Canadians have no business investing Canadian dollars through the Government of Canada and owning a national oil company. It is something I do not understand.

These two mythologies leave me cold. I am prompted to speak time and time again because they keep coming up. Those opposite always say that we are losing tremendous opportunities by not pumping the oil and gas out of the ground. They say we should be exporting it. They also say the government has no business buying a company because that is an expenditure and a waste of government funds.

The Tories talk about when they were in government. One reason they are no longer in power is that they do not understand the Canadian public. Canadians respected the notion of this government forming Petro-Canada. They liked that idea. Canadians, through their government, want to own a strong, powerful, active company, one involved in exploration and the sale of gas at the pumps.

When I drive around this city or Thunder Bay, I am pleased to see the Canadian flags and the name Petro-Canada. I feel good about that. We in Thunder Bay were very happy to see the Petro-Canada sign go up. At that point we were the most easterly region where Petro-Canada stations existed. In eastern Canada we now see the sign at stations that were formerly Petrofina.

This is the way Canadians want it to be. It gives them a sense of owning something, of owning part of their own resources. I am proud to be part of the government which brought that about. I know I will hear the argument from the New Democratic Party that they were responsible for Petro-Canada. However, I was at the caucus meeting where this idea was presented. We were a part of selling that idea. The minister talked about it long before it became an issue, long before the so-called "forced" vote. It was eight or ten months before that happened.

Six or eight months before the debate in this House, I attended a convention of our party where this idea was strongly suggested. There is no question that the NDP were very interested and wanted the same thing, but to say they brought it about is not true. The truth is that it came out of this government. There was a lot of work done by many of us in this party, and I resent being told that somebody else do it. When we were in power in 1974, we were not under the gun. It was not a minority situation at that time. That is when this proposal was brought in. Nobody forced us to do it.

It is interesting to note that the Petro-Canada bill was one of five bills brought in at that time. The NDP energy critic, Tommy Douglas, a long-term member of this House and a great Canadian, attended the committee meetings on that bill and supported this government in every respect. He supported second reading in principle, supported the bill in committee, introduced amendments that were accepted and supported the bill all the way through. Other members of his party did the same. He did the same with regard to the emergency supplies allocation bill, the monitoring bill, the Petroleum Administration Act, in fact, all five bills. They were supported by the NDP and filibustered by the Tories.

Now here we have the granddaddy of them all, the bill that says to the people of this country, in fact throughout the world, that we are determined to get control of a resource that should be Canadian. We are determined that we are going to be owners of our own natural resources. This is the bill that says we are going to do it. This is the bill that the people on the left are with. It is the one bill that Mr. Douglas came to speak to our Prime Minister (Mr. Trudeau) about, and I am very pleased that he did, to give him support, he and a bunch of other Canadians, good Canadians from all over the country. They came down to see our Prime Minister and said they support what we are doing in this bill. But not that other party. I am very disappointed that when we get to the crux of the debate—the bill that Mr. Douglas said he would like to have had ten years ago—that support is not there.

• (1650)

That is why I am proud to be on this side of the House as a Liberal, speaking about our energy policy. I admit that it is not easy right now, that these are difficult times for the National Energy Program and that things may look tough in these difficult times; but in the long run there will be hundreds of billions of dollars for Canadians when we hold and develop our own resources.

In the last few weeks I keep hearing people on the other side and even some on this side being called socialists. There is that kind of talk. The word "socialism" is some kind of word that condemns you, saying you are stupid and do not know what is going on, that you are destructive. It is a word I find used with much disdain by many people on the other side. Certainly on this side of the House there is no one who is a pure socialist, a socialist per se. We as Canadians are a people who believe in a mixed economy. I do not know that there are many people on the other side who would say that we should sell Ontario Hydro back to a private corporation. I do not know how many would sell OC Transpo or the Toronto transportation system or the Thunder Bay transportation system back to the private sector. It makes sense to run them as public enterprises. I suppose you could call that socialism. If Ontario Hydro is called socialism, it was probably put into effect by a Conservative government. You could call the CBC, the Canadian Broadcasting Corporation, socialist. Pacific Western Airlines was purchased as a private company by the government of Alberta and made into a socialist enterprise, but I do not call Mr. Lougheed a socialist. I do not call the Premier of Ontario at the time who bought Ontario Hydro and made it into a public corporation a socialist. Because I am proud to be part of the formation of Petro-Canada, I do not call myself a socialist. I believe there is a decent, intelligent mix between the private and public sectors in a democratic country like ours. Some may say we should lean a little more this way, others may say we should lean a little more the other way; but basically speaking, that mix is a decent mix.

I do not believe that the kind of mix that President Reagan would have in the United States is the kind I would like. I think there are more valuable things being done in the public sector than he believes in. For instance, I believe strongly that our medical and health care system in Canada is better than any in the world. I would not want that to be turned back to some kind of private insurance company to operate. I do not know how many on the other side would want that to happen. But because I say it, I am called a socialist. The word does not mean anything. It is a word that deals with the extent to which people organize their affairs either in the private sector or in the public sector, and that mix is always there. To say this group is socialist and that the others are free enterprisers is just using two blurred terms.

With Canadian ownership of, first, the oil and gas industry, these particular enterprises, we are not saying the Canadian government is going to buy up all of the multinational controlled companies. We are going to buy up some of them and we are making it possible for other parts of the industry to fall into the hands of Canadian companies.

When Nova Corporation—it was not Nova Corporation at the time, it was Alberta Gas—purchased Husky, almost simultaneously we bought Phillips Petroleum. I thought this was a great combination. I was quite pleased in many ways that Petro-Canada did not get Husky. At the time I felt rather badly about it, but I thought better about it afterwards. What happened was that we did not spend our money on Husky but we got Phillips, and Alberta Gas, or the Nova Corporation, bought Husky. In those particular deals we ended up with two good American companies that had become part of Canada. Was that not a sound proposition? It seems to me it was not a socialist proposition. It was a proposition where we as Canadians worked out a mix between the private sector and the public sector which was a very valuable and very good mix.

So, Mr. Speaker, I welcome this particular program because it enables us to put control back into the hands of Canadians, whether it be through the public sector or through the private sector, and more can be done through the private sector than through the public sector. We get it back into our hands so that we can control those resources. We will be able to control the kind of development we want from those resources. We can decide whether we want to develop those resources instantly or leave them there, knowing full well that there is no hole in the ground that they are going to disappear into or that the caps are not perforated, that they will be there for a long time.

Even though it is a difficult time, Mr. Speaker, and even though it is not easy sitting on this side to be buffeted constantly, I really feel proud to be able to say that we believe in something and we stand up for it. I believe in the National Energy Program. In the long run, in the history of Canada it will prove to be a very important development and I am proud to have been here in the last ten years to be part of that development.

Mr. Gordon Towers (Red Deer): Mr. Speaker, it is a real opportunity to follow the hon. member for Thunder Bay-Atikokan (Mr. McRae), because I have never in my life seen such a display of ignorance of a subject from a man who was educated, a former principal in our schools. He does not have an inkling of what happens in the oil industry. A person asked

me the other day what has happened. Is it because the government has a design to destroy the system? Surely no one could be that incompetent. But then, having listened to the previous speaker, I am beginning to wonder; perhaps it was a combination of both. The situation we are in now is totally unnecessary.

I wonder, Mr. Speaker, if I could call it five o'clock?

The Acting Speaker (Mr. Ethier): It being five o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, private bills, notices of motions (papers).

There being no items on the Order Paper under the heading of private bills, the House will proceed to notices of motions, production of papers.

• (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Motions Nos. 22, 35, 1, 48, 28, 43, 5, 54, 34, 83, 71, 89, 36, 94, 84, 88, 49, 76 and 95 allowed to stand by unanimous consent.

AIRPORT SERVICES

Mr. Hal Herbert (Vaudreuil) moved:

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all minutes of meetings, letters and other communications during the last year between the government and the representatives of airline companies in connection with the division of landing rights and other services between Dorval and Mirabel airports in Quebec.

He said: Mr. Speaker, the motion is certainly appropriate at this time when we anticipate that within the next week or two we shall hear some announcement from the government about its intentions with regard to these two airports, Dorval and Mirabel.

To put the subject in the proper context, I would like to go back over the history of the past three decades. When I came here from Scotland after the war, I came over on a Northstar into Dorval airport. I remember well that I was so happy to get off that aircraft that it would not have mattered what kind of airport I was landing at. In fact, I disliked the flight on that Northstar from Scotland to Dorval so much that I would not travel in an aircraft for the next 15 years.

Be that as it may, it was interesting to watch the development of Dorval. In those days it was obviously not intended for use as a major international North American airport. Dorval was the first airport to undergo extensive renovations, alterations and additions, and in those days the work that was being done in Dorval was a great assist to my own industry, the construction industry. Plans were developed and the building got underway.

I recall that at that time many criticisms were made of the design of Dorval and that, when the airport at Toronto was to be built—or rebuilt—that particular design would certainly not be used. The concept at Dorval at that time was an open one, and even today the availability of space is such that there is really no difficulty whatsoever in providing the accommodation needed for automobiles and other forms of traffic going into and out of Dorval. Access is easy and fast.

When the Toronto airport was built in its present form, it was decided that it would be a more modern airport, so it was built, as everyone knows, in an entirely different form and concept. I know this too well because I had what I suppose I could call the misfortune of having to go through that airport once a week, as I had an office in Toronto, and many was the time I was stuck in a taxi approaching the airport and watching my plane take off because I could not get into that airport.

Being proud of Montreal and always somewhat jealous of Toronto construction, I obviously felt we had made the right decision at that time. However, the years went by and it again became obvious that additional work had to be done at Dorval. In the mid-sixties when I was president of the Montreal Construction Association we were making representations to senior cabinet ministers at that time, and plans had been made both to extend and to widen the runways. The intention was to turn Dorval into an airport which would be good for the next 20 or 30 years. Rather strangely, the local mayors resisted any further expansion at Dorval. What had happened was that there had been considerable house building in the vicinity of the airport. People had even built houses in line with the runways, and suddenly they were objecting to the fact that planes were going overhead, despite the fact that the airport was there first and they built their houses later. They objected to the airplanes and made representations through their elected representatives at the municipal level that the amount of traffic at Dorval should be cut down, to the point that night traffic at Dorval was not allowed, and it is still not allowed.

This obviously took away the effectiveness of Dorval as an international airport, to the point where the government had little choice but to decide to build a second airport, leaving at that time Dorval to service the continental traffic, with Mirabel obviously to become the international centre. I say Mirabel because prior to deciding on that region a study was undertaken, and the area which was chosen for this new international airport was my own constituency of Vaudreuil. That was vigorously opposed by the Quebec provincial government because of its proximity to the Ontario border. The provincial government refused to give its approval of the site on the basis that some of the benefits from this development in the constituency of Vaudreuil would accrue to the province of Ontario. The choice of the provincial government, as we well know, was the south shore. The eventual compromise site was Ste. Scholastique, which is now Mirabel, and construction got underway. Surrounding land was expropriated. It is rather interesting now that there are complaints from the people whose land was expropriated that an attempt was made at that time by the government to expropriate land to make sure

Mirabel would never be in the position in which Dorval found itself when it was not able to expand its runways as it would have liked.

The airport at Mirabel was eventually opened, at a cost of some $1 billion, in 1975 and, according to the projections made prior to the decision to build the airport, there was to be an annual increase in passenger traffic which warranted the construction of that second airport.

However, there were two subsequent events which changed that projected increase in passenger traffic. The very first one was the decision of the government to allow foreign airlines to enter Canada at Toronto rather than Montreal. Of course, the foreign airlines immediately took advantage of that permission and, as a result, the Montreal area was no longer the point of entry for many of those foreign airlines. The second event was the economic downturn which resulted in less use of airlines.

The decision to construct Mirabel, the second airport in the Montreal area and a truly international airport from the point of view of its size, its quality and its capability of handling all kinds of aircraft, including the largest aircraft presently flying, cargo planes and so forth, was a wise one based on the conditions which existed at that time.

And, as everyone knows, subsequently the same logic was applied to the construction of a second airport at Toronto. However, the people of Toronto resisted the construction of the Pickering airport and, as a result, a move was made to expand the existing Toronto airport. For those of us who use the Toronto airport it possibly was a reasonable compromise, but of one thing I am absolutely convinced: ten years from now we in Montreal will be very pleased that we have two airports.

To return to the immediate problem, the Dorval airport cannot handle 24 hour per day traffic. Second, because of the length and width of its runways Dorval would be in a very difficult position if it had to handle all the additional traffic from Mirabel.

• (1710)

I put this on the record because I am going to argue that we should still mothball Mirabel. The problem with transferring any traffic to Mirabel is that some of the passengers who presently fly out of Dorval would not go via Mirabel but instead would go by shuttle service to Toronto, thus increasing the traffic in Toronto and defeating the purpose of the move. At the present time Air Canada runs some of its Caribbean flights via Toronto; the reason for this is that it wants to avoid using Mirabel. The Montreal chamber of commerce believes that any change to Mirabel would result in many airlines leaving Montreal altogether.

We have what is, in my opinion, an even more serious problem, however. At the present time the Dorval airport is the hub of the West Island/Montreal activity. The maintenance facilities are there and one must admit that the language of a large number of the workers at Dorval airport at the present time is English. If any attempt is made to move services to Mirabel, it is unlikely that the present employees at Dorval will be willing to move. They will do what many Anglophones have already done—move out of the province. The result will be a further decrease in the proportion of Anglophones in Quebec and the reason for that will be the decision of the federal government.

I note from the statistics that whereas the traffic growth in Montreal has been just over 4 per cent per annum, the traffic growth in Toronto has been almost double that. Any attempt to move flights out of Dorval into Mirabel will inevitably increase the amount of traffic in Toronto for the reasons that I have stated.

The airlines themselves have come up with a simple solution—mothball Mirabel. It is understood that the loss at Mirabel is in the order of $1 million per week. The profits at Dorval are probably about $1 million per month. The cost of moving from Dorval to Mirabel is estimated to be in the order of half a billion dollars. This is without taking into consideration the disruption of employees who may or may not decide to make the move when the transfer is made. I do not think the transfer is going to be made for the simple reason that the federal government has a commitment to the West Island community.

In any other province it is possible that persons might be willing to move a distance of 30 or 40 miles from one location to another, but the very sensitive language problem in the province of Quebec means that it is not quite that simple. The probability is that the employees at Dorval will be unwilling to make that move.

It is realized that if Mirabel were mothballed it might be impossible to get all the flights into Dorval. That may be so, but I suggest the consequences would be far less severe than if an attempt were made to take flights out of Dorval and put them into Mirabel.

If one looks at the price tag for the move and compares it with the present $50 million per year loss, it will be seen that if the shift is to cost half a billion dollars and the interest on that amount alone is almost twice the total annual loss, economically it would not make any sense either.

When an international airport is constructed it is essential that there be easy access. Because the government of the province of Quebec was annoyed that it did not get its own way and because the present provincial government has no intention of co-operating with the federal government, there has been a refusal to construct a main highway linking Montreal to Mirabel despite the fact the federal government has offered the financing. It makes absolutely no sense, when the provincial government refuses to construct a high-speed highway linking Montreal to Mirabel, to give any consideration to transferring flights from Dorval to Mirabel which businessmen would refuse to take because of the additional time factor and the additional inconvenience involved. We cannot force people to use a different location if they are not so inclined. Unless all flights were taken out of Dorval, businessmen would still use that airport and travel by the alternative routes I have suggested, such as going via Toronto.

For these reasons, I suggest that any move by the federal government to make any transfer whatsoever of flights from

Dorval to Mirabel at the present time would be uneconomical, contrary to the interests of the residents of the West Island of Montreal, would be a very damaging blow to the anglophone community that remains in the province of Quebec, and would be foolhardy in the extreme.

Whether in its wisdom the federal government decides to retain Mirabel for its present international and cargo flights, it must swallow its pride, accept the fact that the decision to construct originally was correct—and as I have said, I fully support the original decision—absorb the inevitable losses and be patient for another five, six or seven years when the people in Montreal and the province of Quebec will be very proud that they have access to two airports in Montreal, Dorval and Mirabel.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, I can assure the hon. member for Vaudreuil (Mr. Herbert) that he will have the full support of hon. members in this party for his Notice of Motion for Production of Papers. I think the hon. member showed considerable courage in making the statement he did about Mirabel today. It is regrettable that the Minister of Transport (Mr. Pepin) is not here to listen to that statement.

On two successive days, yesterday and today, members of the Liberal caucus from Montreal have raised the concerns of their constituents about the fact that the government is considering actions which would be to their detriment by considering the possibility of transferring a large number of domestic flights from Dorval to Mirabel. That is not in the best interest of the west end of Montreal. The decision clearly would not be in the best interests of the airline industry, which does not want it. Travellers do not want it either and it would be a very regressive step.

• (1720)

From the time the decision was first made to build Mirabel it should have been apparent to the government that it would be a white elephant, extremely costly, underutilized and would cause very serious problems for the future. We have seen those problems manifested in the massive deficit run up by Mirabel, in the treatment of landowners on the site whose farms and homes were taken away from them and who found that their treatment by the government was totally unfair.

We have seen Dorval's competitors advertising for some time to encourage people to route themselves through competing airports. One example is that of a few years ago when people were encouraged to route themselves through Logan instead of Mirabel because it is more convenient. We have seen that the reaction of the travelling public is that they find Mirabel extremely inconvenient and very costly to get to.

Anyone who has gone through Mirabel, Mr. Speaker, recognizes that it is very severely underutilized at the present time. The government's investment there was a mistake in the first place, and it is continuing to cost Canadian taxpayers over the course of time. It would be useful for members to have the opportunity of trying to find public transportation from downtown Montreal to Mirabel, or to take a cab and pay for the expense of travelling to such a remote location. If they do, they will discover something about the inconvenience that airport has caused for so many of the travelling public. For the government now to be talking about depriving air travellers of services they now have in Dorval and requiring them to use Mirabel is, I feel, a very serious and regressive step.

The real question, Mr. Speaker, is to what extent members of the Quebec Liberal caucus are prepared to speak out against this policy currently under consideration. To what extent are they prepared to put their constituents' interests first and give consideration to the concerns of the travelling public, the airlines, and the people of Montreal. Surely it is time that other members of the Liberal caucus showed the courage shown yesterday by the hon. member for Châteauguay (Mr. Watson) and today by the hon. member for Vaudreuil, and speak out to make it known that the decision under consideration is very regressive.

One need look no further than page 4 of today's *Globe and Mail* to see that concern is running very deep in that part of Montreal. It quotes the hon. member for Châteauguay as follows:

> He said in an interview later that the issue is shaping up into "the biggest political problem in the Montreal area. We'll lose two seats for sure" in that area in the next election if the government's plan goes ahead.

Mr. Bujold: Nonsense.

Mr. Beatty: The hon. member opposite says "nonsense". He is saying nonsense to his own colleague. It was the hon. member for Châteauguay who is quoted in today's *Globe and Mail* as saying that. Perhaps the hon. member wants to get up and attack his friend, the hon. member for Châteauguay. Perhaps he wants to say that the comments of the hon. member for Vaudreuil, who spoke a few minutes ago, were nonsense. We on this side do not believe they are nonsense. We believe there is a very deep-seated concern among the people of Montreal about this waste and inconvenience. We believe for the government to simply bull ahead and ignore this problem is to do a disservice to all Canadians, in particular the people of Montreal.

We should put on record, Mr. Speaker, that members of the Progressive Conservative Party are prepared to fight for the people of Dorval and west end Montreal. If voices on the other side are silenced, if members of the Quebec Liberal caucus are not prepared to stand up for those people, then members on this side will.

We believe Mirabel was a very serious mistake and it is being compounded today by the consideration of shifting domestic traffic from Dorval to Mirabel which would be very unfair to everyone concerned. The taxpayers of Canada have been forced to subsidize a very costly and unnecessary airport at Mirabel. In that regard I disagree with my friend, the hon. member for Vaudreuil. It was a mistake in the first place to have built Mirabel, an airport which served only to take prime farm land out of production and deprive farmers of the opportunity of growing and supplying food to the people of that

area. It was a mistake, Mr. Speaker, but let us not compound the mistake today by allowing the Minister of Transport to go ahead and transfer domestic routes from Dorval to Mirabel.

Again, Mr. Speaker, I would underline that the hon. member for Vaudreuil has the full support of members on this side of the House for his motion for the production of papers. If it comes to a vote we are prepared to support him. If it does not come to a vote, it will not be because members on this side have talked it out, thereby preventing members of the House of Commons from expressing themselves in a free vote on this issue. It will be because members on the government side have decided to talk it out and deprive the hon. member for Vaudreuil of the opportunity of having a vote on this motion. The people of Dorval have our support and the hon. member has our support. I hope all members of the House will recognize their responsibility and allow this motion to come to a vote today. I hope members on all sides will support this very reasonable motion.

Mr. Les Benjamin (Regina West): Mr. Speaker, I will be brief because I agree with the hon. member who has just spoken. We will not contribute to this motion being talked out because we support it. I merely want to say that it is hard to hide an elephant. In fact, you can ask any undertaker—it is even harder to bury one, whether it is white or any other colour.

However, the Liberal government deserves an "E" for effort on Mirabel, because after that fiasco they shuffled much of the expropriated land and much of the costs over to the Department of Public Works accounts from the Ministry of Transport accounts. They wiped out the interest payments on Mirabel and tried to shut the closet door on that. Now the government wants to force passengers and airlines to abandon Dorval in order to try and justify the existence of Mirabel.

The simple fact is that Mirabel covers only 14 per cent of its costs. If one uses the same formula for grain that the Minister of Transport (Mr. Pepin) is relying on arrived at by one Mr. Snavely, farmers should get $12.90 a bushel for grain. If the minister used the Snavely formula on Mirabel, we would recover 14 per cent of the cost.

The government proposes to transfer long-haul domestic flights from Dorval to Mirabel. That is an expensive proposition at a time when the government says there is no money for other things. First of all it will cost about $400 million to build new hangars, terminals and other facilities at Mirabel, duplicating what we now have at Dorval. As Dorval starts to lose traffic it will start to lose money, and we are back into a different rut.

Mirabel is a one-hour and $40 taxi ride from Montreal, so it is no wonder people do not want to use it. If Mirabel were set up in the same way as Gatwick in England, or Frankfurt in Germany, that might make some sense. Gatwick has a high-speed electric train for the transportation of passengers some 40 miles to London at a cost of $6 or $7, and that might make some sense at Mirabel. Of course passengers are reluctant to use Mirabel and you can hardly blame them. CP Air has threatened to discontinue non-stop flights from Mirabel to western Canada. Air Canada and CP Air passengers will of course avoid Mirabel. As the hon. member who sponsored this motion has said, they will go via Toronto instead, which not only avoids Mirabel but hurts Dorval as well. Malton airport will be under pressure to handle more traffic as airlines and passengers avoid Mirabel. The department will then use this new problem to justify a new airport at Pickering for which it has already thrown $187 million down the drain.

• (1730)

The need for mega-airports such as Mirabel and Pickering died with the death of the supersonic transport. This is what they were designed for. The visions of the mid and late-1960s was that an airport like Mirabel would be the greatest supersonic transportation airport in the whole world. It was to be the first one as well as the greatest one. This has gone down the drain. I agree with the hon. member that it needs mothballing.

Airport congestion at Malton and Dorval can be solved by improving ground transportation on routes up to 500 to 600 miles. I am referring to bus and rail. This will take some money but not as much as the $1 billion which the government has already thrown into Mirabel or the $1.5 billion the government will throw into these projects if it gets away with its plan to shift traffic from Dorval to Mirabel.

In supporting this motion, let me indicate that I have a final solution for Mirabel. The government of the United States purchased some property in Ottawa in order to build a new embassy; the Government of Canada will build a new embassy in Washington. I suggest that if we saw the Mirabel terminal building in half, we could give half of it to the U.S. government for its embassy. It could pay for the bill to move that half to Ottawa. We could transport the other half down to Washington. I suspect that the architect's fees for the new embassy in Washington would cover much of the cost of moving the other half of that terminal building to Washington. Then we would have two embassies. We are good, co-operative international neighbours, and we would not have to put mothballs in the buildings. We could saw the terminal in half, have two embassies, and let farmers return to growing food on the land which the runways occupy.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am pleased to take part in this private members' debate provided by Standing Order 48(2), and specifically to debate Motion No. 96 in the name of the hon. member for Vaudreuil (Mr. Herbert), a motion for the production of all communications between the government and the representatives of airline companies in connection with the division of landing rights and other services between Dorval and Mirabel airports in Quebec.

As we are well aware, the issue of the assignment of traffic between Mirabel and Dorval airports has been with us for a long time. Virtually from the opening of Mirabel, it has been reviewed by successive ministers of transport. The issue is an

extremely complex one which has many different technical and economic aspects and is one which affects people from many different sectors of society. For example, it affects business travellers and leisure travellers; people living in the vicinity of Mirabel and people living in the vicinity of Dorval; travellers from other parts of Canada, from the United States, from Europe and from all corners of the world; employees at Mirabel and employees at Dorval.

Clearly each of these sectors will see the issue from their own perspective, as did the three hon. members who have participated thus far in the debate. In addition, the view of different people in these sectors will vary to some considerable extent as a result of personal experience and personal involvement. The situation has been exacerbated by further complexities such as Montreal origin-destination passenger traffic which has not grown as anticipated mainly because of the economic downturn, as mentioned by the hon. member for Vaudreuil. It is not only a Canadian economic downturn but a worldwide one. Another complexity is the increased cost of aviation fuel, which no one mentioned, and the resulting raising of fares. Since Mirabel basically serves international traffic, excluding the United States, passenger traffic growth has been reduced even further by the introduction of more direct flights by domestic and foreign European carriers, to other Canadian cities, thereby reducing the number of connecting passengers at Montreal. This development has taken place despite the moratorium on new foreign carriers at Toronto International Airport since 1976 and considerable efforts in bilateral negotiations to encourage the use of Mirabel.

The present Minister of Transport (Mr. Pepin) is vigorously attempting to resolve the Montreal airports issue, and fully intends to be the minister who obtains a government decision on the issue. He is a minister who is not afraid to make tough, unpopular decisions. He is one who makes decisions, keeping in mind what is best for the country in the long term.

I know he will appreciate the debate which is taking place this afternoon because it will certainly help him to come up with a solution that will benefit Canada in the long term. As all hon. members are well aware, on February 12, 1981, the same minister released a report entitled, "An Interim Report On Airport Role Options". This report was the culmination of the first phase of a study which had been undertaken by the Department of Transport, assessing a range of possible traffic assignments for the Montreal airports system. With the release of this interim report, all interested parties were invited to submit comments and concerns on the analysis done to date, with a view to providing a broader input base for the analysis in the second phase of the study.

In total, some 92 interested parties submitted their viewpoints and concerns, with the greatest response being from municipal governments and local chambers of commerce. As well, ten air carrier companies submitted detailed information on the potential cost-revenue implications of transferring additional traffic to Mirabel.

Let me reflect for a moment upon the findings of the first phase of the analysis which are documented in the interim report. The analysis indicated the following:

> That the original long-range plan to consolidate most of the commercial air traffic at Mirabel is still the best solution.

I emphasize the words "long-range plan". It continued:

> That the timing of any such transfer must be carefully assessed taking into account the anticipated demand; the residual economic life of existing facilities at Dorval; the current availability of under-utilized new facilities at Mirabel; and the impact of substantial traffic reassignment on the social and economic wellbeing of the communities adjacent to the two airports.

It went on to indicate:

> —that the focus of the second phase of the study must be on not only the costs and benefits of transferring traffic to Mirabel but also on the optimum timing for any such transfer.

I also emphasize the word "timing". Many of the submissions made in response to the minister's request for comments attempted to identify the costs which would be incurred by the respective party or interest group as a result of any transfer of traffic to Mirabel.

Needless to say, rarely does the summation of the individual aspects of any transportation issue portray the total effect upon the system. The detailed cost benefit analysis which was undertaken in the second phase of the Montreal study, while taking into consideration the information and concerns contained in the individual submissions, at the same time addressed the question of the total impact on the Montreal airports system. This detailed cost benefit analysis is now being finalized. Regardless of what conclusions the analysis indicates, it is inevitable that the proposed solution, whatever it is, will not fully satisfy all parties. It will not satisfy the parties which I mentioned earlier. I could add others. Whatever solution the minister comes up with, it will not satisfy the mayor of Dorval and the mayor at Mirabel Members of Parliament whose ridings are around Mirabel and Members of Parliament whose ridings are around Dorval, MLAs whose constituencies are around Mirabel and MLAs whose constituencies are around Dorval. His solutions will not satisfy local businesses, because whatever move the minister makes, some businesses will be affected.

• (1740)

I was hoping that I would have heard more alternatives from the hon. members who spoke in this debate. They gave one alternative, namely, to mothball. Is that the way to run the country? If you have alternatives that will benefit the country, give them. Give some alternatives which will help the minister make a good decision. Do not come up with just one alternative solution, such as to mothball the project. If we ran the country in that manner we would really be in a mess.

Mr. Taylor: You are.

Mr. Flis: I would like to inform the hon. member for Vaudreuil that when the original motion was transferred for debate, officials within the Department of Transport were already in the process of readying the documentation requested for tabling in the House.

In conclusion, I would like to stress upon the hon. members that most of the information compiled as a result of this study is already public knowledge. The positions of the air carriers with respect to any transfer of traffic to Mirabel have been made public in a news release by the Air Transport Association of Canada. I have a copy of it here. It was released as far back as April 22, 1981, under the heading, "ATAC statement on Pepin's Dorval Mirabel options". It says:

ATAC believes that one of the two options, i.e., the transfer of all air traffic, except short-haul domestic flights, from Dorval to Mirabel, would result in higher costs and great inconvenience to travellers; would impose serious new financial burdens on financially fragile airlines, and would require unwarranted major expenditures of public money that should not be countenanced by any prudent government or responsible M.P.

Mr. Beatty: Do you agree?

Mr. Flis: The hon. member asks if I agree. I do not think the minister has, at this point, taken one side or the other. That is why I was hoping this debate would have produced various alternatives, which I could have taken to him.

Individual air carriers have, on several occasions, stated their position with respect to any changes in the assignment of traffic at Montreal. One needs only to pick up any newspaper, such as the *The Gazette* dated April 28, which has the headline "Air giants face new pressure to move to Mirabel". Another article is headed, "Mirabel shift would raise air fares". Mr. Taylor, in a speech to the Montreal Chamber of Commerce, said that while Mirabel has the potential to become one of the world's great airports, any further transfers of traffic from Dorval to Mirabel would be economically unsound at this time for both airlines and travellers.

I do not know what the intent of the member for Vaudreuil was in making a motion for the production of papers. Really, people's positions are quite well known. All you have to do is to read the newspapers.

Furthermore, one needs only to pick up any issue of a Montreal daily newspaper to read about some particular group being either in favour of or opposed to a particular scenario for allocating traffic between the two airports.

As I have stated previously in the House, the Mirabel-Dorval solution must be one that recognizes the long-term socio-economic development of the Montreal area. There can be no doubt about the importance of proper airport facilities to the economic wellbeing of a community. Such a solution can only be found, however, after all the facts have been thoroughly assessed.

Given the rapidly changing times and the unstable world economic situation, such an assessment is not easily made, and consequently a decision on this issue will only be forthcoming at such time as the minister is confident that the best solution has been determined and that he has been able to convince his cabinet colleagues accordingly.

I would like to take this opportunity to thank the hon. member for Vaudreuil for raising this topic because it gave hon. members who were interested in it the opportunity to give their views and state alternative solutions. My only disappointment was that I wish I had heard more alternatives and possible solutions which I could have taken to my minister.

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I have a few comments to make on the construction of Mirabel Airport. There was, of course, the initial decision to build this airport. I also want to comment on the positive impact of the airport and also on the less favourable effect it has had on the airport facilities at Dorval. During the 1960s, the growth of air transportation in Canada was tremendous, especially in flights to Europe and North America. Air transportation progressed annually at rates varying from 8 per cent to 15 per cent, and as a result, it was necessary to expand all our major airports. Increased air traffic at Dorval, and especially the advent of jet planes for long-haul flights, created a serious conflict between the need to expand operations and the fact that people in the surrounding areas were suffering increasing exposure to the noise connected with airport operations so that it became necessary to restrict-operating hours. Towards the end of the 1960s, the alternative was to either acquire new property and expand Dorval or select another site that would eventually replace Dorval.

It was thought at the time that the first solution would permanently add to the problems of surrounding communities, because the noise factor could only be expected to increase. It seemed more sensible to opt for the second alternative, namely to develop a new site that would minimize the environmental impact. The share of air traffic originally proposed in 1975 for Mirabel consisted of international flights other than those to the United States, while long-haul flights to western Canada would necessarily be directed to Mirabel.

Now to the present situation. Following consultations with Canadian carriers, only international flights have been transferred, because the airlines maintain it is impractical to fragment domestic traffic. Here I would like to mention the positive impact of Mirabel. It was supposed to eliminate congestion at Dorval in the air terminal, on the runways and the roads to and from the airport. There would also be a substantial reduction in noise near Dorval, and more than 2,500 jobs would be created in the area north of Montreal. The road network would be considerably improved as a result of the construction of the longest section of Highway 13, installation of street lighting along Highway 15 and improvement of regional and local roads. There would be no restriction on air operations at Mirabel.

Hon. members will agree that there was a great deal to be said in favour of opening a new airport at Mirabel. Obviously, there is also a negative side which concerns the airport facilities in Montreal and the decline in the level of service provided to passengers in transit in Montreal, who often have to travel between Dorval and Mirabel. This may be resulting in a loss of traffic. There is also the fact that more time and increased costs are involved for passengers who have to use Mirabel.

Obviously, the problems encountered by air carriers who had to use both airports led to other decisions, and most of the negative effects would be relatively short-lived, since the original traffic transfer plan provided that in 1975 Mirabel would be taking over the majority of Montreal's flights, except for short-haul flights. However, slow growth of air traffic owing to various economic and social problems, the financial situation of the airlines and the opposition of some groups in the Montreal Urban Community have all in some respect contributed to the postponing of a decision in this respect. The issue has been studied thoroughly for several years. There is, however, a risk of promoting solutions that would merely reinforce the negative aspects of the traffic split.

Several scenarios for traffic sharing have been considered, but there are only one or two that would meet the main objective which is to give Montreal efficient airport facilities while helping to develop transportation, supporting the economic viability of carriers and providing a comprehensive and efficient service to the travelling public. One of the most controversial aspects of increased utilization of Mirabel is surface transportation, in terms of access time, additional costs and road congestion. A number of experts have examined these factors, especially road congestion, and since some conclusions have been received, I shall mention the main ones. It is true that for many travellers it takes longer and is more expensive to go to Mirabel than to Dorval. However, the travelling time to Mirabel compares favourably with the situation in other major air traffic centres such as New York, Paris, Rome or London, to name a few. Actually, the express bus service provided by the MUCTC from downtown Montreal is fast—about fifty minutes—and very comfortable.

Other options were considered, including railway transportation that could provide a better service, and the conclusions of these studies were that a high-speed train that would make the trip from Mirabel to Montreal in thirty-five minutes would require the construction of a new tunnel under Montreal at a cost of several hundred million dollars. This option was therefore rejected. The second option, a semi-high-speed train, which would take forty to forty-five minutes and use the present tunnel under Mount Royal and existing railway tracks, would still cost more than $100 million in 1980 dollars. The possibility of a semi-high-speed train is still being considered, but it is a fact that the infrastructure costs are relatively high compared to that of a bus line. Also, the service is not that much quicker that the present bus service. According to the experience at a number of other airports, there is no marked preference for trains and the majority of travellers still prefer to go by car.

Actually, the road system from downtown to Mirabel and the restricted-access roads from Mirabel to downtown Montreal are fairly good. Once Highway 13 is completed, this will cut down even more on travelling time. Of course, completion of this highway was promised by other levels of government, and it seems that it has not been completed as planned. Mr. Speaker, in concluding, I wish to say that construction of a railway line would require a high passenger volume to be profitable, and would not be justified unless the volume of passenger traffic increases very substantially over the one existing at the present time. The train as such will not generate additional traffic. The surface aspect is only one of the factors that adds to the complexity of the analysis. Clearly, any decision will have to make a thorough assessment of all these factors. I shall conclude with the comment that there are not many alternatives, and I feel that in the House, most of the options—if there were any and I do not see very many, Mr. Speaker—were often presented in a very partisan spirit and often failed to consider the interests of the majority of our fellow citizens.

• (1750)

Mr. J.-Roland Comtois (Terrebonne): Mr. Speaker, I listened with great interest to what my colleagues had to say about Mirabel Airport, but none of the hon. members who spoke to this subject this afternoon were here when the decision was announced in 1969. I was one of the members in this House at that time, and I must say that the decision, and it was a long-term decision, was made after lengthy consideration and many in-depth studies. When I hear my colleagues opposite saying that the airport should be mothballed or should be split in two to send some of it to Ottawa and Washington, I must say there is only one step from the sublime to the ridiculous. Usually, people who take the shorter view of things are on the opposite side of the House, and in fact that is why they are in the opposition. People with a more realistic view of the future are usually on the government side. And when a government becomes a shortsighted government, it does not take long for it to land in the opposition. In the case of Mirabel, Mr. Speaker, I feel this was one of the best decisions ever made by a federal government since Confederation. It is certainly the best decision ever made for Quebec.

As a parliamentarian, I have had an opportunity to visit a number of countries and I have travelled to several airports throughout the world. I must say that Mirabel compares very favourably with any of these. In Toronto, for instance, if you have to change planes, very often you have to take a minibus and transfer to another air terminal, which may take half an hour or an hour. This is never mentioned. If you go to Paris, you have to change airports. If you go to New York, you have to change airports and it takes hours, and hundreds of millions of dollars just go down the drain. If you go to Mirabel, you do not have to change air terminals. You do not even have to walk to the plane. So there are very real advantages, and all foreigners arriving at Mirabel are amazed at the size of the airport and the surrounding area. It has been much criticized, but I still think this was one of the wisest decisions ever made. I know that some parliamentarians are talking about giving back part of the land. I think that would be a serious mistake.

Once more, I believe these people take the shorter view and have an entirely mistaken concept of the future. I think that people who talk about mothballing Mirabel are talking through their hats. I heard one of my colleagues from the Progressive Conservative Party say that the best farmland in Quebec was used for this airport, although it is widely known that most of the land, although excellent farmland, was not under cultivation, and that today, farm production, despite the construction of Mirabel Airport, has increased over what it was in 1969. These things are forgotten because there is no knowledge of the real situation. Mr. Speaker, I could go on for two hours about Mirabel. When they talk about it, all they can say is that you need a taxi and it costs $40 to get there. As my colleague said, Highway 13 has not been completed. Three years ago, the federal government signed an agreement with Quebec for the completion of this highway.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Bussières that Bill C-112, to amend the statute law relating to certain taxes, be read the second time and referred to a Committee of the Whole.

Mr. Deputy Speaker: When the debate was interrupted at five o'clock this afternoon, the hon. member for Red Deer (Mr. Towers) had the floor.

Mr. Towers: Mr. Speaker, at least—

Mr. Deputy Speaker: Let me point out, with all due respect to the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), that the customs and practices in the House are well known to him.

Mr. Towers: I guess the Vancouver Canucks are going to be playing hockey tonight. I surmise that is the reason for the waving of one of their sweaters.

Prior to private members' hour, I was expressing the thought that it was unbelievable that a cabinet or a government could be as incompetent as the one which brought in the National Energy Program which is causing destruction of the economic wellbeing of this country. There is no doubt about it. We have never had a program which has done as much damage to this country as has the National Energy Program. The people who perpetrated it will not listen.

I should state tonight that it is a pleasure not only to speak on behalf of my constituents, but to do so also on behalf of those of the hon. member for Medicine Hat (Mr. Hargrave) who is looking after the people's interest in another part of the country. Our problems are pretty much the same. I am sure he would support anything that I say in trying to bring the attention of this government to the serious problems it is creating for Canadians.

The heavy hand of government is taking more and more of the gross national product in taxes. The figure is creeping up each year. Unfortunately, the government does not seem prepared to cut the pattern to fit the cloth. On a national accounts basis, expenditures for all levels of government which far exceed receipts of most years, are inching up to almost one half the GNP. In 1977, government expenditures accounted for 41.4 per cent of the GNP. In 1978, the last complete year for which the Canadian Tax Foundation has provided information, government spending accounted for 42 per cent of GNP. This year the percentage will be that much worse because the GNP is growing much more slowly and government expenditures are escalating more rapidly.

As the Canadian Tax Foundation notes, such payments, which include pensions, family allowances, unemployment insurance railway subsidies and interest on the public debt, redistribute income within the economy but do not increase the government's claim on the goods and services produced. That is a gentle way of saying that government is passing out dollars it has not produced, and the net result is that no new wealth or productivity is created.

Government taxes take about 38 per cent of the gross national product, that is government at all levels, and the federal government takes the lion's share, a share almost equal to the combined share taken by the two other levels of government.

Federal tax collections amounted to only 7 per cent of GNP in 1926. They peaked at 21 per cent in 1946 and then rose to 30.5 per cent in 1978. Together with revenue from other sources, capital cost allowances, investment income and other minor items totalling 7.7 per cent, a hefty 38.1 per cent was taken out of the gross national product.

My own province of Alberta shells out $5.028 billion in all forms of taxes to Ottawa and gets back $3.490 billion. That means we are a net loser to the tune of $1.538 billion. I guess that is the price of being a have province. However, this year there will not be the income tax coming from that province because of so many workers departing from the oil industry in Alberta. They have gone to the United States where they will be paying income tax.

I wonder how long we will continue to be a have province with this federal government's insatiable appetite for new and higher taxes. The federal government's disastrous national energy policy has wrecked the oil and gas industry in Alberta. The boom is over in Alberta thanks to the Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Finance (Mr. MacEachen) and the Prime Minister (Mr. Trudeau) together with their tax policy. They are the great destroyers. Their clumsy attempts to Canadianize the oil and gas industry have resulted in Americanizing it. That is where all our jobs, risk capital, drilling rigs, expertise and technology have fled. *The New York Times* of May 9, 1982 reported on the price of the national energy policy as follows:

> Oil exploration, drilling and production plunged, prices soared and consumption fell.

New oil wells completed in 1981 were down from 8,865 the previous year to 7,165—a loss of 1,800 wells. Oil rigs in use dropped from 446 to 303—a loss of 143 rigs. Petroleum output fell from 1.76 million barrels a day to 1.61 million barrels a day. Gas prices at the pumps soared from an average of 0.61 cents a gallon in 1980 to an average of $1.21 a gallon in 1981, and up to $1.75 in 1982. Do hon. members opposite think this makes sense, when 400,000 barrels a day from Alberta is locked in?

• (2010)

The New York Times says that the fact is that Canada's energy policy will cut off the competitive edge in new technology just when it is most needed. What has happened since the national energy policy in Canada and Reagan decontrol in the United States? For the first time in a decade production of crude oil within the continental United States rose. Drilling of new wells increased 40 per cent and the number of operating rigs hit a record high. Matching this increase, continued decreases in per capita consumption caused crude imports to decline by as much as half a million barrels a day.

The New York Times went on to say that in Canada, on the other hand, 1981 production of crude oil and natural gas fell 10 per cent and 4 per cent respectively. Exploratory activities declined by 20 per cent in western Canada as companies moved to the north to obtain production incentive payments or left the country entirely.

The article in *The New York Times* said that while $4 billion to $5 billion was spent on drilling, $7 billion left Canada as Canadian companies bought out foreign interests. The outlook is for another 25 per cent reduction in well completions this year. Thus, more than half the rigs in the country during 1980 will have left by the end of 1982, principally for the United States.

So much for the Canadianization of our industry. And *The New York Times* concluded:

> If the northern projects fail, as the $13 billion Alsands heavy-oil project did, then Canada will be importing half of its crude oil by the end of the decade. Since the United States should only be importing 10 per cent of its crude by that time, the Canadians will likely come to us for help in the next embargo. Let us not be of assistance, given that they've wrecked their markets and expelled efficient United States companies. Let them freeze in the dark.

That is a sad commentary the United States has made about the activities of this government. There is no remorse among members opposite, and there does not seem to be any understanding.

So much for our goal of energy self-sufficiency by the end of this decade. If Sir Wilfrid Laurier were alive, do you think he might say that the twenty-first century will belong to Canada, and the twenty-second? Canadian individuals and industries are being buried by taxation, they are being frustrated by new and revised levies. The Fraser Institute on the west coast said, in a recent report:

> In 1961, for example, the average family had an income of $5,000 and faced a total tax bill of $1,675.00; by 1980, the average family was earning $22,500 but of that $10,306 went to the tax collectors at the federal and provincial municipal levels in the form of hidden and direct taxes. The Institute's tax index shows that the tax bill of the average family has increased by 515 per cent since 1961.

In fact, it has increased even more in recent years because of the increasing extent to which governments, especially the federal government, have engaged in deficit financing. The bonds that governments issue to cover these deficits are, in effect, deferred taxation, since tax revenue must ultimately be raised to pay the interest and redeem the bonds. Including this deferred taxation, the Fraser Institute estimates that taxes between 1961 and 1980 have gone up 619 per cent. I wonder if in this reconciliation of net debt, this so-called deferred taxation, the Fraser Institute has taken into consideration the billions and billions of dollars the government owes for Crown corporation debts and the pension and superannuation funds.

And then, of course, we heard the member for Thunder Bay-Atikokan (Mr. McRae) saying today that he did not mind the government buying oil companies, companies that do not produce another barrel of oil, and the money leaving Canada in large amounts.

The last public accounts of 1980-81 show that the government has to account for $18.9 billion in Canada pension at 10.59 per cent. Does the government have that money? The accounts also show $22.3 billion in public service pension contributions at 8.2 per cent, $8.7 billion in the Canadian Armed Forces superannuation fund, which it does not have, and almost $1 billion in the RCMP retirement fund.

Now, Mr. Speaker, I know that this is of concern to you, because we have sat on many committees and discussed this. I was absolutely flabbergasted, when I was elected as a Member of Parliament, to find that these funds did not exist. It actually is a paper debt that the federal government owes to all these people. No other business in the world would be allowed to do this. If that money existed in those funds, it would be different, but it does not. It is a debt the government owes to the Canadian people.

Those are liabilities of the government, which simply show up in the public accounts as specified purpose accounts. As I said earlier, Mr. Speaker, this adds up to almost $51 billion, just in those three or four accounts alone. Then, of course, we have people on the other side—elected representatives of the people, saying it is okay to go on buying oil companies.

Taxes today account for a more significant chunk of the consumer budget than shelter and food combined. The average family with a $22,500 income paid $10,305 in all taxes and had average shelter costs of $4,239 and average food costs of $4,631, for a total of $8,870.

The Fraser Institute said: "In other words, taxes other than incomes taxes accounted for nearly 70 per cent of the total tax bill of the average Canadian family." And many of these taxes were hidden taxes. Commenting on the Fraser Institute report, the St. John's *Evening Telegram* editorialized:

Most Canadians, unfortunately, won't see a copy of this Fraser Institute document, and they will scarcely get such information from their taxman or their political representatives. But, until they "wise up" to the fact that governments cannot spend the people's money better than the people themselves, we will continue on the long slide to total dependency on the state and its expensive bureaucracy.

The Calgary Herald said in an editorial:

Nevertheless, there is a point at which any further increase in the proportion of total income taken through taxes is held to be intolerable. That point may vary from time to time according to the perceived worthiness of governmental programs and performance, but it is out there somewhere and governments dare not ignore it.

If they do so, they do so at their own peril.

The message of the Fraser Institute's report is that the point of intolerance is substantially closer today than it was in 1961 and that further appreciable increases in taxation, relative to real wealth, may be at the risk of economic well-being and political stability.

The escalation in energy prices has had a drastic effect on the food chain. I must impress upon this House, Mr. Speaker, that it is not necessarily the escalation in the price of energy that is creating the problems, but, rather, it is the taxation of the energy. Farmers must pay higher prices for their energy and for their products which have a high energy concentration, such as, for example, fertilizer. These costs must be passed on, and eventually they come to roost at the checkout counters in the supermarkets.

• (2020)

I have here a document from one of my constituents which shows that the tax on natural gas alone is creating real hardships for many people. One fairly large hog operation in my constituency had a tax bill of $725.95 for the month of March alone. That was just excise tax on natural gas alone. That is more than the total cost at the original installation, so we can see the devastating effect of this excise tax on natural gas. This has to be added to the cost of the operation, and that cost is reflected right through to the grocery counter. The consumer will have to pay. We should not be taxing fuel for home heating or fuel used in production because that is where Canada is falling down.

I also have a letter from Mr. Gerald Kemp, who is a director of the Federated Co-operatives Limited. He is also the vice-president in the Calgary region. This is what he wrote to me:

The following is an excerpt from a directive sent through Federated Co-operatives Limited—

"There is concern among agricultural producers over the effect that scheduled increases in energy costs, as negotiated in the Canada-Alberta energy agreement, will have on farm production costs. While we are sympathetic to the need for higher energy costs, we share the concern of producers. Based on the projected increases to the cost of crude oil and natural gas, we have calculated the effect these will have on a farm with 1,000 acres under cultivation. The cost of motor fuel, heating fuel, and fertilizer for such an operation was about $11,820 in 1980, and increased to $16,573 in 1981. Our calculations indicate that by 1986, costs will increase to about $42,536, an increase of 280 per cent over the 1980 level. The predictable result is that as well as eroding farm income, the increased costs will be reflected in the food bill for all families".

He included working papers. Motor fuel for that farm with 1,000 acres under cultivation in 1980 cost $4,540; heating fuel cost $810; fertilizer cost $6,470, for a total of $11,820. Then in 1981 the motor fuel cost $6,860; heating fuel cost $1,223; and fertilizer cost $8,670. The total was up to $16,753. In 1986 we will find that from $16,753 the cost will go up to $42,536.

How in the world are these people going to survive and keep producing if the government continues to impose taxes like these on the industry? It just cannot be done. There is absolutely no way those people can survive. The government must realize that one third of the cost of natural gas is federal tax. In addition to that, the federal government will not wait for the tax to be collected by the co-operatives. No, it has to have it within 30 days. There is absolutely no way co-operatives can collect the tax and pay it to the federal treasury in 30 days. They need 90 days. But no, the government will not listen. Not only does the federal government take approximately one third of the cost of natural gas in tax, but there is also a top loading because the tax must be financed for 60 days. A co-operative has to have about $100,000 at any one given period, and that is borrowed from the bank. These co-operatives have to pay ordinary interest, so hon. members can imagine the extra cost involved. It is absolutely senseless that we have allowed ourselves to get into that kind of situation.

The escalation in energy prices has had drastic effects on the food chain, and it will have a much worse effect in the future.

The cost of air travel is becoming prohibitive. Because of the massive VIA Rail cuts, that is the only option left to some communities. Last May the government introduced the transportation fuel compensation recovery charge to force air carriers to pay world prices for fuel used in international flights. The initial levy was about 11 cents a litre. The government used this dodge because it claimed that foreign carriers were taking advantage of cheap Canadian gas prices to tanker fuel from this country. The airlines, through the Air Transport Association of Canada, fought this measure, claiming it was simply an illegal export tax on fuel. They said it was discriminatory because it applied only to aviation jet and marine fuel. They said it contravened bilateral air agreements and that it was never made into law. Air Canada, Nordair and a couple of other airlines paid, but other Canadian carriers withheld their payments pending the outcome of protests. Foreign carriers all paid the illegal levy. Canada caved in when the United States got tough and threatened to take the levy to international arbitration. The recovery charge ended on January 31. The foreign carriers, who paid a total of $46.5 million, can apply for a rebate. The $50 million paid or owed by Canadian carriers will not be rebated, and the Canadian consumer does not get a rebate either.

Foreign carriers will get a break. British Airways will get back $4.5 million. Canadian Pacific owes $11.5 million. The new scheme to get around the recovery charge boggles the mind, but it amounts to the same thing. Canadian carriers have to keep separate accounts for fuel used on domestic and international flights. The Air Transport Association of Canada believes that this sneaky scheme is also illegal, and it is deciding whether to challenge it in court. It is a monumental rip-off of the domestic airlines and is resulting in higher costs in fares for travellers. Canada must surely be the only country in the world where domestic carriers are singled out for special punishment in the form of irregular and doubtful energy levies.

In the end who pays? It is the Canadian consumer who pays, and no one else. It is terribly difficult to understand why the elected officials of the people on the side of the House opposite me would stand idly by and let three people, the Minister of Energy, Mines and Resources, the Minister of Finance and the Prime Minister get away with it.

The late John Diefenbaker had a phrase for this. He used to call the rare affliction most Liberals have the "Otto Lang syndrome." Mr Diefenbaker used to say in the House that if Otto Lang was walking across a cow pasture with four cow pies in it, he would walk in all four. The Minister of Finance and the Minister of Energy, Mines and Resources appear to have terminal cases of the disease, and the Prime Minister should put them out of their misery. I challenge hon. members across the aisle to tell me one positive benefit they have brought to Canada and Canadians in the two years plus since they were elected to office. They have brought Canada and Canadians nothing but misery. The Prime Minister shrugs and says that our economic climate is but a spin-off of worldwide recession. Nothing could be further from the truth, Mr. Speaker. As I said earlier this week in the House, he has left the Governor of the Bank of Canada hanging out to dry, trying to protect the Canadian dollar with high interest rates. He forgets that the gross national product and the fiscal responsibility of the government adds more to the protection of the Canadian dollar than interest rates ever could.

• (2030)

The statements of the Prime Minister, the Minister of Energy, Mines and Resources and the Minister of Finance are just baloney. We are in poor shape because the economy is being mismanaged. Every major economic indicator is in disarray. The Liberals achieved office through stealth and guile. They lied to the Canadian people when they said that they would keep the increase in the price of gasoline below 18 cents per gallon and probably at around 14 cents, to quote the Prime Minister. There have been about 15 gas and oil price increases since the Liberals were returned to office, but some of these were due to the extra taxes that were levied. How can they justify this when they were returned to office on a promise of keeping prices down?

In 1981 a typical Canadian family driving one car and heating their home with oil paid about $550 more per year than in late 1980. Of this, $409 was paid indirectly to the federal government.

Since the Liberals assumed office in 1980 the cost of heating a home has just about doubled. Where the average annual cost was about $560 in 1979, the cost in the winter of 1981-82 was just about double that. I have never had so many complaints from people about the cost of heating their homes. Senior citizens have to pay $100 to $125 more to heat their homes. They used to be able to heat them for $25 or $30.

The price of natural gas for home heating was driven up by excessive federal taxation. One third of that cost is federal tax and goes directly into federal revenues. Two years ago there was no excise tax on natural gas for home heating. Now the consumer pays about 32 per cent of the total cost in the form of excise taxes to the federal government.

Not content with avoiding cow flaps, this accident prone government is spending its spare time creating new cow flaps to walk in. We wasted a year and a half on the Constitution, a pet project of the Prime Minister. The debate was counter-productive and divisive and did nothing to draw this nation closer together or to increase productivity and real growth. We ended up with a flawed document, which will be a judicial nightmare and a bonanza only for lawyers.

We could have used all that time to ensure that proper procedures were developed for the tarsands. Cancellation of the megaprojects is a body blow to the Canadian economy, and in particular to the province of Alberta. At a time when we need productivity and jobs, we are being forced deeper and deeper into the morass of recession and despair. I have never seen the morale of the Canadian people as low as it is today.

Canadians have been browbeaten and put down for too long. They need hope, they need optimism and they need confidence in their elected officers and their elected leaders. They need a government which, first of all, understands what makes our marketplace economy tick.

The government says it wants to nationalize the Canadian energy industry. I say that for the word "nationalize" it should substitute the word "socialize" because that is what it is trying to do. Its clumsy attempts to Canadianize the industry have resulted in an Americanization of the industry. That is where all our drilling rigs are—in the United States. That is where about $17 billion in risk capital, equipment and payroll has fled. Mr. Bouey is left trying to protect the outflow of the Canadian dollar with high interest rates, when it is being shovelled out the back door faster than it is coming in the front.

The little independent businessman, the service and supply small businessman, is feeling the squeeze most in Alberta. Companies have gone under. Operations have been transferred to the United States. Jobs have been lost. Most people out there thought that the future looked bright for them. They invested their life earnings, and much of that has disappeared.

The ripple effect has spread into the manufacturing plants in Quebec and Ontario. There is no way of telling just what the loss of activity in the oil patch means to the steel mills and

auto plants in central Canada. I dare say that the impact has been devastating. Companies in Alberta are not buying the cars or trucks that they would ordinarily buy, and this is reflected in the eastern market.

I am normally an optimistic person, Mr. Speaker, but I fear for my country. I fear because there are men across the aisle who do not know what they are doing, nor do they seem to care. I fear for my country because the clumsy, ham-handed, bumbling of the government is fueling the fires of separation and separatist talk and action in the provinces.

I fear for my Canada because there are more than a million Canadians without jobs and unable to find work. I fear for my Canada because for many the dream of owning their homes has vanished in the smoke of high interest rates and double digit inflation. I fear for my Canada because the government is doing nothing to stimulate the economy. It has done nothing for productivity, for industrial strategy, for research and development. We had the promise of the Minister of Industry, Trade and Commerce (Mr. Gray) that if interest rates increased he would resign, but he is still with us, Mr. Speaker.

We are still hewers of wood and drawers of water, Mr. Speaker. Dr. Larkin Kerwin, President of the National Research Council, says that the Japanese do so much with so little and we do so little with so much! It is tragic, when the potential is there for greatness and for prosperity.

Laurier said that the twentieth century would belong to Canada. May we expect a statement from the right hon. gentleman amending Laurier's prediction? Will we perhaps hear him say that the twenty-first century will belong to Canada, or maybe the twenty-second century?

We have been content for too long to let the external forces of world patterns and conditions pull and tug us along. We have been passive instruments, not active movers, shakers and doers.

It is the responsibility of the government to establish the climate in which all this can be brought about, Mr. Speaker, and we hold it responsible. If it cannot achieve this then it should resign and let someone do the job who can.

Some hon. Members: Hear, hear!

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, I was shocked to hear how members of the opposition described the national energy policy, which was agreed to by the western provinces through negotiation and compromise on all sides. A lot of Canadians may fail to realize that under the terms of the British North America Act and the new Constitution it is recognized that resources within a province come under provincial jurisdiction. When a product crosses a provincial or international boundary, however, it comes within the jurisdiction of the federal government. It is in these areas that an agreement had to be worked out between the producing provinces and the federal government.

I want to make it plain, Mr. Speaker, that the federal government does not set retail prices. It establishes the price paid by refiners for crude, however; that is, the blended price. As of January 1, 1982, this stands at 70.6 per cent of world price. After a refinery purchases the crude at the blended price, several costs are added to the retail price, such as the cost of refining and of transportation to market. Profit margins for refiners and retailers are often influenced by local competition. And retail sales taxes, a constant 9 per cent for federal taxes, but from zero to 40 per cent for provincial taxes in the case of gasoline. There is no provincial tax on gasoline in Alberta, but in the province of Quebec it amounts to 40 per cent. The breakdown of federal government taxes is 0.72 cents per litre of gasoline for the Canadian ownership charge, with which we have purchased Petrofina, which will be paid for this coming fall. The sales tax is 2.40 cents a litre. The excise tax is 1.5 cents. The upstream tax, including federal corporation tax, is 2.79 cents a litre. The total federal tax per litre of gasoline is 7.41 cents.

• (2040)

Mr. Friesen: Would the hon. member entertain a very short question?

Mr. Ferguson: At the end of my statement, Mr. Speaker.

I would also like to point out that the petroleum compensation charge returns to the industry. Perhaps Ontario has gone up to 40 per cent in their new budget, but before six o'clock tonight the province of Ontario took 16 per cent, the Government of Canada took 18.8 per cent, and the producing provinces had 12.3 per cent. However, the industry had 42.9 per cent of a litre of gasoline. Add the petroleum compensation charge to the 42.9 per cent, and that would appear to be a very logical division of income from that litre of gasoline that retailed at 39.1 cents per litre.

Getting back to the agreement arrived at last September, it was agreed that, subject to the fiscal undertakings contained in the agreement, it was the intention of the government to set the rate of the petroleum and gas revenue tax at 16 per cent effective January 1, 1982. There would be provision for a 25 per cent resource allowance, and then an incremental oil revenue tax at a rate of 50 per cent on incremental old oil revenues after deduction of related Crown royalties. I wish to point out that in many of the provinces those royalties ran as high as 21 per cent. In the province I come from, where we own our mineral rights, those royalties are 12.5 per cent. For one of the Indian bands which appeared before the Standing Committee on Finance, Trade and Economic Affairs a year ago in March, the royalties averaged 60 per cent. So when we talk about the need for royalties to be reduced, particularly on low producing wells, the need is there. The Government of Canada recognized this because it made an adjustment in its incremental oil revenue tax to compensate for this. This assistance came into effect January 1, 1982, and is known as the low productivity well allowance. It applies to wells which produce less than 3.18 cubic metres of oil per day, or less than 20 barrels. That arose from the comprehensive energy agreements reached with the producing provinces in the fall of 1981. I believe, if my figures are correct, that this will apply to approximately 40 per cent of wells in Alberta and may account

for about 10 per cent of the oil produced. It will apply to most of the wells in my own riding, which are very small but very important.

I would suggest that in the administration of this tax there is a need for an agreement with the producers on wells operating in one central collection system, wells which are still in existence today. There should be a special allowance made so that one common gathering tank can be used to collect the oil, and the tax should then be applied on the total, and averaged out over the total number of wells. Some of these wells are more than 100 years old and maybe they are only producing one, two or three barrels a day. It is a very expensive proposition to have a collection tank for each one of these wells, but working out a single system of collection and bookkeeping to administer the tax will be a big help. I have already made submissions to the minister in this regard and he has looked upon them very favourably. I suggest these taxes are not out of line when you consider what is being paid in other countries by the oil industry.

Looking back in history, the North American petroleum industry as it is known today did not begin in Texas or in Pennsylvania; it began in Eastern Canada, my own area. The technology spread into other areas of Canada and around the world. But they had their problems, too. It was back in the late 1800s and the early 1900s that drillers from my constituency went into 70 different countries in the world with their technology to produce the oil. The irony of it was that within a very few years the price of oil tumbled drastically and a lot of those old wells in my area were shut down because of the flood of cheap oil hitting the market, particularly from the United States. The potential is still there because even the fields discovered back in the 1850s still contain approximately 60 per cent of the oil originally discovered. So it is a very positive move on the part of the minister to ensure that the low producing wells had a special tax incentive to allow them to extract the rest of that oil. Perhaps as this is applied to Alberta a lot of the service rigs will go back to work bringing these wells back into productivity.

In listening to the previous speakers, I could not help thinking that theirs is a typical response. I should remind the hon. member across the floor that it was not the federal government which made the production cuts last year which resulted in the increase of oil imports. I would like to make a couple of comparisons. For example, the 1981 annual report of Amoco Canada says:

> The federal government's National Energy Program, announced in late 1980, was primarily responsible for a near one-third reduction in both the company's 1981 net income and cash flow. Subsequently, the long-awaited pricing and revenue sharing agreements concluded between Ottawa and Alberta in September, 1981, did very little to improve the company's financial performance. Moreover, the Alberta crude oil production cutbacks, imposed during the ... negotiations, seriously reduced our production during the year. The after-effects of these cutbacks were continuing to impact on our production beyond year end.

● (2050)

The amazing part of the entire report is that drilling and exploratory activities from 1977 until 1981 showed a success ratio which increased from 32.6 per cent to 44 per cent. That was a tremendous increase in the success ratio. Also it is amazing that while total exploratory wells drilled were down in 1981, extension and development wells in oil producing sectors nearly doubled in 1981 over 1980. They knew where that oil was, so those were the wells they developed. They developed seven wells in 1980 compared with 13.9 wells in 1981. Their net oil wells increased by 50 wells. By December 31, 1981, there were 901 oil wells, compared with 851 wells in 1980.

Turning to page 15 of the annual report of Imperial Oil, it shows that in 1980 the company had an interest in 35 wells drilled in Canada, and that in 1981 it had an interest in 44 wells, for an increase of nine wells. These were exploration wells to determine the location of oil fields. However, we know that there was a decrease in gas well development. I can understand this because of the thousands of shut-in gas wells in Alberta currently. There is no market for the gas, so they are capped. It is only logical, consequently, that they would concentrate their development in oil producing areas, especially when there is a surplus of natural gas. Perhaps the most telling statement, when we look at the annual reports and compare them, can be found in the 1981 annual report of Imperial Oil. It was the statement of the retiring chairman of the board and chief executive officer, Mr. J. A. Armstrong, in which he said:

> The industry is passing through a period of transition but Canada, almost alone among industrialized nations, possesses the opportunity for achieving self-sufficiency in all forms of energy within the foreseeable future. And it is energy development, more than any other industrial activity, that offers Canada the greatest prospects for economic growth. For a resource-rich country in a resource-hungry world, energy development represents a major opportunity and a major priority. And hydrocarbon development, for obvious reasons, heads the list.
>
> The federal government certainly recognizes the importance of energy development to Canada's future. Its growing role in the petroleum industry is to be expected at a time when oil supply has become a matter of national concern. Imperial, for its part, supports many of the objectives contained in the federal government's National Energy Program, in particular the achievement of self-sufficiency in oil.

He was very emphatic that Imperial Oil supports many of these programs. He continued:

> And moreover, we have never been opposed to the intent of the program in promoting greater Canadian ownership of the oil industry. It is entirely reasonable that Canadians should play a greater role in domestic energy development.
>
> However, it is reasonable, too, that a proper balance be struck between competing energy objectives. The urgency of energy development and the need for increased Canadian participation in that development, while both important, are very different objectives. Reconciling them represents a significant challenge for both government and industry. Canadianization will certainly reshape the oil industry and can do it in a way that benefits all Canadians.

It is very obvious that the largest of these Canadian oil companies endorses the programs of the federal government in its annual report and is prepared to proceed and expand in co-ordination with them.

Little more needs to be said in this regard as to the benefits of the program to all Canadians. It is the major thrust of the Government of Canada to ensure that Canadians are in charge of the energy which will shape the future of this great nation. It will allow the companies to work together, not only Imperial Oil but the other companies involved in the search for new

resources, in a way which will benefit all of Canada and the oil industry in particular. When we look at the huge investments required in the Beaufort Sea, the Arctic, Hibernia and other offshore areas, we realize that it will take the joint efforts of a consortium to pool their resources to find new discoveries. We now have the power as a federal government to ask them to drill step-out wells which will determine the extent of the fields, so that Canadians are ensured supplies in the future.

When we look at the projections made back in the early 1970s and at the glut on the market at the present time, we realize that Canadians have a right to know and, consequently, it stands to reason that this legislation is before us in the House of Commons. It ensures that the various taxes are in place, taxes which will allow the industry to expand and to search out new areas to be developed. The present programs are different than the ones of the past.

Earlier I referred to the industry in my own area. In the town of Petrolia alone there were some 600 wells, many of which were drilled but never plugged. As they dried up, they were abandoned. That area can no longer be water-flooded or pressurized, but we must work out new schemes to recapture that old oil. Perhaps we should listen to the suggestions of one of the old pioneers who died about six weeks ago. I am referring to Mr. C. O. Fairbank, whose father once represented the Petrolia area in the House of Commons. One of his ideas was that we need to put down shafts in the shallow fields and run laterals out from there to let the oil seep in without pressurizing it.

The flexibility is in the legislation before the House. It takes into consideration the establishment of a level of tax which recognizes the need of the industry for cash flow. The industry must have adequate funds to do the job. Some activities, notably exploration, cannot be readily financed through debt alone. Either internal funding or new equity capital is needed.

• (2100)

Some members in the industry have suggested, however, that the oil and gas sectors must have the cash flow equal to all their projected capital investment. I find this difficult to accept because there are no compelling reasons why the industry should have such a favoured position, particularly with the returns on the investments, when the returns on the investments even this year are so attractive compared with the returns in other sectors of our economy. For example, I look at the fact that over a few years 2 per cent of that total GNP in the United States was going to the OPEC nations.

We in Canada must be certain that the climate here is as was reflected in the statement by the chairman of the board of Imperial Oil. That climate must be created in order for the Canadian companies to go ahead and expand and develop those resources here in Canada. I was delighted to read last week about the increase in value of the shares of Dome Petroleum in response to another find in the Beaufort Sea.

I would like to draw to the attention of the House that in spite of the gloom and doom that we hear from the other side regarding the megaprojects, it is not only Canada who has had to postpone such projects. Other countries have also had to postpone projects. For example, there is the Exxon-shale project in the United States which has been stopped. In Colorado the lignite gasification program has been shelved and the panhandle coal gasification project in Wyoming has been scrapped. Mexico has delayed a huge project there, and so has Nigeria. The United Kingdom has delayed some projects in the oil field in the North Sea. The Netherlands is continuing theirs, but their emphasis is on small fields requiring a minimum financial commitment. The British Petroleum Company is turning to less costly equipment as an alternative for its North Sea development. The investment costs per barrel of oil produced is thereby being lowered.

The uncertainty of the world oil market and the pricing uncertainties have led the French to shelve plans to buy 40,000 barrels per day of heavy crude from Venezuela, as well as shelving plans to build a plant in France at a cost of over $1 billion. I suggest that even though the Alsands project has been put on hold. New technology is developing so rapidly that these plants may have been obsolete by the time they were built. Petro-Canada is very heavily involved in the experimentation and development of this new technology. I can only hope that this will continue over the next few years as the Beaufort Sea begins production along with the Hibernia oil. We know that there will be security there not only for the province of Alberta but for all of Canada, and by working together we can create the harmony which has existed since the national energy agreement was signed last September. The achievement of that agreement was a major step, as far as I am concerned, in the development of one of our primary resources that Mr. Armstrong of Imperial Oil described so well in his annual report.

Perhaps I should point out that it has been implied on many occasions that the price of gasoline may be cheaper in some parts of the United States. That may be true if one considers the level of provincial sales tax applied in Canada in various provinces, along with the federal tax. However, when these provincial sales taxes are removed or lowered to a more reasonable level there is very little difference. I would suggest that a litre of heating fuel is cheaper in Canada at the present time than it is in the United States.

I believe that we will have a much more secure future in Canada, with the energy reserves which exist in this country, if we develop them in an orderly manner.

Much has been said about equipment moving south across the border to the United States beginning in September of 1980. I want to make it clear that this exodus did not just start with the introduction of the National Energy Program on October 28, 1980. It started in September of that year. As well, many of those rigs were shallow rigs that could not achieve the depths required for the deeper fields in western Canada. There were also rigs which were left unused because of the thousands of gas wells that are capped owing to the lack of export markets.

It was interesting to note that in the last few months the activity in the United States has dropped off dramatically, and

the more modern rigs which are capable of reaching the deeper oil in Canada are beginning to return. It is also interesting to note that although some companies are suggesting that they are not renewing leases, they are in fact renewing leases in areas which have the highest potential. The reason for this is the new technology which has been developed for this.

It was only a few years ago that the seismic rigs did not have the capability of producing three dimensional readouts of the formations below the surface. This technology is now available, and I believe that the success ratio, which I referred to in the annual report earlier, demonstrates their present capabilities as compared to a few years ago. Activity is taking place in areas which show potential, and the emphasis is now being concentrated on oil production rather than on production of both gas and oil. No doubt it should be very plain to those in the oil industry and those who follow it very closely that the reason for the decrease in the over-all activity is that this activity has been stepped up in the sector of oil production itself.

I believe that the taxes proposed in the bill we are debating tonight are essential for the continuation and expansion of Canada's oil industry. It is important that the terms of the proposal are set out in the bill so that the oil companies know what lies ahead and that the provinces and the country as a whole know what is ahead of us. These taxes will benefit those Canadians in the provinces that produce oil as well as all Canadians. Taxes have to be expected by the industry involved in this sector.

I should like to say in summary that when the industry adjusts—as Imperial Oil has shown it is doing in its annual report—and when we realize the potential which is laid out in the annual report of Petro-Canada and the reserves we have, I believe that our objectives can be achieved. This bill is a major step in the right direction.

• (2110)

The Acting Speaker (Mr. Ethier): Is the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) rising on a point of order?

Mr. Friesen: The hon. member indicated earlier that he would entertain a question if there was time left at the end of his speech, so I presume that he is ready to hear me now.

The Acting Speaker (Mr. Ethier): Order, please. Is that agreed?

Some hon. Members: Agreed.

Mr. Friesen: The hon. member for Lambton-Middlesex (Mr. Ferguson) has an incredible talent for taking the most universal and complex of subjects and reducing it to the most unutterable simplicity. He has again invoked the concept of sharing, just as long as the resource is energy and it is western Canada and central Canada that benefit. However, in his earlier remarks, he indicated that the Canadian ownership charge was being collected in order to pay for Petrofina, which would be paid off this fall.

I would therefore like to ask the hon. member, is he promising that, after Petrofina is paid off, that tax will no longer be collected, or will it be a temporary tax like the one which was invoked in World War I, called the income tax?

Mr. Ferguson: Mr. Speaker, I am sorry that my memory does not go back as far as World War I, as does the memory of the hon. member across the way.

Mr. Friesen: Mine does.

Mr. Ferguson: I heard about that, but I suggest to the hon. member that when the charge of 0.72 cents per litre has been collected to the extent that it has paid for the acquisition of Petrofina, there may have to be an adjustment. If, for example—

Some hon. Members: Oh, oh!

Mr. Ferguson: —another company has been taken over. I would like to suggest to the hon. member across the way that we understand that the Ontario government may need assistance to help pay for Suncor. It is looking for another buyer to buy out 25 per cent of it. I do not think we should get involved in that one because of the fact that it has paid approximately twice too much, according to a story I read in *The Globe and Mail*. I do not think we can get involved in that with our Canadianization tax.

Mr. Mayer: Six times too much!

Mr. Ferguson: I am certain that if the Canadianization tax is extended to another level for another purchase, we will make a better selection than did the government of Ontario when it elected to buy Suncor for twice as much as its real worth.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, it is always a riot to hear the speeches of the gentlemen on the other side because they go on to give the impression to the Canadian people that everything is just hunky-dory and rosy in this country, that the government is not at fault in the slightest degree for the situation in which Canadians find themselves, that everyone is to blame except the gentlemen and ladies on the other side. Well, that does not wash with the Canadian people any more. When the hon. member who last spoke stated that the Canadian ownership charge may come off and then went on to fudge and widget around, he left no doubt that the government will not reduce the taxes of the Canadian people when that is paid off; rather, it will buy out another company because, you see, once it starts on this road to socialization, taking everything over, it cannot have private companies operating because their level of efficiency is so much more superior to that of the Crown corporations that it makes the Crown corporations look bad. Therefore, the government must take it all over. That has been the history in every country in the entire world where there has been socialization.

Mr. Smith: They are over there in the corner, Blaine, that is why.

Mr. Taylor: They are over there, across the way.

Mr. Thacker: Bill C-112 causes me great sadness because there is no doubt that Canada is in deep trouble. I will not state the statistics on unemployment, the position of our dollar or our inflation rate. There is no need to do so because Your Honour knows of them, and so do the Canadian people. But what most Canadians do not realize is that their trust in government is a misplaced trust because it is a trust which has been broken and breached by the Liberal government over some 14 years.

However, let us look at where we are. We sit here, a small number of people, 24 million, on the resources of half-continent. Other countries have huge populations and small resources. They are in trouble, and so they should be in trouble, because the vast bulk of those countries have tried this route to socialism, whether one looks at Sweden, the United Kingdom or at the ultimate in socialization, which is Russia and the East bloc. Most of those countries were wealthy countries at one time. Indeed, if one looks at Roumania, Poland or Russia, one finds that they were exporters of food until they became socialized, which simply means that the decisions are made by a small group of people.

That is what the National Energy Program does. It takes that huge oil industry which we had, where millions of individual decisions were made throughout the course of the year, where there was instant adaptability to changing climate, circumstances and finance in the world and all the other items of change, and it brings that decision-making to Ottawa. We now have a small cabinet which is really inundated with so many other concerns that it honestly cannot make those decisions, and we also have a bureaucracy which is totally isolated from the reality of the world. Those people in the cabinet are making decisions. Of course, it has not worked in any other country in the world, and it will not work here.

Mr. Orlikow: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Thacker: Mr. Speaker, I would be delighted to answer any question at the end of my comments.

Mr. Speaker, why, in 1982, do we find ourselves in this situation, and particularly why, in 1982, do we find that during the last fourteen year period—although it is true that inflation has affected the entire western world—Canada, with its small population and its vast resources, has dropped from third to thirteenth place? Now, hon. members opposite never talk about that, but the reality is that they have taken this great country, this small number of educated, ambitious, pioneering people, and they have reduced us from third to thirteenth place. Why is it that Japan, comprising 114 million people, sitting on a rock in the middle of an ocean, has done so well?

Mr. Rose: Feudalism.

Mr. Thacker: It is not because of feudalism. It is feudalism which has destroyed this country because, as the hon. member knows, we are taking over land, we are expropriating the oil industry, and we are reducing people to slaves.

An hon. Member: Tell us about PWA.

Mr. Thacker: The reason for this has been the result of the last 14 years. Of course, it is because we have been engaged in a process of socialization. Our friends to the left in the NDP have effectively been the government of this nation.

Mr. Smith: Nonsense!

Mr. Thacker: Well, they have been. Why has the Canadian ownership charge gone up so much? Why do we have 400 Crown corporations? Let me tell Your Honour why Crown corporations do not work. Not only are they inherently inefficient because they do not have to meet and face their shareholders, but they also have a permanent pipeline into the public purse. We know that if 400 corporations were set up in private industry in all of the areas in which the Crown corporations are now operating, at least a third, and probably half of them, would be gone because of the natural cleansing process of the marketplace. In the marketplace, the inefficient are weeded out, those with bad management are weeded out, and if some other company comes up with a new process, it takes over if it can produce the product more cheaply.

Mr. Smith: Tell us about Suncor.

Mr. Thacker: But not one of these 400 Crown corporations has ever failed, because to become a Crown corporation and take from the public purse means you never have to say you are sorry. You do not have to meet the test. Therefore, what happens? The industry is permitted to continue, more money is poured in, which it never saves in the long run, and it builds up such a massive load that when it collapses tens of thousands of people lose their jobs.

The most recent example was in Nova Scotia where, in order to save jobs, the government became involved in SYSCO, turned it into a Crown corporation and kept pouring in money. I guess in SYSCO's case it amounted to something like $1 million a day or $1 million a month, but it finally came to an end. So all of a sudden, thousands of people were laid off. Under the market forces, where government is not keeping companies, there is a constant cleasing at the bottom. But those people can be absorbed because they are usually from smaller companies.

An hon. Member: That's what happened to Chrysler and Massey Harris.

Mr. Thacker: Absolutely. To the extent that the government keeps Chrysler going—

An hon. Member: Thirty thousand people out of work.

Mr. Thacker: Yes, sir, we will keep them and then drop them, all at the same time, perhaps when we have 15,000 or 20,000 going.

• (2120)

Mr. Smith: What is your position on Petro-Canada this week? Are you for it or against it?

Mr. Thacker: The hon. member opposite speaks about Petro-Canada. There is no doubt that it will succeed. It will succeed if it has to take every last tax dollar out of every last Canadian's pocket. As the last speaker said, they will not do away with that tax. They will purchase another company. They must take away all private companies because they set up a competitive position which makes Petro-Canada look sick.

We have over $2 billion in Petro-Canada, and it cannot make it on the open market. If we were not kicking in $400 million a year and $800 million for the purchase of Petrofina, PetroCan would be gone. It cannot compete. It would not be able to compete if we were in government. It does not matter which is the label of the government. It is just an inefficiency that is inappropriate, particularly in the oil and gas industry.

The Canadian people will learn a lesson in the co-operative movement. The government has offered to the co-operative movement $100 million if it will kick in some money and set up a co-operative oil and gas company. I predict with absolute certainty that the members of a co-op will suffer a terrible loss.

The oil industry is not like the airline industry to which you give routes. All it has to do is to buy some planes, put some people on them and fly back and forth. You can do away with competition, as was done with Air Canada.

An hon. Member: What about Pacific Western?

Mr. Thacker: Canadian Pacific cannot get in. They can make it work, but the oil and gas industry depends on people with creativity, people who are prepared to work 18 and 20 hours a day. You do not get that in a Crown corporation. Members opposite can laugh, but I am confident that in a few months or years Canadians will come to realize that.

I want to deal with some comments made by previous speakers. The hon. member for Lambton-Middlesex (Mr. Ferguson) seemed to imply that the producing provinces totally agreed to all of the provisions in the agreement which they signed and therefore were in favour of the federal taxes. That simply is not the case. The province of Alberta had a position to protect its citizens in their capacity as owners of the resource. The federal government had a position to protect what it thought was the national interest. They negotiated and ultimately came to an agreement. Albertans were party to that agreement only to the extent of protecting Albertans as owners of the resource and were in no way condoning all the federal taxes.

They really had no choice because the federal government had unilaterally come out with a National Energy Program which said it would do this and this and this. The provinces had no choice because under the Constitution the federal government was really intruding into provincial jurisdiction. For example, these taxes were put on as a royalty, so the provinces had no choice but to defend themselves. That led to a stalemate. Months and months passed, and finally a mutual agreement was reached under which the citizens of Alberta were satisfied with the royalty portion they were keeping. That does not imply they were in favour of the federal taxes.

The hon. member for Lambton-Middlesex pointed out that the blended price is now 70.6 per cent of the world price. Canadians now pay 70 per cent of the world price to the owners of the resource, but the retail price is much higher than in the United States. In the United States, they give the owners 100 per cent of the world price, and yet their retail price is less than ours. The difference, of course, is in the taxation.

Mr. Kelly: It is provincial.

Mr. Taylor: There is no tax in Alberta or Saskatchewan.

Mr. Thacker: I know my facts. If the backbenchers on the other side had been doing their job for their constituents, they would know the facts. The difference is in taxes, provincial and federal, which means that Canadians are paying more.

In the United States there is an excess profits tax. If the world price goes up and the cost of producing the resource does not, there is an excess profit which the U.S. government taxes away to the benefit of its citizens. When the world price drops and there is less profit, there is less tax. We have not chosen to do that in Canada. We have a fixed tax. Whether the price is up or down, a Canadian citizen must continue to pay that price. That is why our retail price is more than in the United States.

Let me give an example. In Ontario the price per gallon was recently $1.67. Of that, 22 cents went to the people of Alberta as owners of the resource. That was the royalty, 22 cents. The Ontario government took 25 cents by way of a tax. The people of Ontario and other provinces need to know that their provincial governments are taxing oil and gas being sold at the pumps. That 25 cents is more than the owners receive, an interesting point.

Let us look at the federal tax. Why is the federal government taxing the purchaser 53 cents on a gallon of gas which sells for $1.67? That is regressive tax. That is not part of the progressive income tax system where the rich pay more than the poor. When you put a tax on a gallon of gas of 57 cents, it hurts the poor much more than those of us with a higher income.

The federal government is not prepared to tell the people that it has increased taxes. It is trying to sneak it in. My job as an opposition member is to bring that out. I hope people will remember that, particularly those in the province of Quebec, because they will be hurt. Later in my speech I will point out that if there is a war in the Middle East tomorrow, the people in the Atlantic provinces and Quebec will be the first to be hurt.

Of that $1.67 per gallon, 63 cents goes to the industry, the searchers, producers, refiners, distributors and retailers. They receive 63 cents. The government, which does not do one stitch, not one thing, receives 57 cents, more than twice what the owners receive.

The hon. member for Lambton-Middlesex referred to the United States megaprojects that are being cancelled. The reason is that so much conventional oil has been found. They can cut back their megaprojects because they float. One thing about the Americans, they have the ability to cut and bleed and get on with it. Because of our government trying to solve every problem for every citizen, it does not work in Canada.

I want to make some comments in response to the Minister of State for Finance (Mr. Bussières). I was astounded at his admission, which was the first I have ever known. He said this is tax by regulation, and the reason is that it gives the government more flexibility to quickly increase taxes. That is exactly what he said. It is true. It gives it the power to increase taxes by a minister signing a piece of paper. Never will those taxes come before this House for review, nor will they therefore, they hope, get out to the Canadian people. Sir, it is a gimmick to avoid facing the people with taxes. When you think about it, the whole purpose of Parliament originally, the entire and sole reason for Parliament, was to control the purse, so that the ruling governments, which in those days were the monarchs, would have to come to the people to get the money.

• (2130)

Mr. Friesen: Quite so.

Mr. Thacker: Well, we are being thrown back in time because the Liberals, for a while at least, are going to avoid it. Then he too went on to imply that the Alberta government had agreed to all the federal taxes. Of course, as I pointed out earlier, that is absolutely untrue. When the Premier of the province of Alberta signed that agreement he was not agreeing to the federal taxes. He was saying in effect that that was their jurisdiction, that "Canadian people will have to deal with the federal government for those taxes, the Alberta people will have to deal with me with respect to the royalty." And he did a good job for the people of Alberta.

The Minister of State for Finance went on to say that the Canadian tax regime is approximately equal to that of other countries, and therefore the Canadian oil companies should be happy. If that were so, Mr. Speaker, why is it that there were some 275 oil rigs leaving this country? If our tax regime is so good and so comparable, why did they leave? It costs hundreds of thousands of dollars to pack up a rig, take it across the border, then get it established, buy more leases, and enter into agreements. It cost a lot of money. Why did they go? The truth is that the tax regimes are not the same.

We have had a substantial change because prior to the National Energy Program, we used to encourage industries, through tax deductions or tax credits, whichever we felt were best, and we would bring in a tax deduction for an oil company doing some work. Any company could therefore go out, do the work and get the benefit of the tax deduction. Now the National Energy Program has changed that. All of the tax money is being collected in Ottawa and the money will then be given out, depending on whether the Liberal government and its bureaucracy decides the company is deserving. What will be the test? The test will be, "Where are you going to drill?" If you are going to drill in Alberta, you are not going to get very much. If you are going to drill up in the Beaufort on federal land, you are going to get a lot. So taxpayers from the province of Alberta, for example, will be paying tax dollars to Ottawa. If a company wants to work in Alberta, they are not going to get the same grant as would a company going to work on other land, like federal land. That is inherently unfair, because under the tax deduction system the company made the decisions based on where the oil was and where they could get at it. So that is a substantial change, and it will mean less oil production.

The point that is really interesting to me as an Albertan is that prior to the National Energy Program, even though the manufacturing industry in central Canada was having some problems and needed to have federal government help, we had one part of our country that was really going flat out. That was the oil and gas industry in the western basin, moving up into the Arctic and moving off to the offshore on the east coast. That industry was providing tens of thousands of jobs, not for Albertans, Mr. Speaker, because we do not have very many of our own people, but providing jobs for boys and girls from Ontario, Quebec and the rest of the country. We were becoming more unified as a result of that. We were mixing, and it was great.

Now that is all over. As a result of the National Energy Program, the rigs leaving and people not drilling, the Alsands and Cold Lake being cancelled, it is the Ontario young people and the young people from the rest of the country who are now having to go home without a job. The spin-off benefits of the Alsands, where there would be pipe produced in Ontario, equipment and clothes in Quebec, rail cars and pipe in Nova Scotia, are no more. It is not there, Mr. Speaker. Those people are losing their jobs. So it is ironic that, to express a very selfish Albertan point of view, for Alsands not to go on is in the best long-term interests of the people of Alberta. If it is not used by our generation, it will be there for our children, our grandchildren and our great grandchildren. Alberta was prepared to have all of that oil produced. Even with our conventional oil, it would be best if Albertans could leave that in the ground. But they are not doing so, because, in the Canadian dimension, they are producing 1.2 million barrels a day to send it down the pipeline for the rest of Canada. Even at 50 per cent of the world price, that has built up the Alberta heritage trust fund. Alberta could have decided to hold production down, because the Constitution permits that, just export 200,000 barrels a day and keep the remainder for Albertans for the rest of all time. But that is not right. So they built up the heritage trust fund.

That brings me to the next point. The Minister of State for Finance was indicating that Albertans were somehow greedy because they had built up that heritage trust fund. Mr. Speaker, that heritage trust fund has helped the rest of Canadians in several ways. First, it is a source of money that other provinces could come and borrow. It keeps the interest in the country, as

against having to go outside the country to borrow the money, which means more dollars flowing out of the country.

Second, several billions of dollars of that heritage trust fund has gone into the Alberta home mortgage corporation, which lends that money out to Alberta citizens to build their homes. That means that there is more CMHC money available for other Canadians. The same occurs with the Agricultural Development Corporation. It uses Alberta heritage trust fund money, and that means that there is more money through the Farm Credit Corporation to other provinces. In that sense, it is a major help. If it were not for the heritage trust fund, more money would have had to flow into Alberta and there would be less available for other provinces.

Then what happens, Mr. Speaker? When Albertans have money, just as when Newfoundlanders have money, they buy a car. Where is the car produced? In Ontario. So you get this tremendous mixing. I was a member of the fiscal tax force and even the four Liberal members sitting on that task force joined us in agreeing unanimously that the Alberta heritage trust fund was in no way a detriment to this country and that the existing economic links would recirculate that money so that we would all benefit a great deal.

Mr. Speaker, I challenge the Minister of State for Finance to rise in his seat and tell me that if the oil and gas were located in Ontario or Quebec, or in both provinces, we would have the same National Energy Program. I can tell you, Mr. Speaker, there is not one way that one of those members opposite can stand and honestly say that if the oil and gas were in Ontario and Quebec we would have the same National Energy Program. Their people would not permit it. The only way they can get away with it is that it is in the west, in Alberta, with only 21 members, and while we stand here and try to explain to them the problems it is causing, it does not affect them because they do not have their own constituents there. That was true at least until a while ago. I think their constituents are going there now. The young men and the young women who went west to get jobs found no jobs there. I hope they are in yelling and screaming, because it is just not right. It should not be. If members opposite want to come with me, I will take you out and I will introduce you to people who have lost their jobs, to men and women who have put 20 and 30 years of their lives in building up a small business, only to have it smashed. Those are human beings, Mr. Speaker. Those are hot, living bodies out there that have lost it. They would not have lost it, if it were not for the National Energy Program.

Mr. Taylor: Right on. All we have is empty seats on the other side.

Mr. Thacker: Mr. Speaker, what have we got? Canadians need to know exactly what the government has done. In fact, this bill tonight contains three new taxes, but it is part of seven taxes that are increasing the burden of Canadians at the grassroots level. These are regressive taxes which are being levied on people. We have the PGRT, the IORT, the NGGLT, the COC, the PCC, an excise tax and a sales tax. There are seven individual and separate taxes which are coming out of the pockets of Canadians directly.

• (2140)

The whole National Energy Program is based on a false model designed by intellects who have never had to meet a payroll in their entire lives. The officials in the Department of Energy, Mines and Resources, and the minister himself, have never gone out and operated a business. They have never set up a business. They have never had to hire people. They have never had to produce. They have never had to pay people at the end of the month. They have never had to pay workmen's compensation premiums or unemployment insurance premiums. They have never had to make income tax deductions and Canada Pension Plan deductions. They have never had to stay up until midnight filling out their own papers. They are indulging in an academic, intellectual exercise. At will, by signing a paper, they can increase the workload of people in the field.

While it saddens me that Canadians have to do this, I am pleased they are starting to fight back, and they are fighting back in several ways. They turfed out a government which believed government should take everything unto itself. They turfed out the government in Saskatchewan. That government was buying land from people and denying them the right to own property. That government was nationalizing and creating Crown corporations. That government was into every conceivable type of business but still taxing the people because Crown corporations did not have to say they were sorry and therefore kept coming back to the Saskatchewan provincial purse. The government kept kicking in tax dollars until finally people said, "Enough".

When I was in Saskatchewan and knocked on doors for three days during the election campaign, it was a genuine pleasure to hear people say, "We have had enough." They wanted to turf the government out, and they did.

Canadians are beginning to rebel in another way, and I think that is just great because the ultimate way to stop a government is to stop the flow of tax dollars. Hon. members will have noticed that the underground economy is expanding enormously. At a time when we do not really need much cash because there are so many credit cards—and they are used—the use of cash in our society is growing enormously. The reason is that people want to be paid in cash because in an underground economy no taxes are paid. While that is unfair in the sense that other people are paying their taxes, it is a sign that people are waking up and saying "No". Rather than doing that, I encourage people to wait until the next election and put in a party and a government which would not take everything away from them.

As hon. members have heard me say previously, a slave is simply someone who is taxed 100 per cent in the sense that someone else makes decisions as to the human rights of that slave, where he lives, where he works and where he sleeps. As an economic creature, a slave is simply taxed 100 per cent. All that person's economic rent goes into the hands of someone

else who decides how it is spent. That is exactly where we are because when we add up our municipal taxes, our provincial taxes and our federal taxes, we find that over 55 per cent of the sweat of our brows goes into the hands of someone else who decides how to spend it. That is the major difference between the parties in this House. The party to the left, the NDP, clearly would tax away 80 per cent or 90 per cent, as is done in the socialist countries of Sweden and the United Kingdom. In places like Russia and China 100 per cent is taxed away. Hon. members opposite in the Liberal Party now believe in the same thing. They want to take away so that they can pay back in the form of grants. This party would not do that, and this party will be a real alternative in the next election.

This bill deals with the goals of the National Energy Program. First, the bill deals with self-sufficiency. That goal has been lost, and that is a tragedy because Canada continues to use about 1.7 to 1.8 million barrels of oil a day. We were getting about 1.2 million barrels a day of Alberta light crude, and we were getting about 200,000 barrels of synthetic crude per day from Alberta's tar sands. We were importing about 400,000 to 450,000 barrels a day. We are still faced with the reality of importing 400,000 to 450,000 barrels a day and, if there is ever trouble in the Middle East, that supply will be cut off and we will be exactly where we were in 1978 during the last Middle East crisis when suddenly we realized we were exposed. When the OPEC increased the price, we were caught. We had no choice but to pay the price. If we were self-sufficient, we would not give a hoot what the rest of the world does. If the OPEC were to put its price up to $500 a barrel and if we were self-sufficient, we would decide how much we would pay in the Canadian interest.

But we are not there. We are still importing, and that is how we are getting ourselves into a real jam. If there is a war tomorrow, the people in the Atlantic provinces and Quebec will be cold. They will be cold because we will not be able to get oil to them.

Alberta's offer was incredibly generous. What Alberta said then was: "Pay us, as owners, up to 85 per cent of the world price, and we will guarantee that with that money we will put those tar sands plants in." As our conventional crude supplies dropped, as they are dropping even this year, Alberta would have guaranteed there would be synthetic oil in production to offset that, as well as to cover imported oil. Alberta also guaranteed that the extra money would be used in Manitoba to develop the hydroelectric project on the Nelson. Alberta guaranteed it would go into Quebec and Newfoundland to develop their water resources in the north so that we could be self-sufficient in all forms of energy. Well, that is gone, and it is a tragedy because it need not be gone. We as Canadians could be self-sufficient, and should not have to be beholden to anyone. No form of blackmail should get us.

The next goal of the National Energy Program was Canadianization. When the Liberal government, now in its socialist form, talks about Canadianization, Canadians should never be fooled because the government is not giving Canadians a chance to buy shares. Indeed, it is expropriating shares from Canadian citizens. Many Canadians held shares in Petrofina. Those shares were expropriated. Many Canadians held shares in Altantic Richfield. They were expropriated. Many Canadians owned shares in Pacific Petroleums. They were expropriated. The Liberal-NDP coalition kept the right of property out of the Constitution because if we had the constitutionally entrenched right to ownership of property—and that includes shares—the government could not under the Canada Business Corporations Act, expropriate our shares because the clauses of the Canada Business Corporations Act dealing with that would be null and void. The government would have to buy my shares. It would have to negotiate with me. If it gave me enough money, of course I would sell, but the government could not take my shares away. We do not have the right to own property because that would block nationalization.

The Liberals agreed on a Friday to include the right to own property. The next day the Leader of the New Democratic Party (Mr. Broadbent) held a press conference and told the Prime Minister (Mr. Trudeau) that if he continued to propose the inclusion of the right to own property in the charter, the NDP would withdraw its support. The Liberals came crawling back on the Monday following. Having agreed to include the right to own property on the Friday, the Liberals withdrew that right and used their majority. In the next election campaign there will be a plank in my party's election platform proposing to give the people that right, and then they will truly have that right.

What has been the effect of his great Canadianization? Let me give exact figures. They are truly astounding. The amount of money which has left this country to purchase the shares of foreign-owned companies is $5.3 billion. the amount which has left this country by way of take-over when Canadian companies have borrowed money in the United States, primarily to buy other companies, was $4.9 billion. Then there was an unidentified outflow of some $8.4 billion, for a total cash out flow of $18.6 billion. Let me tell hon. members why $10 billion went out. We had foreign ownership of shares. The cost of those shares was a dividend, the long-term average of those dividends was 3 per cent to 5 per cent. It must be remembered that a dividend is only paid if a company is making profit. In good years you would lose the dividend and in bad years the dividend would stay because one would not be declared. What we have effectively done with $10 billion is to convert that from foreign equity ownership into foreign debt, on which we pay between 15 per cent and 20 per cent. So whether it is a good year or a bad year, 15 per cent to 20 per cent of that $10 billion goes out just to service it. That does not count the $10 billion for the principal, and that is the tragedy.

• (2150)

We have already been through this during the 1920s and even before, when most of Canada's foreign ownership was in the form of debt. A great intellectual exercise went on at that time when the bright boys of the day decided that because the interest flows out in good years and in bad years, the debt had to be converted into foreign equity, and then a dividend would

just be paid in the good years. That is why we have foreign ownership today. Now we are doing exactly the opposite and turning it back into foreign debt and facing that hemorrhage of money.

There is another figure that must be considered, Mr. Speaker. At the present time $31.4 billion short-term speculative money flows into Canada. That is the international, Arab, petroleum, energy money—the petro-dollars, the international banking community money. It is the capital market that flows wherever the investment is best. In order to keep that money here and to protect our dollar, we have had to increase our interest rates to 15 per cent or 20 per cent. That is why Canadians are hurting today, Mr. Speaker. We lost all our direct investment money, $18 billion of it, and we have had to bring in $31 billion of speculative money.

That money would be gone by noon tomorrow if some other country offered an extra 2 per cent interest. That would justify cost and we would be left holding the bag. That is why we are forced to keep our interest rates up. It is not because of anything that the people of Canada have done wrong; it is something that the government has done to them. People should remember that is was done by a Liberal government.

I could go on for a long time talking about this, Mr. Speaker, and I could deal with the comments of the hon. member for Vancouver-Kingsway (Mr. Waddell). We can see how his speeches have changed, Mr. Speaker. He is beginning to understand the enormous loss being felt in the oil and gas industry. He is starting to realize that this represents jobs and that when a company in Alberta, Saskatchewan or B.C. is hurt, people in Ontario, Quebec, and the rest of the country are also hurt. I think the hon. member will be able to make a positive contribution to this debate soon, because he is beginning to see the ramifications of all that his colleagues are advocating. Many of them sit there laughing and smiling, but they should remember that it is their constituents who will be put out of work.

Some hon. Members: Hear, hear!

An hon. Member: Continue.

The Acting Speaker (Mr. Ethier): Order, please. The time allotted to the hon. member has expired but he can continue with unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is not consent.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I should like to go back to some of the most interesting points made by the hon. member for Lethbridge-Foothills (Mr. Thacker) during his speech—a very good speech indeed—for which I congratulate him.

I think the first good point he made and that I was glad to hear, for having heard it often during my first year here in this House, is that because of what happened with the Alsands project, the Alberta people are going to keep the oil from the Athabaska oil sands and sell it later to Canadians. That is the sort of nonsense which members of the Progressive Conservative Party kept repeating the first year I sat in the House. They used to say that the main reason for raising oil prices to world levels and making fuel oil and gas more expensive for Canadians was to teach them to conserve it for the future so that future generations of Albertans might get higher incomes; well, last week, the official opposition turned this argument around and insisted on an emergency debate on this issue. It was somewhat strange, because they seemed to realize all of a sudden that the Alsands project had been set aside temporarily, owing to the fact that Canadians have learned to develop and use other sources of energy. What makes it even more surprising, as I said at the time, is the fact that Canadians had just learned from Premier Lougheed himself that Alberta oil did not belong to them, something he confirmed by reducing oil production first by 60,000 barrels a day, and later by 120,000 barrels a day. With that information, and having been told by the Leader of the Official Opposition, the right hon. member for Yellowhead (Mr. Clark), that oil had to be expensive—

[*English*]

Mr. Towers: Mr. Speaker, I rise on a point of order. I wonder if the hon. member would clarify one point. He said, "When the premier of the province of Alberta found out that the oil did not belong to the province of Alberta—". I wonder if he would clarify that point for me?

[*Translation*]

Mr. Gimaïel: What I mean, Mr. Speaker, is that while negotiations were in progress between Alberta and the Canadian government, the Alberta government twice cut back oil production and oil sales to the rest of Canada, the first time by 60,000 barrels a day and the second time by 120,000 barrels a day. These cutbacks proved beyond the shadow of a doubt to the Canadian people that the oil locked in Alberta's subsoil belongs, not to Canada, but to the people of Alberta, and more specifically, that it is controlled by the Alberta Premier, who may decide tomorrow morning, if he so wishes, that Alberta will not produce one more barrel of oil. This is what I was trying to say. That is the obvious reason why, from that moment on, the national policy established by the government to promote alternative forms of energy suddenly snowballed. All the people in eastern Canada come to the conclusion that since the Arabs could stop shipping us oil tomorrow morning in the case of a war and since Peter Lougheed could decide tomorrow morning to stop piping oil from the west, it was essential to turn to alternative energy sources. Many of my friends back home have installed wood-burning stoves. Many others have converted to electric heating. Still others have installed windmills to generate electricity, have turned to all

sorts of other means, have added to the insulation in their homes and have benefited from the federal programs, with the result which seems to surprise the members of the official opposition seem to be surprised that we are now using much less oil in eastern Canada today than 10 years ago. Much less!

That is quite normal, and it is a logical result of what the official opposition party, the Progressive Conservative Party, wanted. As the hon. member for Lethbridge Foothills has just said, oil prices had to increase because Alberta must keep some for future generations. He has just said so himself. This is what we were told two years ago in this House. I remember hearing with my own ears that Canadians would have to learn how much oil costs. Members opposite are now surprised, Mr. Speaker, to see that Canadians are aware of the high costs of oil and that they are now using less oil, and these members now are requesting emergency debates because a project has been postponed as a result of this decrease in demand in Canada. I find this to be quite normal, and personally, I am grateful that it should be so, that we should be able to keep some oil for the future. I am very happy about that. Because actually—

[*English*]

Mr. Taylor: Mr. Speaker, I rise on a point of order. The hon. member for Lethbridge-Foothills (Mr. Thacker) did not say anything of the kind. What we are saying is that they are importing 400,000 barrels of oil and—

The Acting Speaker (Mr. Ethier): Order, please.

[*Translation*]

Mr. Gimaïel: Mr. Speaker, in any case, the facts show that Canadians are using less oil than before. I heard some members talk about oil prices earlier. I heard someone mention a figure of 57 cents per gallon of oil in federal taxes. I tried to do a little arithmetic, Mr. Speaker. I have always known that there are 4.54 litres in one gallon of oil. At the present time, federal taxes per litre of oil are as follows: an ownership tax of 0.72 cents, a sales tax of 2.4 cents, an excise tax of 1.5 cents, and 2.79 cents for what is known as upstream taxes. This makes 7.41 cents, times 4.54 litres, which comes to the tremendous amount of 33.64 cents in taxes per gallon of oil. This falls mighty short of 57 cents a gallon, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please! It being ten o'clock, under the provisions of the order made on Friday, May 7, 1982, it is my duty to interrupt the proceedings and to put forthwith all of the questions necessary for the disposal of the second reading stage of the bill now under consideration, without further debate or amendment.

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

[*English*]

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to the order made earlier this day the recorded division stands deferred until 3 p.m. on Tuesday, May 18, 1982.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

EMERGENCY MEASURES—ORDER IN COUNCIL PROVISIONS AFFECTING MANPOWER. (B) EFFECT ON UNIONS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, hon. members will know that for some time now I have been exploring the implications of the emergency planning orders as documented in *The Canada Gazette* of June 10, 1981. Among other things, the Minister of Energy, Mines and Resources (Mr. Lalonde) is empowered in peacetime to nationalize the energy industry in Canada. The minister of Industry, Trade and Commerce (Mr. Gray) is empowered to nationalize the means of production in Canada. These immense powers given to various cabinet ministers are of growing concern to me and, according to my mail and that of many other members, to Canadians all across the country. That is why ten days ago I rose to ask the Minister of Employment and Immigration (Mr. Axworthy) questions regarding the implications that order had for his portfolio, and therefore all Canadians. As I pointed out at the time, he is empowered to, "establish a population register for the effective management of manpower and arrange any required international manpower transaction." I emphasize, Mr. Speaker, that those are peacetime powers being given to the minister under a very loose definition of what constitutes an emergency. In answering my question, if you can call it an answer, the minister said:

—that any time there is a major catastrophe that would affect this country, there are obviously international implications in terms of the movement of workers and movement of people across borders.

I ask, Mr. Speaker, what constitutes a national emergency which would have those broad international implications? Suppose there were large scale floods. Is that big enough to call for an international transfer of manpower? Suppose there were an earthquake of massive dimensions in Canada. Should that empower the minister to register all manpower in Canada and transfer them to other sovereign countries in the world? Suppose there were a drought for several years in Canada as we experienced it in the 1930s. Is that enough of a catastrophe to justify empowering the minister to register everyone in Canada and then ship them out of the country? The specific question is: what kind of an excuse does the minister need? Under what circumstances does a domestic national emergency call for the Minister of Employment and Immigration to transfer Canadians to another country? These are the bizarre implications of the emergency planning order.

• (2205)

When the Solidarity union in Poland faced military rule, and in fact the entire country was under military rule, the Prime Minister (Mr. Trudeau) said that the demands of Polish workers were "excessive". I came across a quotation in the Solidarity union weekly newspaper which I should like to read. It indicated what might transpire as follows:

> Militarization of work enterprises which converts bureaucratic directives into commands; military courts replace civil courts; all union activities as well as activities by other organizations and associations are terminated; all public gatherings outside of religious observances are outlawed; the censorship law is suspended, which means a position of arbitrary censorship could include the proscription of any publication; limitation on freedom of travel out of the country as well as—attention—movement within the country.

This was published by Solidarity workers two days before the imposition of martial law in Poland.

Several months ago in committee I asked the Minister of Justice (Mr. Chrétien) whether a general strike would be enough to impose the emergency planning order in Canada. He said, "If it got serious enough, yes." That is an implication of bizarre proportions. On that same day I asked the Minister of Labour (Mr. Caccia) whether, according to the emergency planning order, he was able to regulate and control conditions of work, rates of remuneration, and occupational safety. Again, this is a peacetime power, and the Minister of Labour is able to abrogate all union contracts and is able to deny workers the legitimacy of union agreements which have been arrived at. I want to point out that the powers given to the Minister of Labour under peacetime are nothing short of dictatorial. At the time the Minister of Labour gave an even more alarming answer. He said:

> Until that emergency situation appears on the horizon, the integrity of collective agreements will prevail.

What does he mean?

The Acting Speaker (Mr. Ethier): Order, please. I interrupt the hon. member because his allotted time has expired.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, we all know the interest taken by the honourable member for Surrey-White Rock-North Delta (Mr.Friesen) in the issue of emergency measures. It must be said however that, by itself, the emergency planning order gives the minister no authority to establish a population register nor arrange any emergency international manpower transactions. Those are the responsibilities of the national emergency manpower administration that can only be formally established in cases of serious national emergencies. And even then, the enactment of such an emergency act remains a prerequisite.

Section 5 of the order only requires the minister to develop and update appropriate plans and duties for the establishment and operation of the above-mentioned administration. It does not empower him to exercise responsibilities, powers and functions mentioned in the appendix to the order. The same goes for labour conditions, pay rates, work safety and labour relations, that would be the responsibility of the above-mentioned administration.

AIRPORTS—(A) POSSIBLE CHANGE IN STATUS OF DORVAL AND MIRABEL AIRPORTS—(B) REQUEST FOR INDEPENDENT EXAMINATION

Mr. Ian Watson (Châteauguay): Mr. Speaker, in the answer he gave yesterday to my question dealing with a possible transfer of services from Dorval to Mirabel, which was directed to the Minister of Transport (Mr. Pepin), and in which I asked for a genuine consultation process with all the interested parties, namely the air transport industry, labour, Montreal businessmen and above all the public, the minister answered, and I quote:

> It may well be that we shall have a public process of consultation on the decision I shall recommend to cabinet, but the decision has not yet been made.

If I read his answer correctly, this means he will first make a decision, then a recommendation to cabinet, and after that we might have that public consultation process.

• (2210)

[*English*]

This is just not good enough. What kind of a democracy are we living in when the minister, in a matter which is as important as this to a population of some two million people, is beating around the bush with regard to the question of a full public consultation with the air industry, businessmen of Montreal, the travelling public and the unions who represent the workers who may have to move from Dorval eventually? What is the problem with a consultation process? Is it because the department is afraid to have a full public consultation process? Are they are afraid of the facts?

I am absolutely amazed that we are faced with the situation where several options are being presented to the public while

another one is being presented to a particular segment of the public. They are the 33 mayors from the north side of Montreal who, as well as members on this side who are supporting that Mirabel effort, have legitimate local interests. However, that local interest is certainly not anywhere near as important as the more general interest which exists on the part of the vast majority of the people living on the island of Montreal and on the south shore opposite Montreal in the continuing full use of Dorval airport for domestic and North American service.

Under the circumstances, we are finding that the options that are being presented are limited. The two most important options are not even being considered. Those two options are the status quo or the closing of Mirabel altogether. If options are going to be considered, these latter two are legitimate and must be considered and be part of any public consultation process.

Finally, I think we should review the history of Mirabel for a moment. I was aware of and supportive of the political reasons for the construction of Mirabel airport in the first place. There were technological reasons advanced for it at that time: noise reduction and the argument that Mirabel would be the gateway for freight transfer and passenger transfer to the rest of North America. Technological developments have bypassed Mirabel. Sound has been reduced by two thirds, and aircraft can now fly almost twice as far. Therefore, flights from Europe can go to the centre of North America or even the North American west coast. The dream of Mirabel as a gateway to North America has gone forever.

The present reality is something quite different. Mirabel is there and we are losing in the order of $25 million a year in operating costs. That is regrettable. If we want to be totally hardnosed, I guess we should shut Mirabel down. At the moment I think we can consider leaving it open, hopefully, because the present passenger traffic, something which not even the so-called experts in the department could have predicted, will increase. However, I doubt that it will happen to the point where it would justify the full use of Mirabel.

• (2215)

We are now in a situation where it has been suggested that we replace the present $25 million operating loss with an expenditure of some $400 million at least, $200 million from the public sector and another $175 million or so from the private sector. The interest on that alone is two or three times the present operating costs of Mirabel.

There are other items here that we have to mention. The travelling public in Montreal certainly do not want the move. Business in Montreal certainly does not want the move. Twenty minutes may seem a minor amount of time to a lot of people, but it is just enough time, 20 minutes each way, to make many businessmen and the travelling public decide to take a plane to Toronto and make a transfer there, or to take a plane into the United States and make their transfer somewhere further down the line rather than to spend extra money themselves on gasoline or on a $40 taxi trip. If the recommendation that the northern mayors are making is followed through, the end result will be a decrease in total passenger traffic coming through the combination of Mirabel and Dorval.

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, it is apparent to anyone who has followed the recent events and has read *Hansard* that the Minister of Transport (Mr. Pepin) is giving the Mirabel-Dorval issue his fullest attention. The solution must be one that is reached after a full examination of the long-term development needs of the Montreal area. Information provided to this House as recently as during the debate this afternoon has shown that there have been many reviews and opinions on this extremely complex and difficult issue. With the release of the interim report on airport role options in February, 1981, known as phase one, all interested parties were invited to submit comments and concerns on two proposed options, with a view to providing broader input to phase two, which is the detailed cost benefit and arrangements of these options. This indication represents a genuine public process of consultation as called for by the hon. member, but the process of consultation has gone farther than this.

The hon. member will recall that the minister has personally met with large delegations representing both the Dorval and Mirabel areas. He has also personally met with the president of Air Canada and CP Air to discuss the issue, as was recently disclosed in an article in the Montreal *Gazette*. So there can be no doubt that the minister is taking the issue seriously and has made considerable efforts to hear the interested parties. The minister is searching for the best possible solution. It may be that the solution will not satisfy everyone, but the hon. member can be assured that once the minister is satisfied that every aspect has been fully considered, he will not hesitate to recommend a course of action to his colleagues, however difficult it may be.

FINANCE—REQUEST FOR INCREASED TAX REBATE ON FARM FUEL

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, on April 8 I raised a question with the Minister of Finance (Mr. MacEachen) concerning the rebate on farm fuels. The reason I raised it was that I believe everyone knows that there is much difficulty, not only in farming communities, but also in the business community as a whole across the country. Specifically, in relation to the farming community, it is very important that we maintain a productive agricultural economy at home so that we can have access to relatively inexpensive food and so that we can meet what most people believe to be an expanding export market for our agricultural products. If we are to do those two things, we must ensure that farmers stay in production.

In the farming community, we have been experiencing some very large increases in the cost of farming, and it looks as though this will continue. As we all know, farming has become very capital intensive because farmers spend much money on

machinery and other costs, such as fuels, fertilizers, insecticides and pesticides, most of which are based on the petroleum industry.

Therefore, I specifically requested the minister to take a look at the taxes which are being collected simply on farm fuels, not on fertilizers made from petroleum products and not on insecticides and pesticides.

• (2220)

I see the parliamentary secretary is here this evening. He will know that approximately 40 per cent of the cost of farm fuels is made up of federal excise tax. It is presently about 40 cents a gallon on diesel fuel and 60 cents a gallon on gasoline. That is an alarming amount of money. The sad part is that that amount of money which the federal government collects from farmers in the form of taxes on farm fuel will increase.

I have some figures which my colleague, the hon. member for Red Deer (Mr. Towers), used in his speech this evening which point this out. In 1980, the cost on an average size farm in western Canada, a thousand acres, related to all petroleum products such as motor fuel, heating fuel and fertilizer, was estimated to be $11,800. In 1981 it was estimated at $16,750. the disconcerting figure is that the projected 1986 figure is $42,000. The tax on farm fuels is expected to go to almost half that, $16,800 for an average thousand acre farm. If that happens, farmers will have a very bad time trying to stay in business. The farm community will have a bad time meeting export commitments. We all know that a healthy agricultural economy adds to the domestic economy.

Despite the fact that we import a lot of food out of season, citrus fruits from the southern United States and all kinds of other foods that we cannot grow in this country because of our climate, when you compare our agricultural exports with what we bring in in the form of imports, you find that there is still a surplus of approximately $3 billion.

Canadian agriculture is thus a very large earner of foreign exchange. Therefore, it should be very important to this government to keep that industry healthy. It will not stay healthy if the federal government chooses to tax it out of business. I submit very sincerely that we are coming very close to that point.

The government should look at what it is doing to the farm community in terms of taxes. If through excess taxes we drive farmers out of business, and therefore have less food available domestically, the consumer will have to pay more. This will not only add to inflation but cause all other kinds of problems. The distinguished chairman of our agriculture committee, who is sitting beside the parliamentary secretary, will understand that a very efficient agricultural industry at home is important not only for our exports, but to maintain a healthy and productive economy at home.

I know that when the parliamentary secretary responds with an answer prepared for him by the department, he will state that any remission of taxes will add to the deficit and that the opposition is being inconsistent by screaming at the government to hold down expenses while at the same time proposing measures that will add to the deficit.

Let me point out that farmers who go out of business do not pay taxes. They will require some form of social assistance and that will add to the deficit. They not only lose the job they created for themselves, but in many cases lose the opportunity to make jobs for others they employ.

Farmers who go out of business do not buy machinery. That hurts central Canada where a lot of the manufacturing takes place. We have seen evidence of that in the House. Massey-Ferguson, White Farm Equipment and International Harvester, which has a big plant in Hamilton, are all in trouble. When those equipment manufacturers are out of business or are suffering financial hardship as a result of farmers not buying their products, they do not pay taxes, and that adds to the deficit.

The government should take a close look at what the opposition is suggesting in the terms of an increase in the rebate on farm fuels. When the federal government is taking, as I said, approximately 40 cents a gallon on diesel fuel and 60 cents a gallon on gasoline, and the rebate is 7 cents a gallon, if farmers and businessmen apply for that rebate, there would be nothing wrong with increasing that, doubling it or tripling it, particularly when you look at what is going to happen as the National Energy Program and the pricing agreement reached with the producing provinces last September comes into effect. A $42,000 tax bill on a thousand acre farm means $40 an acre tax on farmland. I do not know how you can expect farmers to stay in business, to be efficient, to provide food for our consumers at home, and at the same time to look after what we believe our obligation is to the international community, to feed them, while at the same time, helping out our balance of payments.

• (2225)

I would hope that when the parliamentary secretary rises this evening to answer my question, he will take into consideration what the opposition is suggesting.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman.

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Thank you, Mr. Speaker. The hon. member for Portage-Marquette (Mr. Mayer) has expressed his concern about farm fuel costs and has requested that the present tax be increased.

The government recognizes that all Canadians are experiencing increased costs in a number of areas. All householders have to pay more for food, heating fuel and electricity. All persons who operate motor vehicles or equipment powered with internal combustion engines are experiencing cost increases, both because fuel is more expensive and because the costs of repair labour and repair parts have increased.

The government has mitigated the cost of gasoline for commercial users by rebating 100 per cent of the seven cents a gallon special excise tax which is imposed on all gasoline for use in internal combustion engines. Farmers are, of course,

entitled to receive this rebate when the gasoline is used in their farming activities.

The special excise tax is also rebated to municipalities, provincial government departments, clergymen, the handicapped, transportation companies and a number of other users.

Increasing the rebate to farmers beyond the amount of excise tax originally paid, would constitute a special subsidy to members of the farming community. I believe it would be difficult to single out farmers as being more deserving of a special subsidy than, for example, loggers, commercial fishermen, municipal transit systems, taxi operators, freight forwarders and the handicapped, as all of these users face the problems identified by the hon. member.

Proceeding in that manner would cause a substantial loss to the treasury and further increase the deficit. In the light of this fact, it would be difficult for the government to proceed as the member for Portage-Marquette has suggested. Even though farm fuel costs are rising, the cost of fuel is generally lower in Canada than in most other countries around the world. In some countries internal combustion fuel costs are more than double the costs being experienced in Canada, and those countries impose heavy tax levies on those prices as well.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until 11 a.m. tomorrow.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 14, 1982

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

PRAIRIE FARM EMERGENCY FUND—CALL FOR RESIGNATION OF MINISTER—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43. Some 16 months have gone by since the question of the disposition of the $9,060,000 of western grain producers' PFAA contributions held in the Prairie Farm Emergency Fund was debated in this House. Despite undertakings by the Minister of Agriculture (Mr. Whelan), no steps have been taken to make this money available for badly needed research and development of cereal grains. The emergency fund being non-interest bearing, the Government of Canada has, in effect, stolen millions of dollars in producers' money over the years, and since the debate some 16 months ago, $1,963,000, using Farm Credit Corporation rates. I therefore move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House condemn the Minister of Agriculture for having such a lack of interest in research and development and call upon the said minister to resign.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

DEMAND FOR INTRODUCTION OF NEW BUDGET—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, whereas all sectors of our society are facing disastrous economic effects because of the Liberal government's budget and its high interest rate policy, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House instruct the Minister of Finance to introduce immediately a new budget offering specific aid to those individuals hardest hit by this government's high interest rate policies.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CONSTITUTION

PREPARATIONS FOR CONFERENCE ON NATIVE ISSUES—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise on a matter which I sincerely hope will receive the support of all hon. members of this House. Section 37 of our new Constitution guarantees that there will be a federal-provincial conference held with native representatives within one year in order to discuss constitutional issues of concern to native people. Therefore I move, seconded by the hon. member for Winnipeg-St. James (Mr. Keeper):

That this House reaffirm its commitment to serious negotiations with native leaders and request that the federal government provide adequate funding to major native groups so that they may be able to prepare their positions in advance of the constitutional conference.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATUS OF WOMEN

GRAVITY OF FAMILY VIOLENCE ISSUE—MOTION UNDER S.O. 43

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, under the provisions of Standing Order 43 I would like to move, seconded by the hon. member for Don Valley East (Mr. Smith):

That this House assure the women of Canada that the issue of family violence, and especially of wife battering, is considered by all members of this House to be an extremely grave and alarming one; and that the Report on Violence in the Family, tabled in this House last Tuesday as a result of deliberations in committee by members from all sides of this House, will be given serious consideration by all members in recognition of the fact that wife battering takes place in every constituency across Canada, and affects one out of every ten women.

Some hon. Members: Hear, hear!

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Is the hon. member rising to debate the motion?

Mrs. Appolloni: Yes, Madam Speaker. This subject is far too important to be allowed to drop so easily in the House of Commons. I recommend, first of all, that the report from the committee be recommended reading in every school across Canada so that children will begin to learn from an early age that women are not chattels, that women are being battered, and that up until now society has unfortunately turned a blind eye.

I very much hope that as a result of this report, and of deliberations on all sides of the House, Canadian society will learn to treat women with respect, and will give them the protection they need.

Some hon. Members: Hear, hear!

Hon. James A. McGrath (St. John's East): Madam Speaker, in rising to support this motion I want to say on behalf of my party that we very much regret what happened in the House yesterday, or at least the way in which the incident was reported yesterday, because I do not believe the House intended, yesterday or at any time, to belittle this report or the importance of it.

• (1110)

I want to say we commend the committee for its excellent report. We believe it is a very serious problem in the country, probably more widespread than is generally believed. We feel very strongly that not only should the House address itself to the report in this way, but that the government, through the Minister of Justice (Mr. Chrétien) and the Solicitor General (Mr. Kaplan), should address itself to this report so that the people who are the subject of the report, namely, battered wives, can receive the same protection of the laws of Canada as all other groups.

Mr. Neil Young (Beaches): Madam Speaker, I too join with other members in this House in congratulating the committee for bringing forth such a report, and would urge the government to take immediate action on its implementation.

Madam Speaker: Does the House agree to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

THE ECONOMY

CALL FOR WITHDRAWAL OF GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, lack of faith in the ability of the Liberal government to run the affairs of the nation has forced the Canadian dollar to the 80-cent level in international markets. This will result in higher interest rates, which it has done already, and higher prices for all imported goods. Therefore I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government immediately reverse its national energy policy and withdraw its silly budget before the Canadian dollar disappears right out of sight.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR IMPLEMENTATION OF POLICIES TO GENERATE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, over a decade ago the Prime Minister (Mr. Trudeau) dismissed unemployment as a regrettable side effect of inflation. The situation today is more than regrettable; it is alarming. Not a day goes by that we do not learn of more firms having to reduce their work force or of going bankrupt, of more and more Canadians joining the ranks of the unemployed, and of more Canadian communities, large and small, staggering to cope with economic and social burdens. Government continues to express its indifference to the very urgent and very pressing problems of this country, problems it created through mismanagement, by citing international influences and repeatedly stating it can do nothing until other nations act. I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the government stop passing what is now the devalued buck, and recognize and accept the fact that it can, indeed must, begin to implement sound economic policies, policies independent of outside conditions which would restore confidence in the business community, generate employment and get this nation back on its feet.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

CALL FOR RESIGNATION OF MINISTER OF FINANCE AND OF GOVERNOR OF BANK OF CANADA

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter

that is becoming increasingly urgent and pressing. In view of the news that farm bankruptcies have risen 70 per cent in the first four months of this year, interest rates have passed the peak reached last November, and business bankruptcies are up 40 per cent over the same period last year, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House unanimously requests that, upon his return from Helsinki, the Minister of Finance take the first major step toward an economic recovery program by tendering his resignation and calling for Governor Bouey's as well.

Madam Speaker: Is there unanimous agreement for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE LAW OF THE SEA

SUCCESSFUL NEGOTIATION OF TREATY—CONGRATULATIONS TO UNITED NATIONS GENERAL ASSEMBLY—MOTION UNDER S.O. 43

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I too rise under the provisions of Standing Order 43. For the last nine years a Law of the Sea has been negotiated in the United Nations, and at long last the United Nations has agreed to a Law of the Sea. The event has been referred to by some as the single most important international diplomatic event since the creation of the United Nations. Canada's ambassador, Alan Beesley, who played a major role in the talks over the years, has described the treaty as a compromise that is fair to all nations. Therefore, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House commend the United Nations General Assembly for obtaining the broad consensus that it did on such an important issue in the modern-day history of mankind.

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1115)

CANADIAN ARMED FORCES

SUGGESTED REVIEW OF PAY SCALES—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the pay scales of the Canadian Armed Forces are unrealistic and very unfair relative to the private sector. The cost of living throughout Canada has forced many Armed Forces personnel to seek welfare to supplement their pay. Whereas this humiliation and degradation of the men and women who have chosen to serve their country are utterly contemptible and cannot be allowed to continue, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House direct the Minister of National Defence to review immediately the pay scales and benefit programs for the Canadian Armed Forces, with equity and fairness in mind, and reward the fine people who serve our country instead of punishing them with low wages, inadequate benefits and humiliating trips to the welfare offices.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

PUBLIC WORKS

AWARDING OF ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is for the Prime Minister. Mr. Arthur Erickson during the last week has asserted that he knew that he was going to be chosen to design the Canadian embassy in Washington two years prior to selection and prior to the appointment of a selection committee which was going to be constituted for that purpose. At any time did the Prime Minister have any discussions with Mr. Erickson, or were there any direct or indirect communications with Mr. Erickson which would cause him to believe that he would be selected?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the hon. member has got his facts wrong. That is understandable because there was a newspaper report, I believe on Monday or Tuesday, which quoted Mr. Erickson as having said that. But if the hon. member reads the newspaper of the next day he will find that the newspaper was stating an inaccuracy and that Mr. Erickson said the contrary.

QUERY RESPECTING POSSIBLE COMMUNICATIONS WITH SELECTED ARCHITECT

Mr. Chris Speyer (Cambridge): Madam Speaker, at any time, at any point in time prior to the selection of Mr. Erickson, did the Prime Minister has any discussion with Mr. Erickson, or were there any direct or indirect communications which would lead Mr. Erickson to believe that he was going to be appointed to build the embassy in Washington?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, there were no direct or indirect indications to Mr. Erickson that he was going to build the embassy in Washington. He is one candidate amongst many. I knew he was in the competition. There was no indication by me or by anyone I know of, directly or indirectly, that he was guaranteed to have that contract.

Oral Questions

FACTORS INVOLVED IN CABINET DECISION

Mr. Chris Speyer (Cambridge): Did the Prime Minister have any discussions—I am not interested in guarantees—did he have any discussions with the architect, Mr. Erickson? And, finally, would the Prime Minister enumerate the factors that caused the cabinet to select Mr. Erickson, in preference to the designs of other architects who were preferred by the selection committee?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the reasons why Mr. Erickson was chosen are given in the press release which announced the choice, that he was one of the great architects of the world, that the cabinet felt that an embassy such as that in Washington, which is very prestigious, should be done by one of Canada's best architects. We made that choice, and we are satisfied with it.

Some hon. Members: Hear, hear!

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TOURISM

PLIGHT OF RESORT OPERATORS

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of State responsible for small business and tourism. The minister will know that, at this time of year, the concerns and interests of the two groups he represents in cabinet are intertwined. This year, as the summer holiday season approaches, the owners of thousands of small businesses—tourist resort operators and those directly associated in support of the tourist industry—are having more than their share of problems, due to the high interest rate policy of the government. Has the minister any special plan of action to aid these people, many of whom cannot afford to borrow the money they need to prepare for the tourist season?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, last week I had the pleasure of attending Rendez-vous Canada in Calgary, an event organized to bring together members of the tourism industry with both domestic and foreign travel agents. This event lasted three days and, afterwards, it was found that $75 million worth of business had been done at Rendez-vous Canada, a very substantial increase over last year's results at Rendez-vous Canada in Halifax.

The volume of foreign and Canadian tourists visiting Canada has been increasing regularly during the last six years, and according to our forecast, this move upward will continue, and I am sure that people in the tourism industry will continue to make the necessary investments and offer a quality product which is the trademark of our industry.

• (1120)

[*English*]

IMPORTANCE OF TOURIST INDUSTRY—REQUEST FOR ASSISTANCE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the minister knows the potential of a healthy tourist industry and that it generates extra income for all sectors of our economy. He knows that in many regions, and especially in my region of Parry Sound-Muskoka, tourism is vital. Would the minister undertake to consult with his cabinet colleagues, and especially his cabinet colleague responsible for regional aid, and with him establish a plan of financial assistance for those in the tourist industry who need help now?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I agree with the hon. member that he represents an area that is one of the most important for the Canadian tourism industry and one of the most pleasant regions to be visited in Canada. As for prospective or existing programs to help owners of tourism businesses to obtain financing, the hon. member is aware that there are agreements on tourism development between most provinces and the federal government. In most provinces, tourism businesses located in certain areas have access to special financing and grants to improve their facilities and maintain their level of quality service.

* * *

[*English*]

CONSUMER AFFAIRS

PRICES OF LEADED AND UNLEADED GASOLINE—REQUEST FOR INVESTIGATION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. It concerns pricing, namely, the price spread between leaded and unleaded gasoline across Canada. There is some evidence to suggest that the oil companies may have used public confusion about the introduction of metric to justify yet another rip-off. I would like to ask the minister if he is aware that in January, 1979, in Ottawa the spread between the price of unleaded gasoline and the price of leaded gasoline was 4.9 cents per gallon. In May of 1982 the spread was 12.1 cents. Is the minister aware of this scandalous 145 per cent increase in about three years and, if not, will he investigate and take appropriate action to protect consumers from constantly being hosed at the pump?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I would like to remind the hon. member that there is no legislation in Canada to control prices. Second, if the hon. member has some evidence of abuse—

Mr. Rose: I gave it to you.

Mr. Ouellet: —he should convey it to the director of combines, and action will be taken.

INCREASED PRICES IN QUEBEC—REQUEST THAT MINISTER ORDER ROLLBACK

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I know the minister is aware that because this industry operates across Canada it does come under his authority. He has the power to order such investigations, and I just made him aware of and gave him evidence.

This matter was the subject of a motion under Standing Order 43 a few days ago. The oil companies have a habit of taking every opportunity to maximize profits, usually at the expense of consumers. When the provincial sales tax was increased in Quebec, the companies piggybacked increases of three cents to four cents per litre on top of that sales tax. Now the sales tax has been rolled back. Has the minister investigated whether the oil companies have rolled back their prices similarly and, if he has not already done so, and if the evidence uncovered in his investigation justifies it, will he direct the oil companies to roll back these piggybacked increases?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, there is a long-standing practice in Parliament that I cannot deny or confirm that an investigation under the Combines Investigation Act is taking place.

* * *

• (1125)

NORTHERN AFFAIRS

NORTHERN CANADA POWER COMMISSION—COMMITTEE RECOMMENDATIONS

Mr. Rod Murphy (Churchill): Madam Speaker, my supplementary question is directed to the Minister of Indian Affairs and Northern Development and it is related to the same matter. The Penner report made a number of recommendations dealing with the Northern Canada Power Commission. Will the minister set up territorial commissions for the NCPC? Also, will he write off the capital debt of the corporation, and will he give grants for hydroelectric development in the territories?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member may be aware, a press conference took place here about two weeks ago. At that time the government made that kind of commitment through various types of subsidies amounting to millions of dollars to defray the high cost of energy for northerners. That commitment was well received as a means of meeting these concerns.

I received the parliamentary report, and I want to congratulate members of the standing committee on it. When you add up the additional cost over and above the amounts which were committed in the conference of two weeks ago, you are talking about millions of dollars in the deficit alone—something like $50 million or $60 million for that one item. To move the head office north and put in subdivisions for each of the territories, as well as writing off the deficit, all mounts up to a heavy cost which the government will have to find out and consider. It can then decide whether it can meet some of these recommendations.

I can only say at this stage that we are taking the recommendations very seriously and are very conscious of the work and effort that were put into the report.

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METRIC CONVERSION

REQUEST THAT GOVERNMENT WITHDRAW MANDATORY IMPOSITION

Mr. Gordon Towers (Red Deer): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. Several Canadian provinces have officially indicated their opposition to forced metric and have indicated that any transition ought to be purely voluntary. Public opinion polls conducted by the Metric Commission, although suppressed, show that metric is not gaining favour with the majority of the Canadian people.

The Attorney General of the province of Alberta has indicated in the Alberta legislature that his government may intervene in a court case against a Calgary woman charged with advertising carpet for sale by the square yard and by the metre using both measurements.

In the face of rising opposition and increased unpopularity, will the minister indicate whether the government is willing to consider dropping the forced aspect of metric and allowing merchants to conduct their business in the system of their choice, that is, a voluntary system?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, this very long preamble does not allow me to answer all the aspects of the points raised by the hon. member during question period. We will have a debate later today on the subject and I will answer every point raised in the numerous questions asked by the hon. member. I can indicate to him that indeed, if all parties in government have approved going metric in Canada, it was done because it was in the interests of Canada. If some people now have second thoughts about it, particularly Conservative Members of Parliament, that is their right. But they should not pretend that it is in the best interests of Canadians, because it is not in the best interests of Canada to prevent metric.

Mr. Towers: Madam Speaker, if the rules of the House would allow it, I would like to say that the minister is misleading the House, because forced metric was never agreed to by this party nor was it ever agreed to in this House. The minister had better get that straight.

APPLICATION OF METRIC SYSTEM TO CATTLE INDUSTRY

Mr. Gordon Towers (Red Deer): Madam Speaker, I have a supplementary question. Cattlemen in Alberta went to considerable expense to get a commitment from the Minister of Agriculture that there would be no enforcement of the metric system in the cattle industry in Alberta until January, 1984. Now we have heard from a reliable source that an order in council will be passed and metric will be enforced in the cattle industry in January, 1983, instead of 1984. Is this true or not?

• (1130)

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, again this is a good example of a bunch of Conservatives trying to brew the pot. There is no substance in the hon. member's allegation, and it is again a clear indication of people deliberately twisting the facts in trying to make a case out of a lost cause.

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PUBLIC WORKS

APPOINTMENT OF HALIFAX DOCKYARD CONSULTANTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is supplementary to one asked earlier and has to do with the process surrounding the appointment of Mr. Erickson. In light of reliable information I have that, in connection with the due and proper appointment of consultants with respect to work at the Halifax dockyard, on three occasions these appointments were reversed by the Secretary of State and his colleague, the Minister of Finance, I ask the Prime Minister if this is the normal procedure. Is this indeed the policy of the government or cabinet? Consulting engineers and other professional groups expect the government to adhere to a proper process with respect to appointments in these general categories.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know what the hon. member is referring to when he quotes those specific cases, and I hear the Secretary of State say that he does not know what the hon. member is talking about.

The hon. member is asking questions about due process. I am not sure what he would consider due process, or what the opposition party considered due process when it was in power. There is a procedure, Madam Speaker, as everyone knows, that when there are contracts involved above a certain amount of money there must be bids, they must be opened, and consideration must be given to them. But as far as I know, when it comes to choosing architects or engineers and there are no bids involved, there is a certain discretion left to the cabinet, and I believe it was always thus.

I indicated in the House the other day it was important that the candidates for appointment, no matter what their number, be judged as competent and qualified—

Mr. Shields: Liberals.

Mr. Trudeau: —either by the professional bodies or the departments involved. But beyond that, certainly there is a measure of discretion in the choice by the government.

PROCEDURE IN AWARDING CONTRACTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my supplementary is directed to the Sectretary of State since he does not seem to be aware of what it is I am talking about. Did the minister have occasion to intervene and question the appointment of Beasy Nicoll, consulting engineers in Halifax, with respect to work on the Syncrolift in Halifax, and does he have any knowledge of the Minister of Finance intervening earlier last year in connection with the ship repair unit and Jetty 2 reconstruction?

The questions, Madam Speaker, are rhetorical, and the minister can reply if he wants to, but my basic question is whether this is the process and procedure which professional groups can now expect with respect to the proper awarding of contracts for consulting and other professional work.

Hon. Gerald Regan (Secretary of State): Madam Speaker, I want to say to the hon. member that I have no knowledge of the particular case he mentioned, and I certainly did not intervene in that instance. Let me go further and remind him of the words of Senator Muir when he was a Conservative member in this House from Nova Scotia, that there is a responsibility on those in elected positions to make some selection in circumstances such as those just described by the Prime Minister. If a selection has to be made in circumstances where tenders cannot be called, that is for engineers or architects, far better that the selection be made by elected people who have to answer to the public, than by bureaucrats who are in a position of favouring their friends without ever having to answer to the public on the wisdom of their choice and whether the people selected were competent or not.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AIRPORTS

TRANSPORTATION BETWEEN DORVAL AND MIRABEL—INQUIRY RESPECTING DATE OF MINISTER'S ANNOUNCEMENT

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is directed to the Minister of Transport. About three months ago, Madam Speaker, in answer to a question I put to the minister when the thirty-three North Shore mayors were present in the House, he said that a document was being considered by cabinet and that the mayors would receive an answer on or about May 18 of this year. We are getting closer to that date, Madam Speaker, and my question is: Is this same document still being considered by cabinet and when does the minister intend to give his answer, on the 18th or the 19th?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, first of all, I would like to explain why I made this promise. I am thoroughly convinced that a decision must be made on the question of transferring certain routes from Dorval to Mirabel. That is why I undertook to submit a proposal to my cabinet colleagues. I said I would do so in May, and I still hope to do so this month.

[*English*]

SUBMISSION MADE BY MAYORS IN WEST MONTREAL

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, I hope the Minister of Transport will also give full consideration to the submission of the mayors from the west island of Montreal not to move any of those flights from Dorval until all sides of this question have been considered.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): That is in fact the whole point of the exercise, namely to consider and analyse all possible and conceivable proposals, to weigh the pros and cons, bearing in mind that it will be impossible to please everybody, because the positions on this issue go from the absolute negative to the totally positive. My purpose is therefore to make a decision on the basis of a comprehensive knowledge of the facts and consequences.

* * *

[*English*]

EMPLOYMENT

VOLUNTARY AFFIRMATIVE ACTION PROGRAM—REPORTED CONTENTS OF MEMORANDUM

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the Minister of Employment and Immigration concerning the voluntary affirmative action program. As the minister has long been aware, no affirmative action agreement has been signed in Manitoba over a period of seven years. A government memo has now come to light as direction to the affirmative action consultants, which reads as follows:

—you will not promote Affirmative Action nor visit employers in this regard. In addition, you will not conduct any seminars or disseminate any information to the field to explain or promote Affirmative Action.

The public would like to know, Madam Speaker, just what level of commitment the government has to affirmative action.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member should know that this government is very deeply committed to affirmative action. It has introduced a major program in the federal public service, which the President of the Treasury Board is responsible for, and which is having very major success. In reference to that particular item which appeared as a news story, Madam Speaker, I was distressed to learn that such a memo might exist and I have asked for a full investigation as to its purpose. If that in fact was the direction given, it is in total contradiction to the policies of my department and this government.

REQUEST FOR INTRODUCTION OF MANDATORY PROGRAM

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the voluntary affirmative action program has been in place federally for four years and only 27 companies out of 750 approached have signed. The minister's own colleague, the minister responsible for the status of women, has said that the results of this program have been bleak. After four years of a voluntary program is it not now time to introduce a mandatory program based on the concept of contract compliance?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member may not be aware that there is already in process the development of new policies and programs in affirmative action. However, unlike the hon. member and his colleagues who do not believe in consulting with the private sector on any matters at all, we have been engaging in very serious discussions with business and labour so that we will develop a program based upon agreement, not on confrontation which is usually the advice we receive from the NDP.

Miss Jewett: You better consult with your consultants.

* * *

AIRPORTS

NORDAIR SERVICE TO HAMILTON CIVIC AIRPORT

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Transport, and I think it will be a little easier to field than the ones he had from the hon. member for Argenteuil-Papineau and the hon. member for Notre-Dame-de-Grâce-Lachine East. I can assure you that we on this side are watching the Dorval-Mirabel question with very great interest.

• (1140)

A couple of weeks ago the Minister of Transport said that he would be meeting with officials from Nordair about Nordair's indications with respect to servicing Hamilton civic airport. Can the minister report on that meeting?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am sorry it has not been arranged yet, but it will take place very soon.

Mr. Scott (Hamilton-Wentworth): Clearly the minister is working on metric time, Madam Speaker!

Some hon. Members: Oh, oh!

REQUEST THAT NORDAIR BE ASKED FOR COMMITMENT TO SERVICE

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, because Nordair is clearly planning to cut back on service at the Hamilton civic airport which, as the minister well knows, services the entire southern Ontario-Hamilton-Brantford-Niagara region, will he insist when he does meet with Nordair officials that the airline lives up to its commitment and continues to service the Hamilton civic airport, as that airline promised to do when was placed under the aegis of Air Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Minister of Indian Affairs and Northern Development was just talking to me, so I have lost a bit of the hon. member's question.

Some hon. Members: Oh, oh!

Mr. Scott (Hamilton-Wentworth): Do you want me to ask it again?

Mr. Pepin: No, Madam Speaker. The important thing to underline is that Nordair is not going to make a decision changing the status quo without consulting with me and the Minister of Indian Affairs and Northern Development fully. That is pretty solid stuff.

Some hon. Members: Oh, oh!

Mr. Pepin: I rest my case.

Some hon. Members: Oh, oh!

* * *

FINANCE

PROJECTED BUDGET DEFICIT

Mr. John Gamble (York North): Madam Speaker, in the absence of the Minister of Finance I will direct my question to the Minister of State for Finance. On November 12, the Minister of Finance tabled a budget in this House projecting a deficit for the current fiscal year of $10.49 billion. Since that time government expenditures have increased because of economic circumstances, and revenues have declined. It has been anticipated by some that the current deficit will amount to something in the neighbourhood of $15 billion or more. Can the minister tell the House whether the Department of Finance has drafted new anticipated deficit figures? If so, will he supply the House with the information which those figures would disclose?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the Department of Finance's new figures are not ready yet and I do not wish to speculate on what those figures will be.

[*English*]

Mr. Gamble: Madam Speaker, I am rather surprised that six months after debate of the budget none of those figures are available, because it must be apparent to all in government that they are very badly out of date.

FOREIGN AID EXPENDITURES—REQUEST FOR REFERRAL TO COMMITTEE

Mr. John Gamble (York North): Madam Speaker, last evening at the regular meeting of the Standing Committee on External Affairs and National Defence, members of that committee heard the president of CIDA explain that the total budgetary expenditures of government with respect to foreign aid are standing at $1.724 billion. This is at a time when farm bankruptcies have increased 70 per cent and general bankruptcies in Canada 39 per cent in the first quarter of this year. As well, unemployment has increased. Some members of the committee were of the view that these expenditures on foreign aid were out of line having regard to the circumstances in the country. Will the minister consider recommending to his colleagues that the issue of the quantum of foreign aid paid by this government be referred to the Standing Committee on External Affairs and National Defence for an in-depth study and report to the House?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, perhaps the hon. member could stop staring at his navel and take a look outside the country, and then consider the problems facing those countries that are receiving development aid from Canada. He would realize that there is every justification for this aid, considering the poverty in those countries and the relative prosperity of Canadians in this country.

* * *

[*English*]

PUBLIC WORKS

COST OF NEW EMBASSY IN WASHINGTON, D.C.

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Prime Minister. For the sake of the economy is the Prime Minister considering postponing the construction of the embassy in Washington? As well, does he think that Canada can afford to construct such a project at this time of economic difficulties?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the work of the embassy staff is done in Washington, I believe, in a series of buildings. In view of the fact that the United States remains our most important economic and political power, it would seem to me that it is self-evident that a building housing all the embassy personnel which will make their work efficient and effective should proceed. I believe the amount involved is some $38 million, or a figure in that area. That is an important building, Madam Speaker, and as the

hon. member knows, the Government of Canada is building more expensive buldings in various cities across Canada which are needed to ensure the federal government is be able to discharge its services in various parts of the country.

REQUEST FOR POSTPONEMENT

Mr. Jack Shields (Athabasca): Madam Speaker, maybe it is self-evident to the Prime Minister and his cabinet that a building of this nature is needed at this time in a foreign country which, incidentally, will create jobs there, but at a time when Canadians are biting the dust, why do we need to construct a new embassy? Rental facilities can certainly do for another five years. They have been fine up to now. Where are the priorities of this government when people are biting the dust as a result of unemployment right across the country? I find the situation ludicrous. I would like an answer from the Prime Minister.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot give the details of the particular reason why that building is being built at this time. I have given them in general terms. The same question, I suppose, could be asked of the United States government, which is planning to build a new embassy here, which is going to cost a lot of money at a time when there is high unemployment in other countries. I do not think that the hon. member and his party are suggesting that we cease to have international relations, and to have them in acceptable conditions, when there are economic difficulties in Canada because that applies, as the hon. member knows, to most other countries.

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CRIMINAL CODE

USE OF TEFLON COATED BULLETS

Mr. Jack Burghardt (London West): Madam Speaker, my question is for the Solicitor General. He will know that some time ago I brought to the attention of the appropriate authorities my concern regarding a teflon coated bullet known sadistically as the "cop-killer". Given that the Assembly of the State of California recently outlawed the manufacture and sale of this bullet which can pierce layers of protective armour, house walls and even an automobile engine block, will the minister give his assurance that his department will press ahead urgently with the requested investigation, and if this bullet is available in Canada will the minister see to the eventual prohibition of this extraordinarily dangerous bullet?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I can assure the hon. member that the problem in Canada is quite different from that in the United States. In my view, no change in the law is required. Teflon bullets are widely available in the United States. But in Canada, since 1972, they have been on a list which restricts their use to police departments. There are very few in Canada to my knowledge, and in fact no import permits have been authorized by the government since 1976.

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CANADIAN PACIFIC RAILWAY

ANNOUNCEMENT OF LAY-OFFS

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is for the Minister of Transport. Yesterday the CPR announced lay-offs for three weeks of 3,800 shop craft employees in Montreal, Winnipeg and Calgary. That four-week lay-off is added to the three-week holiday. This means that the shops will be closed for seven weeks. Considering that the Wheat Board is projecting a 50 per cent increase in sales in the next few years, and we are projecting an increase of 100 per cent in the export of potash and an increase of 300 per cent in the export of coal, is this not the time for the Minister of Transport and the Minister of Industry, Trade and Commerce to get together with the CPR and the CNR, which has also announced lay-offs, and suggest to them that now is the time, when business is slow, to upgrade freight cars, tracks, engines and signal equipment so that when the new sales come onstream they will be able to move the goods rather than tell the country that they cannot move the products we can sell?

• (1150)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is not bad reasoning, but we are now in a rather difficult situation. There is a slump in the export and domestic traffic of raw commodities. At the same time, grain is doing extremely well, as the hon. member and everyone should know. It is doing extremely well at this moment.

However, at the same time, discussions are taking place on the Crow, we have the Gilson exercise, and the railways are uncertain, quite understandably, about the results. This is the explanation for the particular situation we are in now with respect to the railways.

I might add that the CP employees who are being laid off—I thought it was for 20 days on top of the usual two weeks—will be compensated, of course, by UIC payments, and more because of some clauses in their contract. I am informed that in most cases it might add up to 80 per cent of their salary. I realize this may not be good economic thinking but it is reasonable humanitarian thinking.

Mr. Orlikow: I am not blaming the companies. I realize that traffic is down and their cash flow is not very good. But surely we can follow the example of countries like Japan and France which say that we should not worry too much about today's events but plan for three, five or ten years from now.

REQUEST THAT EMPLOYEES BE RETAINED IN EMPLOYMENT

Mr. David Orlikow (Winnipeg North): Madam Speaker, given the projections of tremendously increased sales of these bulk commodities, is it not now the time—instead of two years

from now—for the government to get together with the companies so they can keep people at work to prepare for the future?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think that the managers of CN, and I am sure CP as well, have that in mind. I was talking to the president of CN and there is no doubt that had it not been for this contemplation for the future CN might have laid off more employees than they are actually laying off. They might have reduced their capital budget more than they have done.

These managers are quite wise. They have in mind the events of the near future to which the hon. member refers.

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FINANCE

CHILD CARE TAXABLE BENEFIT

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Minister of National Revenue. Since the Minister of Finance has refused to increase the child care deduction from $1,000 which was established in 1975, while child care costs have soared in the meantime, and since the Prime Minister receives the free services of a nanny for the care of his children, in order to restore some measure of equity to the Income Tax Act will the Minister of National Revenue invoke Section 6 of the Income Tax Act and include a taxable benefit in the income of the Prime Minister?

Some hon. Members: Answer the question.

Madam Speaker: The hon. member for Pembina.

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ADMINISTRATION OF JUSTICE

TRIAL OF ROYAL CANADIAN MOUNTED POLICE OFFICERS

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is for the Right Hon. Prime Minister. On April 30 the Prime Minister gave a commitment in the House to the hon. member for Edmonton Strathcona that he would investigate allegations surrounding the 17 RCMP officers who are charged in the Quebec courts that there were some partisan overtones because of his government's involvement. Could he now reveal to the House the results of his inquiries into those allegations.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I honestly do not remember the case to which the hon. member refers. Would he be more specific and I will perhaps ask the Solicitor General to assist me in the answer.

ALLEGED GOVERNMENT INVOLVED IN FORCE'S ACTIVITIES

Mr. Peter Elzinga (Pembina): Madam Speaker, I am referring specifically to the 17 RCMP officers who were charged before the Quebec courts. The allegation is that his government was directly involved in instructing those officers to become involved in inquiring into separatism in Quebec. I must say that I am somewhat suprised at the Prime Minister's lack of interest since it is suggested that he was directly involved in giving those instructions. Would the Prime Minister either confirm or deny the allegation?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I remind hon. members that the allegations about senior authority for the conduct of the RCMP during the 1970s in relation to separatism was the subject of a Royal commission, one of the longest in the history of Canada. That Royal commission had full access to and examined all the records of the government and the RCMP, and conducted a very thorough investigation. The commission found that members of this government as well as former members were not involved in the acts which were found to have taken place by the commission.

Mr. Elzinga: I would remind the minister that the Chief Justice inquiring into that was at one time the Alberta party president of the Liberal party.

EXISTENCE OF PERTINENT DOCUMENTATION

Mr. Peter Elzinga (Pembina): Madam Speaker, I would ask the minister if he would give us an unequivocal assurance that no documentation relating to this case has been destroyed or will be destroyed.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I will take note of the question because I want to be perfectly sure about the documentation to which the hon. member is referring. The file destructing policies have been discontinued in relation to documentation touching the matters that the McDonald Commission investigated. However, the RCMP is a large organization. There are tremendous accumulations of files, and file destruction policies do exist in the RCMP for the disposal of routine files which are no longer required or relevant to ongoing matters.

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INDIAN AFFAIRS

JAMES BAY AGREEMENT—CABINET RECOMMENDATIONS

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. The departmental review of the implementation of the James Bay and Norther Quebec Agreement was completed some months ago. Early this year that report's recommendations went to Cabinet.

The James Bay Cree, the Inuit, and other interested parties in the House and across the country are anxious to know what those recommendations are. In addition, the Standing Committee on Indian Affairs and Northern Development wants to examine the adequacy of those recommendations. We would like to do so before our current reference expires at the end of

this month. Would the minister tell us how soon we can expect those recommendations to come forth from Cabinet?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member may be aware that the draft report—the so-called Tait Report—with respect to the alleged breaches in the James Bay Agreement, was sent both to the Cree and the Inuit on more or less a confidential basis. However, we dealt with them in an open fashion so we could get their comments to see if these recommendations were adequate and whether the analysis was good. We did get their comments and we incorporated them.

The Cabinet is in the midst of deliberating on them now, and I would expect a decision from cabinet reasonably soon. Of course it will be announced in the usual fashion at that time.

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FINANCE

REQUEST FOR TAX CUTS AND REDUCTION IN GOVERNMENT EXPENDITURES

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, my question is for the Prime Minister. For several years now the number one economic priority of the government has been to wrestle inflation to the ground. The United States government has been successful in bringing that country's inflation rate under control, largely by substantive government spending reductions and a 30 per cent across-the-board tax cut. Is the government considering, or will it consider, substantial reductions in government spending and a 30 per cent tax cut for Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Canadian government through its indexing policy, particularly as it applies to taxation, has effectively cut taxes for the past several years to a total of several billions of dollars. I believe that the United States is catching up to our good example.

Mr. Wenman: Unfortunately, the President of the United States has proven to be a more successful wrestler than our Prime Minister. Perhaps he could use some more coaching.

• (1200)

EXCHANGE VALUE OF DOLLAR

Mr. Robert Wenman (Fraser Valley West): In view of the serious damage being done to the Canadian economy as a result of high interest rates, is the Prime Minister considering pegging the Canadian dollar to the United States dollar? In order to stabilize the dollar further, has the Prime Minister considered intervening in the forward money markets as well as in the day-to-day money markets?

Right Hon. P. E. Trudeau (Prime Minister): The answer to the first question is no, Madam Speaker. The answer to the second question is a bit too complicated for me to answer with a yes or no. I can say that there is no intervention by the bank in the money market except to iron out occasional fluctuations.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF SENATOR CULVERWELL, THE GOVERNMENT LEADER OF ZIMBABWE'S UPPER HOUSE AND DEPUTY MINISTER OF EDUCATION

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of Senator Culverwell, the government Leader of Zimbabwe's Upper House and Deputy Minister of Education.

Some hon. Members: Hear, hear!

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PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by hon. members on Thursday, May 13, 1982, and finds that the petitions meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

CANADA ELECTIONS ACT (NO. 2)

MEASURE TO AMEND

Hon. J.-J. Blais (for the President of the Privy Council) moved for leave to introduce Bill C-113, to amend the Canada Elections Act (No. 2).

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

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[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,825, 2,838, 2,839, 2,844, 2,847, 2,850, 2,856, 2,857, 2,864, 2,882, 2,922, 2,938, 2,945, 2,946, 2,976, 2,982, 3,126, 3,127, 3,549, 3,619 and 4,227.

Order Paper Questions

[*Text*]

DEPARTMENT OF LABOUR—EDUCATION LEAVE COSTS

Question No. 2,825—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Labour at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $1,745 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Gerald Regan (Secretary of State): 1. (a) and (b) The directives used in selecting an employee for educational leave were those of the Treasury Board Secretariat on Training and Development (PMM-10); the department also followed the guidelines of the Secretary of State Department (5A-110-5) mainly to determine what expenses should be paid.

2, 3 and 4. Nil percentage.

DEPARTMENT OF SOLICITOR GENERAL—EDUCATION LEAVE COSTS

Question No. 2,838—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of the Solicitor General at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $27,592 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Bob Kaplan (Solicitor General): 1. (a) and (b) Treasury Board Policy: chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions Governing Education, Training and Development, including Subsidization.

2, 3 and 4. Nil.

DSS—EDUCATION LEAVE COSTS

Question No. 2,839—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Supply and Services for supply administration at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $21,510 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. J.-J. Blais (Minister of Supply and Services): Purpose of leave in question: To grant education leave to an employee to train in Naval Architecture at the University of Michigan.

1. (a) The selection of candidates for education leave is governed by the DSS education leave and reimbursement guidelines/policy which is derived directly from TB PMM guideline 110-5. Recommendations of supply education committee made up of all assistant deputy ministers are presented to the deputy minister for his approval. (This case was subsequently submitted to the Treasury Board for final approval).

(b) This particular education leave submission was approved under TB 761920 guideline on the basis that it was consistent with anticipated departmental requirements.

2. The Marine and Industrial Machinery Products Centre of Science and Engineering Procurement Service has an ongoing requirement for naval architects and marine engineers for projects such as the frigate and icebreaker programs. The age profile within the product centre indicated a high rate of attrition over the next few years. Efforts to recruit individuals in these disciplines have been unsuccessful due in part to the extremely small number of graduates available both in Canada and abroad. To obtain the necessary expertise, it was decided that the most practical procedure would be to select an engineer in a closely related discipline from the current internal officer program, and provide the opportunity to obtain a master's degree in naval architecture.

We are not able to breakdown the cost of the education leave in terms of needed skills and acquisition of new equipment as requested by this inquiry since these are non-applicable.

3. There was no question of job redundancy, no acquisition of new equipment, nor change in the role of the agency, nor change in the capabilities of employees except for the reasons provided in item 2.

4. Of the 10 employees granted education leave for supply administration for FY 1976-77, 1977-78, 1978-79 (three years), eight are still in the employment of DSS. Information is unavailable on the remaining two who may have transferred to other government departments or left the public service altogether. We are using the above fiscal years given the fact that most education leaves are granted for a period of one to two years and the obligation on the part of the employee to return to work for a period equivalent to the education leave time or reimburse the government for all the financial support received during the education leave.

DVA—EDUCATION LEAVE COSTS

Question No. 2,844—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Veterans Affairs at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $27,504 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the Public Service?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): 1. (a) and (b) Treasury Board Policy: chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions Governing Education, Training and Development, including Subsidization.

2, 3 and 4. Nil.

HEALTH AND WELFARE—HOSPITALITY SERVICES

Question No. 2,847—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the administration program at page 32.21, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) how does the department account for the increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $17,680 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): (a) The department carried out an extensive reorganization during the fiscal year 1979-80 during which the following offices were incorporated into the administration program: (1) Special Advisor, Policy Development; (2) Welfare Information Systems Branch; (3) Policy, Planning and Information Branch; and (4) Federal-Provincial Liaison.

It is therefore necessary to include the expenditures incurred by these offices for hospitality during the fiscal year 1978-79 with those of the administration program for 1978-79 before a valid comparison between the two fiscal years can be made.

The hospitality expenditures for these offices totalled $5,187 during the 1978-79 fiscal year and when added to the amount reported for the administration program of $14,483 result in an adjusted total of $19,670. Comparing this figure to the hospitality expenditures incurred in 1979-80 results, in fact, in a decrease in expenditure of $1,990 or about 10 per cent.

(b) The administration program made one payment in excess of $2,000 during the 1979-80 fiscal year. This payment was a reimbursement for expenditures incurred by Dr. J. A. Dupont on behalf of the department in extending hospitality to the Polish delegation during Polish-Canadian Health Week (November 5-12, 1979).

(c) The department is subject to the policy on hospitality found in chapter 360 of the Treasury Board Administrative Policy Manual.

(d) The amount of $17,680 is broken down on a percentage basis as follows:

(i)	Foreign visitors	38
(ii)	Canadian businessmen	4
(iii)	Provincial public servants	17
(iv)	Federal public servants	5
(v)	Ministerial exempt staff	5
(vi)	Members of Parliament	6
(vii)	Federal Crown Corporations executives	2
(viii)	Members of federal commissions, boards and councils	4
(ix)	Newspaper representatives	13
(x)	Representatives of Native Peoples' organizations	5
(xi)	Recruitment	1

CIDA—HOSPITALITY SERVICES

Question No. 2,850—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of External Affairs for the Canadian International Development Agency at page 32.11, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the agency will pay for hospitality and, if so, what are they (d) of the $63,563 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant-Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) and (c) The extension of hospitality on behalf of the government is governed by Treasury Board Administrative Policy Manual, chapter 360.

(b) There were no individual hospitality claims in fiscal year 1979-80 of a value more than $2,000.

(d) Records are not maintained which would enable us to respond to this question without devoting an inordinate amount of time and reallocation of staff from regular duties.

Order Paper Questions

NATIONAL MUSEUMS OF CANADA—HOSPITALITY EXPENSES

Question No. 2,856—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State for the National Museums of Canada at page 32.33, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality expenses (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $42,467 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Museums of Canada as follows:

(a) During the fiscal year 1979-80 National Museums of Canada entered into one contract which was in excess of $2,000 re hospitality expenses. The company's name is Lolacher's Catering Ltd. located in Ottawa and the payment amounted to $2,501.

(b) N.M.C. Administrative Manual-Finance chapter VII sub-section 3000 derived from Treasury Board Administrative Policy Manual, chapter 360, hospitality.

(c) Records are not maintained which would enable us to respond to this question without devoting an inordinate amount of time and reallocation of staff from regular duties.

NATIONAL MUSEUMS OF CANADA—HOSPITALITY OUTSIDE HEADQUARTERS

Question No. 2,857—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State for the National Museums of Canada at page 32.33, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality outside headquarters (a) what is a list of each contract of a value more than $2,000 are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $17,692 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the National Museums of Canada as follows:

(a) National Museums of Canada did not enter into any contract, for hospitality, where the amount was in excess of $2,000.

(b) N.M.C. Administrative Manual-Finance chapter VII sub-section 3000 derived from Treasury Board Administrative Policy Manual, chapter 360, hospitality.

(c) Records are not maintained which would enable us to respond to this question without devoting an inordinate amount of time and reallocation of staff from regular duties.

STATISTICS CANADA—HOSPITALITY SERVICES

Question No. 2,864—**Mr. Clarke:**

With reference to the professional and special services recorded by the Treasury Board for Statistics Canada at page 32.41, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $8,298 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: On the basis of Statistics Canada's 1979-80 Public Accounts of Canada submission for hospitality payments, volume II, Page 32.41:

(a) There were no individual contracts for hospitality services of a value more than $2,000.

(b) The department uses the following guidelines to administer hospitality services: (i) Hospitality chapter 360, Treasury Board Canada, Administrative Policy Manual, (ii) departmental policy on hospitality No. 1980-4, (August 1, 1980). This essentially elaborates on chapter 360 of the Treasury Board Manual.

(c) The percentage distribution of the $8,298 hospitality expenses paid to the following categories in 1979-80 was:

		Per cent
(i)	Foreign visitors	9.36
(ii)	Canadian businessmen	6.92
(iii)	Provincial public servants	47.80
(iv)	Federal public servants	35.92
(v)	Ministerial exempt staff	—
(vi)	Members of Parliament	—
(vii)	Members of Provincial Parliaments, Legislative Assemblies and the National Assembly	—
(viii)	Canadian dignitaries, such as the Governor General and Lieutenant Governors General	—
(ix)	Federal Crown corporation executives	—
(x)	Provincial Crown corporation executives	
(xi)	Members of federal commissions, boards and councils	
(xii)	Any other categories	—
	Total	100.00

NATIONAL HEALTH AND WELFARE—PHOTOGRAPHY SERVICES

Question No. 2,882—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the health and social services program at page 32.23, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photography services (a) how does the department explain the 90 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): (a) The department carried out an extensive reorganization during the fiscal year 1979-80, at which time the non-Medical Use of Drugs Directorate, previously with the Health Protection Branch, was incorporated into the Health Services and Promotion Branch. It is therefore necessary to include the additional expenditures for the Non-Medical Use of Drugs Directorate for photographic services with those of the Health Care Program. The combined expenditures would then amount to:

Health Care Program	$2,276
Non-Medical Use of Drugs	5,489
Combined total 1978/79	$7,765

The increase in photographic services for the branch would then be as follows:

Fiscal Year 1978/79	$ 7,765
Fiscal Year 1979/80	10,813
Increase	$ 3,048

This is a percentage increase of only 39 p. cent. The increase can be explained by the higher cost of photographic services, materials and supplies and increased emphasis by the branch on the provision of promotional health-related films to the general public (See our reply to enquiry 2,979 answered this day).

(b) The primary service received was the provision of film duplication of health promotion films by the National Film Board to expand the departmental inventory of health related films. Other services were slide reproductions related to the design of health facilities, film processing, passport photographs, and photographic work related to health promotion posters and leaflets.

(c) The National Film Board received $7,552 for film duplication. The departmental Audio-Visual Services Section provided slide duplication and miscellaneous photographic services in the amount of $1,262. The balance of $1,999 consisted of miscellaneous photographic services provided by local firms in the production of health promotion posters and leaflets.

DEPARTMENT OF FINANCE—TRAINING AND EDUCATIONAL SERVICES

Question No. 2,922—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance at page 32.11, volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and educational services (a) how does the department account for the 3,641 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. Pierre Bussières (Minister of State (Finance)): In so far as the Department of Finance Canada is concerned:

(a) The training and educational services cost referred to in the public accounts of 1978-79 should have been divided into two parts: Part one—Finance: As indicated on page 32-20 of the 1978-79 is $65,252. Part two—Anti-dumping Tribunal Program: The amount of $1,817 indicated on page 32-20 of the 1978-79 public accounts represent the expenditures of the Anti-dumping Tribunal.

The printer omitted the title of this program. Therefore, the 3,641 per cent increase is not valid if you compare the finance expenditures of 1978-79 of $65,252 to 1979-80 of $67,979 which is an increase of $2,727 or 4.18 per cent.

(b) The expenditures listed under "Training and Educational Services" include any courses taken under the different training programs offered by the Public Service Commission, any courses which are job related taken at universities or other institutions by employees in the department.

(c) Public Service Commission $2,500. All other individual contracts for training were less than $2,000.

EM&R—COMPUTER SERVICES

Question No. 2,938—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Energy, Mines and Resources under the earth sciences program at page 32.8, volume II of the 1979-80 Public Accounts of Canada, with particular reference to computer services (a) how does the department explain the 383 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000 (c) what was the name of each type of service (d) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: (a) Expenditures for computer services in the earth sciences program were $1,920,000 for 1978-79 and $1,992,143 for 1979-80. Therefore, there was an increase of only 4 per cent.

(b) to (d)

Contractor	Service	Contract Value
ADGA Limited	Programming	$ 14,522
	Programming	$ 16,330
	Systems Analysis	$ 11,637
	Systems Analysis	$ 17,194
	Operational and maintenance support	$102,149

Order Paper Questions

Contractor	Service	Contract Value
Bailey & Rose Ltd.	Computer programming	$ 12,904
Charles Higgerty Ltd.	Brokerage fees for various contracts	$ 5,209
Computel Systems Ltd.	Computer programming	$ 2,500
Datacap Ltd.	Computer input	$ 7,200
Deloitte Haskins & Sells Associates	Software services	$ 4,000
Digital Equipment of Canada	Repair and servicing	$ 2,958
Digital Methods Ltd.	Computer programming	$ 60,928
	Data input	$ 21,900
Edfor Information Consultants Ltd.	Software services	$ 34,017
Fisheries and Oceans	Rental of computer time	$ 16,820
Genesys Group	Programming	$ 3,311
	Programming	$ 3,311
	Programming	$ 3,416
	Programming	$ 3,548
	Programming	$ 5,400
	Programming	$ 12,641
	Programming	$ 15,860
	Programming	$ 17,500
	Programming	$ 24,121
Intellitech Canada Ltd.	Programming	$ 4,425
E.J. MacLaren Consultants Ltd.	Documentation	$ 9,619
Nordco	Complete video display system	$ 21,775
Prior Data Sciences Ltd.	Programming	$ 13,775
Prologic Systems Ltd.	Programming	$ 14,715
	Programming	$ 25,980
Quasar Systems Ltd.	Systems analysis and design	$ 2,000
	Systems analysis and design	$ 3,275
	Systems analysis and design	$ 18,328
Qupro Data	Software services	$ 3,500
S&S Software	Special programming	$ 10,800
Systemhouse Ltd.	Consulting	$ 10,000
	Consulting (software evaluation)	$ 24,970
	Special programming	$ 7,995

DEPARTMENT OF FINANCE—PHOTOGRAPHY SERVICES

Question No. 2,945—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance for the Auditor General at page 32.11, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photography services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000?

Hon. Pierre Bussières (Minister of State (Finance)): Photography Services, $29,496. (a) This entailed production work for an orientation film (English and French) on the introduction of comprehensive auditing. (b) Contracts over $2,000—The Communications Centre, Toronto, Ont. $28,100.

DEPARTMENT OF FINANCE—TUITION FEES

Question No. 2,946—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance for the Auditor General at page 32.11, volume II of the 1979-80 Public Accounts of Canada, with particular reference to tuition fees (a) what services does this entail (b) what is a list of each contract of a value more than $2,000?

Hon. Pierre Bussières (Minister of State (Finance)): Tuition Fees—$15,049. (a) Reimbursement of tuition fees to employees, based on successful completion of courses. All courses approved are related to the work of the Office. (b) There were no contracts of a value of more than $2,000.

DIAND—MOTION PICTURE PRODUCTION AND DISTRIBUTION

Question No. 2,976—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development at page 32.15, volume II of the 1979-80 Public Accounts of Canada, with particular reference to motion picture production and distribution (a) what was the title and total cost of each film produced in the fiscal year 1979-80 (b) at what audience was each film aimed (c) what cost recovery is anticipated from the distribution of all the films?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development):

(a)	Native Opportunities: Native People in the Performing Arts	$ 12,069.77
	The Child and the Moon (DIAND share of total $78,000)	13,500.00
		Total: $ 25,569.77
(b)	Native Opportunities: Native People in the Performing Arts	—Indian people, Indian school children, education and general audience.
	The Child and the Moon	—general audience

(c) There is no actual or anticipated cost recovery for these films by this department. Public Accounts lists an amount of $177,807. The balance of $152,235 is for the distribution and purchase of copies of motion pictures produced previously.

DEPARTMENT OF EXTERNAL AFFAIRS—FILM AND SLIDE PRODUCTION SERVICES

Question No. 2,982—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of External Affairs for the Canadian International Development Agency at page 32.10, volume II of the 1979-80 Public Accounts of Canada, with particular reference to film and slide production services (a) what was the title and total cost of each film produced in the fiscal year 1979-80 (b) at what audience was each film aimed (c) what cost recovery is anticipated from the distribution of all the films (d) how does the agency account for the 64 per cent increase in expenditure for the item over than for 1978-79 (e) what services does this entail?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) and (b) "Last Day in the Life of Richard Johnson in Puno Peru", (a Charlotte Gobeil production), $52,172 for

general television audiences. "Beyond the Rift Wall", (a Charlotte Gobeil production), $14,000 for general television audiences. "One World" (TV Ontario production), $15,000 for secondary schools and universities.

(c) Nil.

(d) The 64 per cent in expenditure over 1978-79 was the result of the purchase of copies of films on international development for distribution to Canadian viewers.

(e) See the answer to (d) above.

LAURENTIAN PILOTAGE AUTHORITY

Question No. 3,126—**Mr. Clarke:**

With reference to the statement of operations of the Laurentian Pilotage Authority for the year ended December 31, 1979 at page 125, volume III of the 1979-80 Public Accounts of Canada, which notes that "the objects of the authority are to establish, operate and maintain an efficient pilot service . . . " and that the service operated at a net loss of $391,142 (a) how does the authority justify this loss with reference to the objective of operating an "efficient pilot service" and considering that it had a surplus of operating income over operating expenses for the previous year of $447,597 (b) has the authority taken measures to ensure it returns to a net operating income position and, if so (i) what measures (ii) how soon does the authority anticipate this position will be regained (iii) what steps is the authority taking to prevent a recurrence of this sort?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Laurentian Pilotage Authority advises as follows:

(a) The tariffs in force for the years 1979, 1980 and 1981 were calculated and published to cover our expenses, without profit or loss. For purposes of publication of tariffs, we must use a marine traffic forecast and an estimate of expenses. Any discrepancy between our forecasts and reality necessarily results in a profit or a loss.

(b)(i) In order to prevent repetition of a deficit, the authority was obliged to publish a second tariff in 1981. This tariff entered into force on September 1, 1981;

(ii) The authority forecasts that 1982 revenues will be sufficient to cover operational and capital expenses;

(iii) In each of the following years, a tariff will be published to ensure financial self-sufficiency.

NATIONAL HARBOURS BOARD

Question No. 3,127—**Mr. Clarke:**

1. With reference to the statement of operations and schedule of revenue and operating income (Loss) of the National Harbours Board for the year ended December 31, 1979 at page 136, volume III of the 1979-80 Public Accounts of Canada, which notes that the board operated at a net loss of $2,375,000, how does the board explain this loss?

2. Did seven of the 15 harbours listed in the schedule of revenue and operating income (loss) operate at a loss and, if so, what measures did the board take to improve the efficiency of the harbours so that such losses would not recur and on what date does the board anticipate these measures will have the desired result?

3. Did the ports of Churchill and Prince Rupert show an increase in operating loss and, if so (a) was this contrary to the trend in the five other losing ports (b) what special conditions at these ports caused the increases and were the difficulties overcome (c) what steps has the Board taken to forestall a recurrence of these losses?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows:

1. The National Harbours Board improved its financial performance from a net loss of $16,625,000 in 1978 to a net loss of $2,375,000 in 1979. The loss in 1979 is principally due to a strike at the port of Montreal that lasted five months and shut down the grain elevators which are major revenue generators of the corporation.

2. As reflected in the schedule of revenue and operating income (loss), seven of the 15 ports did have an operating loss for 1979. However, in total, the National Harbours Board has a positive operating income for the first time since 1971. This reflects the results of the application of the principle of full cost recovery through tariff increases, the reduction of manpower (9 per cent in 1979), the discontinuation of non-profitable activities and the modernization of facilities (cost: $50,144,000). The benefits derived from these measures are realized to a greater extent in 1980 where the National Harbours Board had a positive operating income of $18,821,000 and a net income of $17,360,000.

3. The ports of Churchill and Prince Rupert did show an increase in operating loss from 1978 to 1979.

(a) This was contrary to the improvement trend established by the five other losing ports.

(b) and (c) At the port of Churchill, the results are attributable to the lack of grain traffic. The grain volume allocated to the port is beyond the control of the National Harbours Board. Another factor was the upgrading of the port's facilities at a cost of $3,660,000 which consequently increased its depreciation and taxes by $233,000. In 1980, the operating loss is solely due to the lack of grain traffic.

At the port of Prince Rupert, the upgrading of facilities, at a cost of $1,780,000, caused depreciation expense and grants in lieu of taxes to be $183,000 higher, in total, than the previous year. However, it was an economically viable project and will earn a positive return that will more than offset the excess expenditures. The results are already showing, as evidenced by the fact that, in 1980, Prince Rupert earned $37,000 in operating income because of the project.

MRS. SHIRLEY THORPE

Question No. 3,549—**Mr. Cossitt:**

1. Did Mrs. Shirley Thorpe hold a contract for cleaning services at the federal building in Prescott, Ontario in the constituency of Leeds-Grenville?

2. Did the contract expire on November 30, 1981 and was Mrs. Thorpe told just before finishing work on that date that it would not be renewed and, if so (a) on what date and by whom was the decision made not to renew the contract (b) what are all the reasons she was not given the courtesy of advance notice (c) who instructed that no advance notice be given and who should have given her that notice?

3. Is it the intention of the government to go back to the former system of using public works employees for maintenance in the building rather than using a contract?

4. Will Mrs. Thorpe be considered for such employment by the Department of Public Works and, if not, for what reason?

Hon. Paul J. Cosgrove (Minister of Public Works): 1. Yes.

2. Mrs. Thorpe's contract was awarded by letter for the 12-month period December 1, 1980 to November 30, 1981. Mrs. Thorpe was advised verbally in late October that a new contract would not be put out to tender call.

(a) District management made the decision on or about August 27, 1981.

(b) The letter of contract award dated December 8, 1980 to Mrs. Thorpe indicated clearly the contract term and she was also verbally advised during the month of October 1981.

(c) No instructions were issued that advance notice not be given. As indicated above advance notice was given to Mrs. Thorpe.

3. Yes, for the portion of the work under question.

4. All applicants were considered. A competition was held in accordance with Public Service Commission regulations. The position was offered to the successful candidate who has accepted the position. The additional background information regarding this competition is of a personal nature.

EQUALIZATION PAYMENTS

Question No. 3,619—**Mr. Herbert:**

1. Were equalization payments made to the province of Quebec based on the census count of June, 1976?

2. By province, what was the percentage of the number of persons missed relative to the number counted, as a result of the special survey following the 1976 census to estimate the number of persons missed?

3. Were equalization payments made to Quebec adjusted as a result of the special survey and (a) if so, by what amount (b) if not, what is the estimated amount that any adjustment would have been?

4. What are the principal reasons why persons are missed in the census count in Quebec?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Finance and Statistics Canada as follows:

1. Yes, for the 1976-77 fiscal year.

2. The proportion of persons missed by the 1976 census, as estimated by a special survey conducted following the census, is shown below by province expressed as per cent of the total population:

	Per cent
Newfoundland	1.10
Prince Edward Island	0.38
Nova Scotia	0.86
New Brunswick	2.16
Quebec	2.95
Ontario	1.52
Manitoba	1.07
Saskatchewan	1.33
Alberta	1.49
British Columbia	3.13
Average for all provinces (10)	2.04

The estimates above are subject to sampling and measurement errors. The sampling errors can and have been estimated.

3. Section 3 of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Regulations defines the population of a province to be used for equalization and EPF purposes in each fiscal year as "the official estimate of the population of that province on the first day of June of that fiscal year as most recently estimated by Statistics Canada", for years other than census years, and as census population data for census years. The official estimates and the census population data are not adjusted for the result of the special survey. If the adjustment had been made, Quebec would have received an additional $62.8 million in 1976-77.

4. Persons are missed by the census either because, in spite of best efforts, the household in which they live is missed by census takers, or because the residents completing the census form fail to include everyone living in the household. There are no special reasons for missing persons applicable uniquely to Quebec. Indeed, in the 1976 census the difference in the rate for Quebec and all other provinces was not statistically significant. Comparable rates from the 1981 census are not as yet available.

SMALL BUSINESS DEVELOPMENT BOND LOANS

Question No. 4,227—**Mr. Mazankowski:**

For (a) 1980 (b) 1981, by province (i) how many loans were granted to farmers and small businesses under the provisions of the Small Business Development Bond (ii) what was the total amount of the loans (iii) what was the average interest rate charged (iv) how many loans, if any, were defaulted?

Hon. Pierre Bussières (Minister of State (Finance)):

(i) & (ii) Distribution of Benefits of the Small Business Development Bond Program by Province

Province	Small Business Development Bond	
	Number	Amounts ($ millions)
Newfoundland	215	24.8
Prince Edward Island	77	10.1
Nova Scotia	358	45.8
New Brunswick	406	44.8
Quebec	1716	239.7
Ontario	4724	679.6
Manitoba	771	124.5
Saskatchewan	1224	189.3
Alberta	1788	311.8
British Columbia	2467	406.0
OTHER	58	10.6
All Canada	13804	2087.0

These estimates provide information on the number of small businesses and farms and the amounts of loans issued to these entities under SBDB program for the period ending April 14, 1982. The SBDB programs started in December, 1979 and ended in January, 1982. It is not possible to provide this information on an annual basis. No adjustments are made for bonds that are issued but where elections had not been filed with Revenue Canada as of April 14, 1982.

(iii) In general, the average rate of interest charged on these bonds is half the prime rate plus one to three percentage points.

(iv) No information is currently available on loans, if any, that were defaulted.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—METRICATION

Mr. Bill Domm (Peterborough) moved:

That this House deplores the continuation of the policy of the government of enforcing compulsory metrication in Canada which is causing substantial hardship to all sectors of the Canadian economy and contributing to the ever-increasing rate of bankruptcies and strongly recommends that the government immediately implement a moratorium on all metric related prosecutions, now or to be commenced, and that the necessary action be taken to forthwith abandon compulsory metrication in Canada.

He said: Madam Speaker, today I will deal with the subject of enforced implementation of metric from four positions. First, it has come to my attention that the Metric Commission is so desperate to regain its credibility and justify its very existence that it has now resorted and fallen to the temptation of escalating untruths and distortions.

I am also saddened to report that it would appear that certain ministers in the House today are of the same opinion and that, in order to keep this on track, they now find it necessary to circulate what I consider to be untruths and distortions, because the ministers who are in the House today are not saying the same thing as the minister has said over the past nine years. I will clearly document some of the statements of some of the former Liberal cabinet ministers and their position on metric.

The third concern I would like to point out, as mentioned in our motion, is that it would appear, at least to the Conservative party, that this imposition of enforced metric is creating unnecessary hardships on the business community, not to mention all of the other burdens which it has to bear at this time because of economic conditions. I will document some of those hardships.

Finally, in the summation of my remarks today, I will deal with the fallacy of the government trying to convince the Canadian people and this House of Commons that, in order to do business in the world, it is mandatory that Canada go metric. That simply is not the case, and I will deal with that in more detail later.

First, let us deal with some of the history of metric and some of the fallacies as stated by the present Minister of Consumer and Corporate Affairs (Mr. Ouellet) in complete contradiction to the original understanding of metric. I must point out in my preamble that as opposition spokesman on the subject of weights and measures, I am not opposed to metric. I used the metric system for 25 years in business. I was a fuel oil distributor and a General Motors car dealer. I know why General Motors went metric, and I know why the fuel oil business went metric as well, I will cover that in detail later.

In commencing my remarks, I would like to refer to the statement of the Minister of Consumer and Corporate Affairs on "Canada AM" just a few weeks ago. The minister said: "In general, the public has support for metric, industry supports metric and the consumers support metric." That statement was made by the same minister who, today in this House of Commons, had the nerve to say that Conservatives are trying to "brew the pot", to use his exact words.

Earlier this past month the minister also stated that this movement is motivated by a tiny group of fanatics. When we presented a petition to the House on April 6 just passed, comprising 135,327 signatures, he also had the nerve to say that that petition was the result of misleading and false representations and information. That was simply not true. If the minister were honourable, he would consider the withdrawal of that statement. Instead, as Minister of Consumer and Corporate Affairs, he made a commitment to the Canadian people, wisely or not, to respond personally and individually to each of those 135,327 signatures. I remind the minister that prior to that petition being presented, 52,000 signatures were presented to this House by myself in the same year on behalf of constituents from right across Canada. Concerning petitions presented by other Members of Parliament, as recently as this past week another 14,000 signatures came in from one area. Compounded, over 300,000 petitions have been presented to the House of Commons in less than two years.

Mr. Darling: And more to come.

Mr. Domm: These petitions have not been against metric but, rather, against forced metric. That has clearly not been the history of how we arrived at the point today where we have the implementation of the Metric Systems International. It was never intended to be forced. I will deliver some statements by three former ministers of industry, trade and commerce of the Liberal government, two ministers of small business and one minister of consumer and corporate affairs, to back up the statement that it was not to be mandatory.

I would like to refer to the minister's statement on this same TV show, "Canada AM". He said that there was a white paper, an agreement in this House in 1970, that metric should

take place. He was right, but he totally misled the people of Canada, because that agreement in 1970 was the original white paper on metric. I have it here in my hand. It was presented to this House of Commons by the Minister of Transport (Mr. Pepin), the then minister of industry, trade and commerce. I refer the minister to page one of that white paper where it says:

• (1210)

No legislative action is contemplated which would make mandatory a general use of metric in place of inch-pound units.

The minister is misleading the Canadian public when he says that all political parties in Parliament approved the implementation in 1970 and 1971 when it approved this white paper. I will cover in more detail what the Metric Commission is saying. The minister should be fully aware of the fact that on page 10 of the same white paper, the one we all agreed to, section 4.1.7 states:

Because of the close ties between the United States and Canada in science, technology, industry and commerce, each country has a special interest in the course likely to be followed by the other in respect of metric conversion . . . The question is a complex one because the United States, which is Canada's main export market, has not made the decision to convert.

Let us go on to the voluntary aspect with the agreement of the sectors involved. We are dealing now with one sector that did not agree in the beginning to move. We are dealing with weights and measures in the food industry. That is fish, meat, fruit, vegetables and other weighted-out retail products.

What did the retail sector say? I have here a copy of a letter sent to the Right Hon. Joe Clark by a major corporate manager, Patrick Carson, the corporate planning development manager for Loblaws. What did they think about it? They sat on the Metric Commission for many years. I quote from that letter to document clearly the position of that metric sector:

This letter, as you can see, is self-explanatory and for detailed information represents the wishes of approximately 85 per cent of those Canadian retailers responsible for food consumed at home.

To appreciate the efforts required to achieve this consensus statement being forwarded to Mr. Lapointe, one requires to have been exposed to the steamrolling tactics of the Metric Commission hierarchy, for a period of not less than three years.

Having objected on behalf of my particular company, for this period, to the strategy and methods imposed by the MCC it is indeed satisfying to know that the power of a government's bureaucracy is not always allowed to prevail over the wishes of its citizens—

Thank you for allowing time for this important issue to be raised on our behalf, and I am certain on behalf of many Canadians.

The letter was signed by Patrick Carson, corporate and planning development of Loblaws.

What was that consensus taken in 1981, four months before the order in council was passed by this negligent Liberal government which does not really care what the people want? Here is the consensus of the sector dealing with the implementation of metric. I quote:

The working group on scales in the retail food industry met in Vancouver on Tuesday, 28 April, 1981 and achieved the following consensus:

1. The retail food industry members of the working group wish to recommend strongly to the government that the scheduling of retail food scale conversion to metric units in Canada, which appeared in the Canada Gazette Part 1 of 28 February, 1981, be delayed so that conversion will take place at a time closer to when retail food scales will be converted in the United States.

That is the consensus. They go on to say:

2. If the government decides to continue with the implementation of these regulations in January 1982 in spite of the above recommendations, then the retailers will continue to manage the process—

What else would they do? Corporate citizens do not intend to go to jail because they do not like the order in council. However, for this government to state over national television and at press conferences that metric is being implemented because the people want it and the sector agrees is totally untrue. There should be an apology in this House of Commons for the falsehoods and misapprehensions of this government.

I would also like to read what was said by former Liberal cabinet ministers. On March 17, 1975, Herb Gray was then minister of industry, trade and commerce. He would have people believe that ministers, government and all parties agree with metrication regardless of what the United States did. I quote Herb Gray from page 4180 of *Hansard*:

—change would likely be closely related to progress in the United States toward conversion . . . it may prove wise to allow the timing and process of conversion to be closely related to the development of United States practice.

That was the Liberal policy in 1975 before the government passed the order in council. The hon. member was the minister; he should have been responsible. That is what he told this House of Commons. I would now like to read a more recent answer from *Hansard* for April 23, 1980, given by the Minister of State for Small Businesses (Mr. Lapointe). I asked the minister this:

In light of the adverse reaction and effects to small businesses and consumers, will the minister responsible for industry, trade and commerce assure this House—and answer the question—that he will allow full parliamentary discussion on the subject of the implementation of the metric system before it is forced on business communities across Canada?

The minister replied:

If members opposite will please quiet down, Madam Speaker, I should like to tell the hon. member that the suggestion he just made will be examined.

In my supplementary question I asked:

—why must we force metrication on the people of Canada—

The minister responded:

—the government has no intention of imposing the metric system *manu militari* and that it has always been the policy of the Liberal party and government of taking care of the people first, not regulations.

The Acting Speaker (Mr. Ethier): Order. I am quite certain the hon. member is doing this inadvertently, but he is referring to ministers by name. I would ask that he refer to them by their ministry or constituency.

Mr. Domm: Mr. Speaker, I wish to refer to a statement made by the Minister of Consumer and Corporate Affairs. On January 14, 1981 I asked the minister:

—is it the intention of the Minister of Consumer and Corporate Affairs to lock up stores, put bans around cash registers and prohibit stores from doing business—

The minister replied:

—we shall not resort to the methods the hon. member would have us use.

Those were his words, totally contrary to what he is saying today.

Let us look at a couple of other former Liberal cabinet ministers. The Minister of Consumer and Corporate Affairs is infamous for referring to all-party agreement on enforced metric. The debate is not on metric but enforced metric. We are not debating the pros and cons of metric over Imperial measurement. I want to quote what was said on March 17, 1975 while introducing a motion to approve the program of guideline dates for metric conversion. The then minister of industry, trade and commerce, Alistair Gillespie, stated as reported at page 4158 of *Hansard:*

Every effort will be made to co-ordinate work between the two countries so as to obtain the greatest benefits for the Canadian program.

At page 4160 he stated:

Concern has also been expressed that the cost of conversion might impose an undue hardship on some small businesses.

Len Marchand, then responsible for small business, said at page 2230 of *Hansard* for December 21, 1976:

—the implementation dates are not mandatory, they serve as guidelines for each . . . company or organization in a given sector . . . The bill before us today is the first of four such bills—

We have never seen any bills in this House of Commons. We were guaranteed at that time by the minister that that was the first of four such bills before the virtual completion of the final or implementation phase of metric conversion. There are 90 acts affected and not one of those bills has ever been received in this House to this date.

The matter foremost in people's minds is, how did we get from the understanding of a voluntary approach to metric to a forced approach to metric? The *Los Angeles Times* figured it out. It sent someone to Canada a month ago to interview people to find out how we moved away from our understanding with the United States. Mr. Paul Robinson, ambassador of the United States to Canada, has said it would cost Canadian jobs because we cannot operate in a form of measurement foreign to the United States. I think that Mr. Robinson, the American Ambassador to Canada, is speaking the same lines Liberal cabinet ministers have spoken in this House from 1970 until today.

• (1220)

I have a quotation from the acting executive director of the Metric Commission, Mr. Pat Gampathy. First of all, I have this report in the *Los Angeles Times* for February 11, 1982:

—Canada needed to keep pace with conversion in the United States, its dominant trading partner.

Asked what his comment was, the acting executive director of the Metric Commission said:

What we do in the retail stores within Canada has no bearing on selling to the United States.

That shows me what little this acting executive director of the Metric Commission knows about retailing in border cities that rely on tourist business from the United States. He says it has no bearing, it does not matter, that we can deal in anything we want to in Niagara Falls, Ontario, regardless of what the measurement system is in our principal tourist business with the United States. That is simply not the case. That is a lot of hogwash. There is no truth in it whatsoever.

I now refer to an article in the *New York Times* of March 14, 1982:

The United States ambassador, Paul H. Robinson, Jr., told Canadian reporters that metric conversion was "rubbish" and opposed by most Americans. He warned that it might create trade problems between the United States and Canada.

The Canadian Government was not pleased with Mr. Robinson's remarks since one of its basic arguments in favor of the metric system was Canada's need as a trading nation to adapt its weights and measures to the predominant system in the world.

We will find out how predominant the system is in the world in just a moment. I want now to deal with what I have currently been considering putting before the RCMP for investigation.

The minister of Consumer and Corporate Affairs, with all due respect, Mr. Speaker, has a conflict of interest in his position as Minister of Consumer and Corporate Affairs responsible for the protection of the consumers of Canada against false advertising. I have risen in this House on three occasions now, going right up to three different ministers, trying to get an answer as to how come these people can do two things in the Metric Commission. They can control the media through a $1.8 million advertising tool, while at the same time spreading false rumours about how things are in Canada.

If the Minister of Consumer and Corporate Affairs has no intention of investigating articles like this full page article in *The Globe and Mail*, full of falsehoods and untruths, I think the RCMP should start investigating some of these statements. Statement one: "Except for retailers' scales, there is no compulsion in Canada". That is totally wrong. There are three sectors, and the minister knows it. I suggest that he bring that to the attention of the Metric Commission. Statement two: "The provinces have been a full partner in the conversion". That is not true.

What is happening in regard to the conversion program? Let us take a look at the situation with the Alberta government. I am reading from a CP story of May 13, 1982:

The Alberta government may intervene in a court case against a Calgary woman charged with advertising carpets for sale by the square yard, Attorney General Neil Crawford told the legislature Tuesday. Crawford told reporters he is not sure of all the facts. He said, however, if the charge was laid simply because the carpet company advertised in both measures, it should not be prosecuted.

Metric is not being forced, with the support of the Alberta government. Let us take a look at Manitoba's government. Let us see what is going on in their legislature, as reported by the Canadian Press on April 30, 1982:

Manitoba should tell the federal government to keep its metric snoopers out of stores in the province, Opposition Leader Sterling Lyon said Friday.

Lyon told the legislature the federal government apparently is taking legal action against carpet stores in other provinces that offer goods for sale in imperial measure as well as the metric system.

He said Attorney General Roland Penner should take the lead and advise the federal government such anti-business action would not be appreciated in Manitoba.

That does not indicate support on the part of the provincial governments. Let us move to Prince Edward Island. This is a CP story from Charlottetown, P.E.I.:

Canada's conversion to metric will be costly for this island's potato producers, says Norman Ramsay, chairman of the P.E.I. Potato Producers Association.

Legislation to enforce metric will cost producers a great deal of money to buy new scales, he said.

Ramsay also said the continued use of the Imperial System in the U.S. will aggravate the local farmers' problems.

The most serious statement of all in this full page article is a statement on the direct cost. Here is a statement by a commissioner—imagine, a commissioner. Cleo Mowers, also an editor of a western paper, obtains almost a full page story. Talk about conflict of interest! We have a metric commissioner writing an article in support of metric as an unbiased person, yet deriving his income from a stipend he receives from the minister responsible for the Metric Commission. He is spreading this kind of propaganda.

Item three: "The direct cost of forced conversion is about $1.50 per Canadian". I have not got my calculator here, but $1.50 a Canadian to me means approximately, if we have about 23 million population, a cost of $38 million or $40 million.

The minister thinks that he as Minister of Consumer and Corporate Affairs can implement metric in the retail sectors of this country with the Metric Commission spending $50 million to date. There is $3 million for payroll, $2 million for advertising, and I do not know how much for sales promotion since they do not have to tell us what they are doing. All we know is that they have $12 million budget this year, for 12 months. They sit in an ivory tower here in Ottawa, feeding their insatiable appetite for tax dollars, the survival of the fittest, the last Metric Commission on the North American continent as of September, the last area in the free world that forced metric on people.

Even Japan has a voluntary implementation program. There is no law in Russia to prevent someone from selling a handful of beans or a pound of bananas. The point is this, that we are less free in this part of the free world than many people are in parts of the world that use the old European method. I will deal with some of those areas, in conclusion.

What does British Columbia say? Listen to one statement by the minister of education, who feels the same way as a great number of educators in different parts of the country who say that to teach only metric in our school systems is a deficiency. If we can teach French and English and graduate children out of our schools better equipped to enter the world, surely we can teach Imperial measurement in our school system, enabling those schoolchildren to deal and trade with the United States, our major trading partner which is not going to metric but going back to Imperial.

Shell Oil has just announced that in the state of Florida they are converting their pumps at considerable expense back to Imperial. So has Amoco, so has Chevron in California. Yet the Metric Commission spreads its last piece of propaganda, that the service stations in the United States are going to metric, and that the highway signs in the United States are going to metric, both in the same article. Hogwash! I drove to Chicago and saw only one metric highway sign, by way of introduction, between Windsor and Chicago. Is that changing their highway signs? When you get to Florida you see them converting the pumps back to Imperial. If the minister thinks that is moving to metric, then he is totally out of touch. That admission indicates that he knows about as much about metric as he knows about the small business community when he says it can operate without a post office.

• (1230)

The RCMP investigation stems from the fact that the Metric Commission printed propaganda with the use of government presses. The commission handed that propaganda out in grocery stores and retail outlets across Canada, and that propaganda said that the Metric Commission was set up by the government in June of 1971. The Metric Commission was set up by an order in council. This governmet never passed any piece of legislation which set up the Metric Commission and gave it a mandate to bring in metric by force. As a result of a white paper we set up the Metric Commission with two main principles in mind. One was that we would change at the same time the United States changed. The second was that it would be voluntary and with the blessing of the sectors involved. I have proved without doubt that that is not the course that this government is on.

Hon. members on the government side have received notifications of petitions from their constituents. They have not brought those petitions into the House of Commons. They have denied their constituents the opportunity to have petitions protesting forced metric presented in this House. Is that democratic? Is that the parliamentary procedure under which we are supposed to operate? A Member of Parliament does not have to agree with a petition but, out of respect for his constituents, he should present their petitions to the House of Commons.

By going metric we are supposed to be able to do business with foreign countries. The Canadian government has just signed a contract with Japan to fill one of the largest orders even for prefabricated homes. The Japanese are moving back to Imperial and conventional two by fours. I am told the Japanese are doing this because they have to manufacture four by eights and two by fours to ship to the American market. Our Canadian metric homes are of no use to the Japanese people because a four by eight sheet of plywood will not fit a metric home, and neither will squares for roofs or blocks or bricks.

The whole world is not moving to metric. We have large orders, the most recent one to Velan Incorporated. Velan Incorporated has just received a multimillion dollar order in Montreal to supply Imperial valves to a Russian-designed

factory overseas which was Hungarian-built with Czechoslovakian participation. The order is totally in Imperial.

I have here a whole list of companies from all over the world which are ordering from Canada in Imperial. Orders in Imperal are placed with the automotive industry, the aviation industry and the aerospace industry. Orders for prefabricated homes stipulate Imperial. Orders for valves stipulate Imperial. The list is endless. And this government would have the people of Canada believe, through false advertising, that the whole world is going to metric.

Time will not permit me to list all the business that are going out of business. I see some smiles on the government side of the House. We should not be driving business out. We do not need another cross to bear. Loss of business is the cost of conversion to metric, for which there has never been proven cost justification given by this or any other government.

When the Conservatives were in office, they threw out the order in council making metric in retail stores the only form of measurement and allowed stores to do what they wanted in their sectors. In Peterborough the stores immediately went back to Imperial and now, while half of Canada is converting to metric, Peterborough is receiving cheques from the present federal government to cover the cost of their conversion back to Imperial. There are grounds for objection. People in the canning industry told this government they would not change their cans from six-ounce, ten-ounce and twelve-ounce sizes but that they would agree to put comparable metric measurements beside the Imperial measurements on the labels. They have the right idea. We do not need added costs. We do not need to exclude Imperial or Canadian measurement from use. There is no wish on the part of the Conservative opposition to bring about anything but the right to choose, when that can be justified on the basis of cost and when the sector involved requests that. The government says the majority wants forced metric. I hope sooner or later this government will come to the conclusion that it is not listening to the majority.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am happy to follow the hon. member and to address this subject. The hon. member has dreamed up a cause and has devoted a lot of time and energy to trying to stop the clock. In today's world I think it is sad to see such a performance.

I believe metric should have nothing whatever to do with party politics, any more than whether motorists should be driving on the right or left side of the road and whether they should be free to choose. Metric is simply a matter of public convenience and economic necessity. Its merit has been recognized in Canadian law since 1871. In fact, it was the Tories who took the first step toward moving to metric.

Mr. Domm: Not forced.

Mr. Ouellet: The first Prime Minister of Canada, Sir John A. Macdonald, was the first to bring in a legislative measure dealing with metrication. He would be turning in his grave if he could listen to the hon. member speaking today.

I understand that the vast majority of the members of the hon. member's party are away today doing more important things. There are only a few left to discuss this lost cause.

In the modern world today I think one has to be dumb to oppose metrication. Metric has been requested by scientific Canadians, industrial Canadians, businessmen and consumer organizations in the country. Canada's scientific, industrial and trading communities appreciate the advantages of metric, and more and more pressure for its increased use has developed. I think former Prime Minister Diefenbaker reacted favourably to the movement to metric when he was Prime Minister, but he did not move to metric conclusively; therefore, more pressure was brought to bear. In late 1968 and soon after a number of prominent organizations in Canada asked the government to give some leadership. I could give a list of all the associations which at the time requested the Canadian government to go metric.

Mr. Domm: Not by force.

Mr. Ouellet: The Canadian Pharmaceutical Association—

Mr. Domm: Not by force.

Mr. Ouellet: —the Canadian Council of Professional Engineers—

Mr. Domm: Not by force.

Mr. Ouellet: —the Chemical Institute of Canada—

Mr. Domm: Not by force.

Mr. Ouellet: —the Engineering Institute of Canada.

Mr. Domm: Not by force.

Mr. Ouellet: The hon. gentleman is pretty nervous. I appreciate that he would be nervous today, but I invite him to relax. He had his time in front of the camera. He is now all shook up. I think he should relax, calm down—

Mr. Pepin: And enjoy himself.

Mr. Ouellet: —and listen. The hon. member for Peterborough (Mr. Domm) has received all the documentation and information necessary for a person to understand. After listening to him today and after seeing him twist the facts, I can only conclude that he does not want to read the facts correctly, that he does not want to see the facts correctly or else he is unable to do so.

• (1240)

I was talking about other associations which asked the Canadian government to go metric, such as the Consumers' Association of Canada, the Canadian Home and School and Parent-Teacher Federation Inc., the Agricultural Institute of Canada, the Canadian Chamber of Commerce, the Canadian Teachers' Federation and the Canadian Construction Association, just to name a few.

These associations put pressure on the government and asked it to go metric. In late 1968 or early 1969, in response to this perceived public demand, the government commissioned a committee of senior officials to investigate the demand, need, advantage and practicability of conversion to metric. Two years later this body issued a report recommending conversion, which at the time was considered both inevitable and desirable. That report was adopted by the government and became the white paper of 1970.

The Canadian government did not convert Canada to metric; the Liberal party did not convert Canada to metric; it happened by public demand. It was done and continues to be done by the people and by business, at their request and for their benefit. The white paper was submitted to the people's elected representatives who, through their House leaders in Parliament, said clearly and unequivocally: "We agree; let's get on with it."

This also required the partipation of the provincial governments and all ten Premiers agreed that the federal plan suited their own plans to convert to metric. Signs on the highways in Canada have not been put there by the federal government; they have been put there by the provincial authorities.

If the hon. member for Peterborough does not like it, he should not go around trying to make the people of Canada believe that metric has been forced on them and that it is a plan made by the Canadian government and the Liberal party. As I understand it, there are not many Liberal provincial governments in Canada but there are metric signs in every province.

In the education system today our children are taught in metric. Does the federal government, the Liberal Party of Canada or the provincial authorities run the education system in Canada? I want to tell the hon. member for Peterborough that again he is not telling the truth when he tells the people of Canada that metric has been imposed on them by the Liberal Party of Canada and by the Canadian government. Children are taught metric in school and this is through the will, desire and understanding of the provincial governments despite what the hon. member for Peterborough says.

I want to say one other thing about the voluntary aspect of metrication, Mr. Speaker. To implement such a system in Canada requires public participation. This was obtained through some thousands of volunteers representing every sector of the Canadian economy who over the last ten years organized the details of the conversion in their own sectors.

From the outset it was planned that the conversion would be as voluntary as possible, with a minimum of compulsion, but it was acknowledged that converting to metric measurement would probably require compulsion at some point. The white paper that the hon. member who spoke before me referred to and which has been unanimously endorsed in this House anticipated the compulsory conversion of retail scales.

Mr. Domm: Read it!

Mr. Ouellet: The hon. member is asking me to read it. If he has not read it after having launched this type of campaign for the last year and a half, that shows quite clearly that he is not serious with his campaign.

Mr. Domm: I read it. You read it.

Mr. Ouellet: The House debated and passed two metric bills, one in 1971 and another one in 1975. It unanimously supported the resolution to approve metric conversion programs.

When the hon. member for Peterborough and the very few who follow him try to say that Parliament never approved metrication and that it was done by order in council, they are not relating what really took place. There was a lengthy debate in Parliament and there was a request by the opposition party for a formal bill. Authority for this was given by the House of Commons in 1976 through amendments to the Weights and Measures Act which specifically authorized the cabinet, by order in council, to make only metric legal in retail trade. This House approved that bill unanimously and the Conservative party voted for it in 1976.

That a few of them do not want to remember this today and regret their vote is quite possible, but the vast majority who are still around know that this is the case. The hon. member for Peterborough was not here at that time and he can say what he wants, but when he tries to convey to the public of Canada that metrication has not been amply discussed in Parliament and has not received the sanction of legislation, he is not correct. He is dead wrong.

The experience of other countries which have recently completed conversion, such as Australia and New Zealand, is that at the retail trade level there must be compulsion. The Canadian retail food industry told the government that if its scales were to be converted this should be compulsory for all merchants; so the government, having been authorized and instructed by Parliament to do so and having been requested by the industry to do so, has complied.

To pretend today that there is compulsory metrication in Canada because of the Government of Canada is not to tell the truth. The reality is that there are only three sectors where compulsory decisions have been made. In those three cases it has been done at the request of the industry—

Mr. Domm: That is not true.

Mr. Ouellet: —and for very good reasons.

Mr. Domm: That is definitely wrong.

Mr. Ouellet: The hon. member does not like to hear the facts. He is showing by his constant opposition to what I am saying that he does not want to know the truth.

Mr. Towers: Mr. Speaker, I have a point of order. The minister is misleading the House. He said there was a vote on metrication and that we voted for it. There was not a vote. He does not know what he is talking about.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member will have a chance to enter the debate and make his point.

Mr. Ouellet: Mr. Speaker, the hon. member for Red Deer (Mr. Towers) was in the House in 1976. I challenge him to say that the bill that was passed in 1976 was not passed.

• (1250)

Mr. Towers: You say there was a vote; I say there was not.

Mr. Ouellet: The hon. member is talking about a vote, and I am telling him that this bill was passed unanimously in Parliament.

Mr. Towers: You said there was a vote, and there—

Some hon. Members: There was a vote.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Ouellet: Mr. Speaker, in order to pass legislation you have to vote upon it.

Mr. Towers: There was no vote.

Mr. Ouellet: There is a recorded vote at the request of those who oppose the passing of legislation. Five members stand up in the House and request a recorded vote which allows them to register their opposition. This bill was passed in 1976 unanimously and approved on their reading by all members of Parliament who were present. The hon. member, who was a member of Parliament in 1976, did not stand up and ask for a recorded vote to register his opposition. He was either not present or he did not want to oppose metrication at the time. He might have changed his mind since, but that is an entirely different situation.

Mr. Towers: There was no vote.

Some hon. Members: There was a vote!

Mr. Ouellet: I want to say that 102 sector committees have been quietly working on the voluntary conversion of the rest of the Canadian economy. Many have completed their work and most are nearly finished now. It is clear, Mr. Speaker, that until three years ago this was truly a non-partisan, non-political affair for the people, and it was surely done by the people of Canada in a very non-partisan, very practical and very intelligent way. It was perceived to have broad public support and to be in response to public demand in the best interests of the Canadian economy.

It was inevitable, and to a certain degree natural, that there would be a certain measure of public resistance. In the general election of 1979 the Progressive Conservative candidate in Peterborough, seeing some pockets of resistance there, inflamed the debate, encouraged reluctance, distorted the record, and put the whole responsibility on the Liberal government. In so doing, he was able to win a seat in Parliament for the riding of Peterborough. Well, he might have been successful at distorting the facts in his own riding, but now he comes to Ottawa and tries to distort the facts and make a case among his colleagues. Judging by the number I see around him today, he has not been very successful in convincing many of his colleagues to support his fight.

Mr. Domm: On a point of order, Mr. Speaker, the minister knows we have a conference today which our party members are attending. I wish he would—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Ouellet: That is what I said, Mr. Speaker. The party has a convention, which is much more important. So they are there and a few dumb MPs like him are here wasting there time and using up the time of the House.

The Acting Speaker (Mr. Ethier): Order, please.

The hon. member for Moose Jaw (Mr. Neil) on a point of order.

Mr. Neil: I would ask the minister to withdraw that remark; he called us "dumb". That is an unparliamentary expression and he should withdraw it. If there is any dumbness around here, we know where it is.

Mr. Ouellet: Mr. Speaker, yes, indeed. I am sorry, I want to withdraw. I am talking about the hon. member for Peterborough who thinks it is more appropriate to waste his time here than to go to the national convention of his party.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Peterborough on a point of order.

Mr. Domm: If he is referring to the hon. member for Peterborough, as he says, then I would ask him to withdraw the word "dumb".

Mr. Ouellet: If it bothers the hon. member, I indeed appreciate his sensitivities; but I think it is unfortunate that an hon. member would think it is more important to attack a program which was implemented in Canada for the good of our country and which will bring much more value to our commercial activities that to go to his own party convention. I regret that he finds his time is spent more usefully in this House today than with the numerous other members of his party now having their convention.

Mr. Towers: Sad, sad.

An hon. Member: Nothing better to say.

Mr. Ouellet: The reasons we moved to metric in Canada are numerous and the benefits of metric conversion are well known. However, I would like to put them on record because obviously the hon. member has not seen them. Metric saves classroom time. Training in metric creates Canadian jobs.

Mr. Domm: For civil servants.

Mr. Ouellet: Metric means fewer package sizes for consumers. Metric makes shopping easier and it simplifies calculations. Metric eases international communications. These are six fundamental reasons why we moved to metric in Canada.

Mr. Towers: You are unbelievable.

Mr. Ouellet: The exclusive use of the metric system in our schools simplifies the teaching of mathematics and many of the natural sciences. This has resulted in an estimated saving of 5 per cent to 10 per cent in the time it takes to teach the school curriculum. This time can be and is being used to teach more useful things than the number of feet in a mile or yards in a furlong. Secondly, trading in metric creates Canadian jobs.

Mr. Domm: Who wrote that?

Mr. Ouellet: Canada needs to produce goods in metric to trade with a predominantly metric world.

Mr. Domm: The United States.

Mr. Ouellet: Our standard of living depends on our export trade. Over 31 per cent of every Canadian dollar is earned from exports, versus less than 6 per cent to the United States. Producing cars and parts in metric for the United States by itself is keeping over 100,000 Canadians employed. With our newsprint, wood pulp, petroleum and natural gas industries also converted to metric, close to 50 per cent of our exports, even to the U.S., are now described in metric units.

The idea put forward by the opposition that we should not convert to metric because the Americans are not converting is totally false, Mr. Speaker. The vast majority of American industry doing business with Canada and throughout the world is already totally metric. These American companies who have subsidiaries in Canada have brought metric to Canada through those subsidiaries. Therefore, this argument that we should not go metric because the Americans are supposedly slowing down their conversion is totally wrong.

When we resume at two o'clock I will continue on this subject—

Some hon. Members: Oh, no!

Mr. Ouellet: —and read a letter from President Ronald Reagan on this subject.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Ouellet: When the House adjourned at one o'clock, Mr. Speaker, I was saying, quite contrary to what was said by the hon. member opposite, that President Reagan in the United States is supporting the effort to go metric. He wrote a letter dated April 6, 1982 to members of the American National Metric Council on the occasion of their eight annual conference. He wrote:

> My administration supports the policy of voluntary metrication expressed in the Metric Conversion Act of 1975.

Mr. Domm: Voluntary?

Some hon. Members: Oh, oh!

Mr. Ouellet: The Conservatives are excited because the letter mentioned voluntary metrication. Voluntary metrication is what we have in Canada.

Some hon. Members: Oh, oh!

Mr. Ouellet: The President's letter continues:

> As the representative of the private sector in this area, your council fulfils an important role in facilitating such conversion. I look forward to continued co-operation with your organization as we work together to make the United States more competitive in world markets.

If it is good enough for the United States, it is indeed good for Canada. What we are trying to do is to be more competitive in the world markets. This is one of the reasons we are going metric.

I want to return to two aspects which were developed by the opposition. One has to do with the impression that we are imposing metrification, making it compulsory and not voluntary. More than 100 sectors of the industry are operating voluntarily within the framework of the mandate of the white paper on metrication.

There have been only three area where regulation have been passed making metrication compulsory. In these three cases the passive of regulations was done at the insistence and request of the industry. The first one has to do with gasoline sales by the litre. You will recall, Mr. Speaker, that it was at the request of the gasoline industry that appropriate regulations were passed to make the sale of gasoline by the litre mandatory.

Mr. Clarke: Blackmail.

Mr. Ouellet: The second area is that of home furnishings. The third one is the retail food scale sector. In these two cases regulations were passed clearly at the request of the industry—

Mr. Domm: That's nonsense.

Mr. Ouellet: —and at the request of consumer associations in Canada. Why was that done? It was done for a very simple reason. It was felt that to do otherwise would create confusion and difficulties. As well, it would not have been in the best

interests of the consumer. The industry stated that if appropriate regulations were not passed in the area of home furnishings and that of retail food scales, it would be incorrect and unjust for many retailers or clients.

The special committee of the home furnishings industry requested, after unanimous approval by all the various national associations that were involved in this special committee, that regulations be passed to make sure that metric conversion would take place in all areas at the same time. This decision was based on the reasonable assumption that someone buying carpeting would likely be wanting to look at furniture, bedspreads, wallpaper and other similar types of products.

• (1410)

It was also felt that, because of the competitive nature of their own industry, regulations would be required to ensure that all retailers converted at the same time. If this is true for the home furnishing sector, it is equally true for retail food scales. If this did not occur, the consumer would be unable to compare prices easily between stores where one might show the price per square yard while another may show the price per square metre, which is approximately 20 per cent larger.

In the motion which is before us today, the opposition would like us to stop the prosecutions which have come before the courts in relation to the implementation of the regulations dealing with home furnishings. Once again the hon. member for Peterborough is misleading the House when he quotes me as saying that I assured him that there would be no prosecutions against those who are faced today with the implementation of metric retail food scales. In fact, it is very clear that the implementation of the retail food scale conversion program will take place over two years and we are confident that by the end of that two-year period—that is, by the end of next year—everyone would have complied with the regulations and there would be no reason to prosecute.

The hon. member mentioned some prosecutions which he read about in the newspapers. I do not want to comment on those cases but I do want to say to him that to abandon prosecutions at the present time would be unfair to those who were involved for a number of years in the implementation of the regulations concerning home furnishing. If prosecutions have taken place in that regard, it was indeed at the request of the Canadian Carpet Institute and at the request of those who have said that it is not fair to advertise a product at a price which is obviously lower than the price advertised under the metric measure. Therefore, in fairness to all the retailers in the industry, allowing some retailers to advertise a price to consumers under one system that is different from the price using the metric system could give undue advantage to some retailers. It is precisely for this reason that the industry itself has requested that the appropriate regulations come into place.

With respect to those who are peacefully converting their retail food scales in an orderly fashion, according to the plan which was asked for and designed by the industry itself with the support of the Consumers' Association of Canada, we will indeed be helping them to facilitate this conversion. We will co-operate with them in order to facilitate this conversion and make sure that it is done in an orderly fashion.

I disagree with the motion that has been presented today which alleges that the enforcement of metrication is causing substantial hardship and contributing to an increasing rate of bankruptcies. I suggest that this is grossly misleading. I know of no case where a retailer who has been asked to change his scales has been forced into bankruptcy because of the cost of the new scales. Some opposition members have gone to see retailers contending that it will cost thousands of dollars to change their scales. This is not true. For a few hundred dollars new scales can be purchased or converted. I repeat that you can have scales converted to metric for just a few hundred dollars. Retailers have two years to accomplish this.

the government is not imposing this program. It is following the views and advice of the industry, and it is only at the request of the industry that regulations were passed. As I indicated earlier in my speech, these regulations were authorized by Parliament, by legislation tabled in Parliament and approved unanimously by Parliament.

In the spirit of co-operation I am prepared to discuss with the people involved in this sector in the coming weeks the possibility of exempting some small retailers from compulsory metrication. It is common knowledge that when we implemented the regulations for sale of gasoline by the litre, we exempted some retailers marketing diesel fuel who did not exceed a particular amount of sales. I believe this could be contemplated in relation to those concerned with retail food scales.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. minister but his allotted time has expired.

Mr. Ouellet: I just have a closing statement.

The Acting Speaker (Mr. Ethier): This can be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Ouellet: I thank hon. members for allowing me to finish because I do want to make an important point which I think they want to know. In this regard, the government has never acted unilaterally to impose regulations or force compulsory metrication. The only exeptions—the three I have mentioned—out of the 100 sector industries which are going metric in Canada result from regulations which were passed at the specific request of the industry.

Mr. Domm: No, that is not right.

Mr. Ouellet: I am therefore ready to have discussions with these people to find out if it is feasible to excuse some small retailers from compulsory metrication. If the industry agrees with this and allows us to do it, I will indeed come forward and announce it. I do not think it would be fair or correct for the government to do this unilaterally.

The Consumers Association of Canada and the various retail council associations of Canada have requested compulsory regulations in this regard. Therefore, before doing anything I want to consult with them to discuss the implications.

In closing, I want to say that we in the government, and I believe the vast majority of Canadians, believe the pace, the degree and the nature of change to the metric system should, and must, be determined voluntarily in the various sectors of trade and industry by the individual firms or industries directly concerned, with minimal government interference. I took that last remark directly from a speech which was made by my hon. friend opposite. I share his view in that regard.

We do not want to impose metrication on anyone. We believe that the vast majority of Canadians want it because they believe it is in the best interests of Canada. However, we also understand and appreciate that in order for it to be implemented fairly and in an orderly fashion, some regulations must be passed to protect the majority against the unacceptable competition of a minority. In these cases, particularly in the retail sector, it is important that we protect the large majority of those who want to accept metrication. They are welcoming this opportunity because they know that through metric we have substantially reduced and rationalized the number of package sizes and that we have been able to standardize them using round metric sizes to the best advantage of consumers. Those in the industries who have voluntarily accepted this must be protected against the few exceptions who will not follow the rule and who could try to take undue and unfair advantage in the marketplace. This is why some regulations were passed, and it is why we have some regulations, at the request of the industries, I repeat again.

• (1420)

The motion which is presented to us today unfortunately sides more with the past than with the future. I think it is a regressive resolution. It is not a resolution which is in the best spirit of Canada, a young nation looking to the future, looking for markets abroad, looking for opportunities. I think the motion presented by the hon. member for Peterborough should be massively rejected.

Mr. Les Benjamin (Regina West): Mr. Speaker, this issue was presented to all members of Parliament in my first year here, in 1968, in 1969 and again in 1970. The series of events which have occurred since 1969 include the presenting of a white paper on metric conversion in 1970, amendments to the Weights and Measures Act (1971), a motion to approve the program of guidelines for metric conversion in 1975, Bill C-23, Metric Conversion (Statute Law Amendment, 1976) Act, from December 1976 until June of 1977, and a no-confidence motion in June of 1980. That was the series of parliamentary events which occurred. Mixed in with those were numerous hearings in two or three committees of this House.

The motion of the hon. member for Peterborough (Mr. Domm) carefully avoids stating that the Conservatives were opposed to conversion to a metric system of measurement in Canada. I am glad that it was carefully avoided. In fact, the hon. gentleman carefully avoided saying that in his speech.

The first studies launched with regard to conversion to metric in Canada took place under the Diefenbaker administration in 1960, 1961 and 1962. Finally, a white paper evolved through the channels of the bureaucracy in this capital and it was presented to Parliament. We held hearings. I will deal with some of the activities of the minister a little later.

The minister mentioned a number of organizations which supported the conversion to metric, but I also want to add to that list some more independent witnesses who testified in relation to Bill C-23 in 1977. We heard the testimony of Mr. Lister, chairman of the Metric Advisory Committee, although what he said might not carry too much weight. We heard from Mr. Gilbey, of the grain services union. We heard from Mr. Dobson Lee, president of Alberta Unifarm, who said, "We have supported the metric system for a good many years." We heard from Mr. A. E. Hall, president of the Manitoba Farm Bureau, Mr. Eyre, director of the Saskatchewan Association of Rural Municipalities, and Mr. Hart of the Saskatchewan urban municipalities, who said: "We accept a program of conversion to metric." Of course, we also heard from Mr. Maine, who was then vice-president of the National Farmers Union. All of these various organizations appeared before parliamentary committees. I was there to hear them.

The question is not what is being done but, rather, how it is being done. I gather that no one in the official opposition will stand up—certainly the hon. member for Peterborough did not—and outrightly oppose the conversion of Canada's measurement system to the metric system. The Conservatives will not do that. Therefore, the question is not what but, rather, how.

Mr. Darling: Emphasize that.

Mr. Benjamin: I have problems concerning the kind of eighteenth or seventeenth century propaganda and baloney which has been put out in the country by various and sundry people in the Conservative party, which has been nothing more than a sheer scare campaign. It is the old turn-the-clock-back syndrome, but we cannot turn it back. Every organization has said, "Whether we like metric or not, we cannot stop it and we cannot turn it back." The country elevator systems for grain handling in the prairie provinces have already gone through a few million dollars converting to metric scales. I do not imagine anyone in this House who would want to junk it, throw it out and go back to something else. Almost every private enterprise organization has already converted. In fact, 65 per cent of the B.C. forest industry has already converted and there is no way it can turn back.

Let me return to the question not of what we are doing but, rather, how we are doing it. We do not need any neanderthal organization which is in opposition to metric. I challenge any hon. member in this place to interrupt me on a point of order if the hon. member is opposed to bringing about conversion to the metric system in Canada. I challenge any hon. member of

this House to get up right now and tell me, on a point of order, that the hon. member is opposed to conversion to metric.

Mr. Pepin: Not one.

Mr. Benjamin: I do not hear a word, Mr. Speaker.

Mr. Towers: I rise on a point of order.

The Acting Speaker (Mr. Ethier): The hon. member for Red Deer rises on a point of order.

Mr. Towers: Could the hon. member tell us to which system of metric he is referring? Then we would probably know. Which one of the four or five systems is he talking about?

Mr. Benjamin: Mr. Speaker, I could read a couple of quotes of the hon. member for Red Deer (Mr. Towers) if he wants me to embarrass him. The hon. member for Red Deer realizes that the system of metric conversion being used is under the rules and regulations of the Parliament of Canada. That is the system of metric we are referring to.

Mr. Neil: That is nonsense.

Mr. Towers: You do not know what you are talking about, Les.

Mr. Benjamin: Mr. Speaker, I am just as far behind as the hon. member for Red Deer with regard to conversion. I am just as far behind, too, because—

Mr. Nickerson: You can say that again.

Mr. Benjamin: —I have not caught up with it yet, and that is probably the problem of the people of Canada. So nobody, but nobody, in this House opposes Canada converting to the metric system of measurement.

Mr. Neil: On a voluntary basis.

Mr. Benjamin: Let us get to the question concerning not what the government is doing but, rather, how it is doing it. The hon. member for Moose Jaw (Mr. Neil) mentioned that it should be on a voluntary basis.

Mr. Neil: Right.

Mr. Benjamin: Well, Mr. Speaker, that is some kind of Saturday night beer parlour dreaming. General Motors, for example, has already converted to metric, and a farmer in the hon. member's riding who buys a GM car or truck does not have a choice. It is not voluntary for him. He is into metric whether he likes it or not. It is not a case of compulsion or voluntariness; rather, it is a case of attrition and habit. That is not necessarily criminal. Some habits happen to be good.

• (1430)

The minister and the government have been less than reasonable in terms of how the costs of conversion are being shared among the population of Canada. That is the main complaint. A farmer purchases a pail of chemicals. It is measured in litres, but his sprayer is calibrated for Imperial gallons. The chemical industry lobbied the government to have this chemical measured only in litres and the government agreed. There is no reason why there cannot be two sets of directions on the label for both litres and gallons. The farmer cannot be expected to throw out his sprayer and buy a new one.

The matter of dual directions is similar to dual languages. The minister has been a bit supine with regard to statements by various and sundry multinational corporations designed to make it cheaper and more convenient for them. I invite the minister to launch an investigation into how multinational corporations which manufacture scales are hitting our retail merchants and garage men on the head with the prices they charge. It is outrageous.

Members on all sides of the House have merchants in their constituencies who have been taken advantage of when converting to the new scales. If the minister wants conversion to metric to be more acceptable and agreeable to the ordinary citizens of this country, whether they be small-business men or farmers, that is where he should move. It is not necesary to fine anyone. Metric conversion is irrevocable; it is here whether we like it or not. I gather we all like, but do not understand all of it.

I again say to the minister it is not what we are doing, but how we are doing it. That is the problem which is causing the neanderthal and eighteenth century reactions in places like Peterborough.

I understand that the 50 per cent write-off for the plumber, electrician, pipefitter or tinsmith when buying a new set of tools expired on March 31, but that the minister has now agreed to extend that. I hope he will nod his head if I am correct. I hear some rattling from over there. Is it correct that he has extended the provision beyond March 31 so that this 50 per cent write-off will still apply?

I further understand the extension will be covered by a new set of regulations. I hope whatever member on the government side speaks, the minister will provide him with the material to tell us what these new regulations will be. There has not been a word of objection from any of the three parties with regard to metric conversion. What the government is doing is okay. How it is being done is the problem.

The cost of conversion should be borne by the nation as a whole. There should just not be a 50 per cent benefit for the mechanic who has to buy a new set of tools or the small storekeeper who has to buy a new scale. There should be a 100 per cent write-off immediately. If the government wants a greater degree of acceptance, support and speed in the conversion to metric, those are the kinds of things it must do. This is something the country should do together, all of us.

I object to the mindless baloney put out by various and sundry people, those people mainly to my right and their mindless opposition to any kind of change. Every organization which appeared before this and previous Parliaments back to 1970 said to convert. The nicest quote of all is one from a good

friend, a gentleman I admire. This was said in 1975 when we were debating Bill C-23. The hon. member for Burlington (Mr. Kempling) was the lead-off speaker. He said:

> —we supported metric conversion when it was introduced by order in council and the white paper, and that is our position today—we still support it, but we have reservations and hope to place them on the record during this debate.

That is what he and a number of his colleagues then proceeded to do. He went on to say:

> Metric conversion in Canada will put us in step with the rest of the world.

He said that his party was "appalled at the lack of progress being made" by the Metric Commission. One of the most respected members ever in this House, the former member for Peace River, Mr. Baldwin, in 1970 completely supported the opening statement by the minister in the white paper on metric conversion. The former member for Malpeque who went on to become Premier of Prince Edward Island had a private members' bill to implement metrication. I do not think the hon. member for Peterborough really believes there should not be a conversion to metric.

The costs of conversion for every plumber, electrician, mechanic, pipefitter, retail merchant, tool and dye maker or whatever, should be recoverable through the tax system by a tax credit, tax exemption, 100 per cent write-off or grant. I do not care how it is done. When someone has to put out $5,000 or $6,000 for a scale for a corner grocery store, the merchant does not necessarily object about the conversion to metric but to the fact that he has to pick up at least half the tab. That is not fair. I therefore urge the minister to be generous in the regulations he brings forward.

I am glad he has extended the period beyond March 31. He should now look at other sectors of the economy to which that extension should apply and provide a 100 per cent recovery of the actual cost. All people have to do is attach their receipts to their income tax form. If the government wants more co-operation and support with regard to metric conversion, that is the only decent thing to do.

• (1440)

It took almost 50 years for Canada to go metric in our monetary system. It took us almost 50 years to go from pounds, shillings and pence to dollars and cents. I hope to goodness it will not take us that long to do the same thing with metric measurements in other parts of our economy. In fact, I find it ironic and amusing that in 1871 Sir John A. Macdonald had legislation passed in this place that made both Imperial and metric legal. The Conservatives were unanimous in their support of it, and the Liberals opposed it. Believe it or not, they opposed it!

Another reason seems to be that neither one has a policy. I am glad the Conservatives are going to Toronto; I hope they come up with a policy for a change. I urge the eight or nine of them who are here, as soon as the House adjourns, to head for Toronto and come up with a policy on metric—or on anything else.

Some hon. Members: Oh, oh!

Mr. Benjamin: You guys should not laugh.

Mr. Darling: Tell them about their policy.

Mr. Benjamin: This government is the outfit, Mr. Speaker, that says they are not left-wing or right-wing but middle of the road.

Mr. Nystrom: Bang in the centre.

Mr. Benjamin: And that is where all the accidents happen.

Some hon. Members: Hear, hear!

Mr. Benjamin: They try to please everybody and end up pleasing nobody. They have got the whole country mad at them, whether it is on interest rates or metric conversion or whatever. I do not mind a fellow being dumb if he cannot help it; it is when they work at it. That is what bothers me.

The Acting Speaker (Mr. Ethier): Order. I regret to inform the hon. member that his allotted time has expired. He may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Benjamin: I want to thank the House and appreciate their courtesy. Under the rules, I can go to five o'clock!

Some hon. Members: Hear, hear!

Mr. Benjamin: I promise my colleagues I will not do that. In fact, my own colleagues are asking me not to do that.

Mr. Cullen: That would be worse than the bells for two weeks.

Mr. Benjamin: In the course of a change to a fundamental apparatus in the operation of a society and its economy, and in the course of having measurements for the goods we produce and sell, every civilization, every population, adapts and then changes. The whole history of this problem, which goes back thousands of years, has been one of the entire world trying to get one common system—

Some hon. Members: Hear, hear!

Mr. Benjamin: —one system which, no matter where you are in this world, no matter what language you speak, no matter what kind of political regime you are under, would mean a common communication between men, among mankind.

Mr. Nystrom: Social democracy.

Mr. Benjamin: While there are problems, while there are people who do not want change, they are a minute number of the total population.

Mr. Cullen: Right on!

Mr. Benjamin: There are those problems that automatically come about when you make a significant major change. What

else is new? One of the British kings said that a foot is as long as his foot and a yard is as long as his arm. They had a great deal of problems about that kind of change.

Some hon. Members: Oh, oh!

Mr. Benjamin: The kind of help I am getting, Mr. Speaker, from behind me is not much help!

It seems to me that it is incumbent on all parties to assist, in every way we can, our fellow citizens in adapting and converting to this change. That is an obligation we all have, since all of us supported the conversion to metric. But the other obligation falls upon the government. You do not need to fine anybody. Any merchant who decides voluntarily not to convert to metric is going to go broke three or four years down the road; he will be out of business. His suppliers will not understand his orders because those orders will be in Imperial measure and he will not get his supply. His customers will understand kilograms and litres and they will not understand his pints and pounds. So you do not need any fines. In fact, Mr. Speaker, all 282 of us could rally a wealth of support and effort to understand. I suspect that I, among many other members of this House, am still in my head about 10 or 15 years behind in this conversion matter. My children know it. I do not have any grandchildren but the hon. member for Mission-Port Moody (Mr. Rose) has grandchildren who understand it. It is there; it is a fact of life; it is a reality. This mindless screaming and yelling really harms the country. All we need is to get the government to be a little smarter about how they are doing it, not what they are doing.

Mr. Nystrom: Its tough on the Liberals.

Mr. Benjamin: I urge the minister to go to his colleague, that tightwad, the President of the Treasury Board (Mr. Johnston), and the other tightwad, the Minister of Finance (Mr. MacEachen), and get 100 per cent credit on the cost of conversion to metric. That will help a lot of ordinary citizens.

The corporations have already converted and have passed on the cost to the customers. In the price of your car, tractor or combine, those costs have been passed on. The consumers are absorbing them. But the corner grocer, the plumber, the people who are still converting, buying another set of tools or a new set of scales, do not have sufficient benefit. They are not being treated equally under our tax laws or under our pricing system. The corporations have already done the conversion, many of whom persuaded the government to do the conversion. The minister should be very generous in this conversion and forget about taking people to court and having fines imposed.

Some hon. Members: Hear, hear!

Mr. Benjamin: Anyone who will not convert now will convert in any event four or five years from now. That will not be because it is compulsory, not because it is not voluntary, but just because he will not have any choice. It will have become the mode used in our economy and in our commerce. We have probably got more than halfway to completion already. You cannot fly in the face of what is actually going on and expanding.

In regard to the United States, I recall that in a committee in 1970 and in this House, and again in 1971 and again in 1975, we were told the Americans were going to convert and that we were going to convert in Canada within ten years. Well, it is taking us 12 or 15 years. It will take the Americans 20 or 25 years, but the Americans are going to convert; there are no ifs, ands or buts. It is likely that it will not be done by the American government but by the multinational corporations. They are going to make sure that the American bolt fits in a French tank. That is already in process. The Standing Committee on Transport visited Bombardier, which manufactures LRC trains. Bombardier was the successful tenderer in New Jersey, Oregon, Washington, California and various cities.

• (1450)

Mr. Dionne (Northumberland-Miramichi): And Mexico.

Mr. Benjamin: Mexico and various cities and states in the United States. When those states and cities called for tenders, they asked for them in metric; they did not ask for them in inches, yards or pounds. The process in corporations and state and municipal governments in the United States is already in place, regardless of what the Ronald Reagan republicans have to say. It is already in place. It is there. It will grow. It will take five or ten years longer in the United States than it will here, but that is the only difference.

I agree with the gist of the motion of the hon. member for Peterborough as it applies to how the government is implementing metrication. I hope we have persuaded the minister that it is the "how" that is important. I hope he will go back to the drawing board and be much more generous with the people metric costs.

A farmer puts so many bushels of wheat and so many gallons of treatment for his seed into his drill. In his sprayer he puts in so many pounds of chemicals or fertilizers. There is one thing which could be made compulsory tomorrow, and there is no darned reason in the world why the minister should not do it. We would agree that it should be compulsory that chemical companies put dual directions on five-gallon cans or on bulk tanks which are delivered by various and sundry fertilizer, petroleum and insecticide distributors. That would help people understand and convert, and it would save them time and money. That is the proper route.

While we support the gist of the motion of the official opposition, we dislike the direction some hon. members of the official opposition have taken. At the same time we dislike the methods used in implementing conversion to metric, particularly as they apply to tradesmen, retail merchants and farmers. This is the area in which the minister must be much more generous.

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Irwin).

Mr. Ron Irwin (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I do not know whether the hon. member for Regina West (Mr. Benjamin) was—

Mr. Towers: Mr. Speaker, I rise on a point of order. The Chair recognized a Liberal speaker and then an NDP speaker, and now the Chair is recognizing another Liberal speaker. This is our opposition day.

The Acting Speaker (Mr. Ethier): I understand the concern of the hon. member very well, but it has always been a practice, accepted by the whips of the parties—with whom the Chair co-operates on a continual basis—that we alternate from a government spokesman to an opposition spokesman. The Chair has already recognized two opposition spokesmen, and this time I am recognizing a government spokesman. I am following our practice to the letter.

Mr. Dionne (Northumberland-Miramichi): You will be next, Gordon.

Mr. Irwin: Mr. Speaker—

Mr. Towers: You have not heard the last of this one, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. The Parliamentary Secretary to the Secretary of State for External Affairs.

Mr. Irwin: I am rising for the third time, Mr. Speaker. The opposition keeps objecting, as it is doing with respect to the metric system. Hon. members opposite are heading headlong into the eighteenth century and moving the clock back. Even a stopped clock is right twice every 24 hours.

I was not here in the House when metric was passed and I was not here when it began to be implemented, but I was a citizen and I remember the initial reaction at the border when a CBC reporter interviewed Americans coming over to Canada. One person was asked what he thought of Celsius. He said, "I haven't even been there yet." Then the interviewer asked another person whether he thought the change would make much difference in the distance between Sault Ste. Marie and Sudbury. That person said, "I think so; it will be a shorter trip." This story is part of the historical record, and it should be on the record because this is a very serious debate this afternoon. The reporter tried to correct that person. He said that the distance between the cities would not change. He said it was the same distance. The American replied, "Yes, but the kilometres go by faster!"

I have since learned that there have been other benefits. I checked with my secretary, and she tells me that it is psychologically good for a woman to go into a store and say: "I wear a size 92 centimetre". My secretary also tells me the metric system is good because people are now only half their previous weight!

Mr. Ouellet: That is why Kempling supports it.

Mr. Irwin: I am told that is why the hon. member for Burlington (Mr. Kempling) supports it. There is a psychological benefit.

Usually I say it is a pleasure and a privilege to speak here on a Friday afternoon, but today is historic. The hon. member for Peterborough (Mr. Domm) was elected in 1979 on an anti-metric platform. He defeated the Hon. Hugh Faulkner. The hon. member for Peterborough waited so long for his metric ship to come in that his pier collapsed. Where is he? He has left the House. His pier has collapsed. Until I did some research last night I did not understand why the only questions he has asked in the House and the only motions he has moved in the House over the last three years have been about the metric system.

Mr. Elzinga: That is not true.

Mr. Irwin: There have been other questions?

Mr. Elzinga: Of course.

Mr. Irwin: I stand corrected, but when I have been here the only questions put and the only motions moved by the hon. member for Peterborough have been about the metric system.

Mr. Elzinga: He asked about capital punishment.

Mr. Irwin: Oh, he asked about capital punishment. I am sorry. I stand corrected by the hon. member opposite.

The hon. member for Peterborough must understand history. I have researched it. The hon. member keeps talking about the Imperial system. What he does not realize is that the Imperial system he wants to adopt is really a French system. The French got rid of it at the time of the revolution when they went metric, followed by about 90 per cent of the world. I know a lot of history about this subject because I was very serious in preparing for today's debate. The crazy 60s cycle we are in is from Babylon. It is a mystical, religious thing. There are 60 seconds, 360 degrees and 60 minutes. Feet come from paces. If a room was 20 paces by 30 paces, the measurement evolved to be 20 feet by 30 feet.

There is a big difference between the origin of the Roman or Italian inch and the English inch. The inch actually comes from the Roman *uncia*, which means one-twelfth of anything. The English came along and said, "No, no; historically the inch comes from three barley corns." The English said that three barley corns equal one inch. As a matter of fact, even today barley corns are used in shoes. The difference between a shoe size nine and a shoe size ten is one barley corn, or one-third of an inch.

The matter gets more complicated when we get to miles. The mile comes from the Italian *milliare*, which was the distance a Roman army would cover if it marched 1,000 paces. A mile was 5,000 Roman feet. The English would have nothing to do with that. One could not divide English feet and yards into the Roman mile, so the English came up with the statute mile. This expression is borrowed from the Italian word

statutum, or "that which is set up". Why? Because it would not divide.

It was not good enough for the English just to have statute miles because the English had their navy to consider. The navy did not want to go with the statute mile, so it went with the nautical mile. A nautical mile is 6,076.1 feet. If that were not bad enough, the English had to have a third mile, the admiralty mile, which is 6,080 feet. That is what we have to live with today. As a matter of fact, around my area of Sault Ste. Marie, between what has been done in England and what has been done in the United States, we now have three types of pints, two types of quarts and three types of gallons. We have a system of pints, quarts and gallons that is different from pints, quarts and gallons in Sault, Michigan. The United States also has another system of pints and gallons, so we wind up with three types of pints, three types of gallons and two types of quarts. That is what we are trying to rationalize.

• (1500)

There is nothing new about all this, Mr. Speaker. It goes back as far as the French Revolution. In 1789 the French got rid of the system that we are trying to evolve from, and by 1840 they had the metric system. I do not think things would have changed in Canada had it not been for the imperial push we received in 1965 when, because of the demands of industry, the United Kingdom decided to go metric. The big impetus for this whole program came from the United Kingdom. It was not only Canada that was affected either. In 1968 South Africa, Ireland, Tanzania, Kenya and Uganda were affected; in 1969 New Zealand and Rhodesia adopted the system. As a matter of fact, in New Zealand everything is metric at the moment except for snooker and billiards. In 1970 Canada, Sri Lanka and Zambia began the changeover.

All the countries in the world except Canada, the U.S.A., the United Kingdom, South Yemen, Burma, Brunei and Borneo are now either operating in metric or very close to it.

The history of what has happened in Canada has been told several times but it bears repeating. It is not something new. We have had the two systems in Canada since 1871. As a matter of fact, they have had the two systems in the United States almost as long. In 1875 we signed the Treaty of Metre; in 1960 the Agreement of Metric Nations and then in 1970 there was the white paper on metric conversion.

Who has supported all this, Mr. Speaker? The list represents a cross-section of the country. There is the Canadian Chamber of Commerce, the Canadian Hospital Association, the Consumers' Association of Canada, the Agricultural Institute of Canada, the Canadian Construction Association, and the Canadian Teachers' Federation. The white paper of January 16, 1970, was supported by Mr. Ged Baldwin of the Progressive Conservative Party, the hon. member for Winnipeg-North Centre (Mr. Knowles) for the NDP, and Mr. Gilbert Rondeau for the Social Credit Party. All three parties agreed with the white paper.

On March 17, 1975, when the guideline dates were moved in the House they were supported by the hon. member for Burlington (Mr. Kempling) for the Progressive Conservative Party, Mr. Arnold Peters for the NDP and Mr. C. A. Gauthier for the Social Credit Party.

In 1976 the omnibus bill went from the House to the committee, witnesses were heard, it came back and—as far as history will ever record it—was passed unanimously by the House. I am surprised that after all these years the hon. member does not know what a vote in the House is. The bill was voted on and passed. If the hon. member opposite did not like it then, he should have stood up and at least have been on record as opposing it.

Mr. Towers: It was not voted on.

Mr. Irwin: That was a vote of the House in 1976. In 1971 the provinces unanimously supported the resolution, and in 1977 they changed their highway signs. It is now in all provincial school curricula, and on all highway signs. Each province has a metric co-ordinator. The national building code is in metric. New Brunswick was the first province to adopt it in October, 1981.

Let us look at what happened in the business sector. The Ford Motor Company has build the Escort, the Lynx and LN7 according to metric specifications. The company says that within three to five years it will convert its operation completely to metric. General Motors began its conversion in 1973, and at the moment 95 per cent of its car output is in metric.

Mr. Ray Pinard, chairman of the Canadian Pulp and Paper Association, says that they " . . . have been shipping to overseas markets for years in metric."

The output of steel is now 20 per cent metric. The food industry is 70 per cent metric. Ellis-Don Ltd. of Toronto says that 40 per cent of its projects are completely metric.

We should consider the costs now, Mr. Speaker. General Motors says that it amounts to less than one per cent of the cost estimates made in 1960. Mr. Bill Ellison, director of engineering standards for General Motors says that it was "easier than we anticipated". Mr. Ron Strang, supervisor of engineering standards for Caterpillar Tractor Company says, "It hasn't been difficult at all." He also says that "I think everyone has made a mountain out of this thing".

The hon. member for Peterborough (Mr. Domm) is so lost for issues that he comes here making a mountain out of a molehill. I cannot think of a greater waste of the taxpayers' money on a Friday afternoon. I am not sure of the cost of keeping the House of Commons open, Mr. Speaker, but I think it is about $500,000 per day. I cannot think of a worse use of the taxpayers' money than to spend $500,000 on this issue today. We have economic problems and more important things to do in the country. I think this is a waste of the taxpayers' money, and I want that on record.

The hon. member for Peterborough is always talking about what is happening in the United States. Of the top 1,000 manufacturing and industrial firms in the United States, two thirds foresee using metric as their predominant system. Most of them make at least one product in metric and more than

half favour metric conversion within the next 20 years. Only 16 per cent report sales losses due to lack of supply of metric sizes. School children are learning the system in the United States; cameras are metric; film is metric; prescription drugs are metric; ski equipment is metric. In electricity supplies, amperes, volts and watts are all metric. Soft drinks, wines and alcoholic beverages are metric, so are grocery stores; General Motors will be fully metric this year, and 20 per cent of gas pumps will have converted to metric.

The Port of New Orleans handles 18 per cent of offshore transportation and it wants a total conversion to metric in order to protect foreign markets. The fastener industry in the United States plans total conversion. The food and drug administration wants the nutrition data in metric on all food packages. President Reagan supports the 1975 act, contrary to what is said by hon. members opposite.

It comes down to a choice of whether we make metric mandatory at certain times. Japan did not, and it took that country 40 years to convert. England started the program, then got cold feet and now there is chaos because it is half in and half out. Australia started at the same time we did and has completed the program. Mr. John Norgard, the head of the Australia Metric Conversion Board has said that the most trouble-free changeovers were those in which it was possible to have a definite cut-off.

There are several reasons why we should be moving to metric, Mr. Speaker, the most important of which is that 90 per cent of other nations in the world have converted. Mr. Cleo Mowers of the Metric Commission has said that two systems will not work; that the United States is going metric; that the provinces are full partners; that at all times there has been all-party support for the program; that in a few years most Canadians will know only the metric system, and that other nations have gone through the same process and have no regrets.

In this House when a whip or a leader speaks for his party, that should be accepted as the position of that party. I do not think we can push and pull in politics, at least not in the House of Commons, and retain credibility.

On November 14, 1979 when this party was in opposition, the hon. member for Timmins-Chapleau (Mr. Chénier) put this question to the then minister for consumer and corporate affairs:

• (1510)

—I would like to ask the minister how he intends to ensure that metric conversion is completed, or does he intend to act on his own to dismantle the program?

The minister said:

Certainly not, Mr. Speaker. The government—

Which was Progressive Conservative at the time:

—is still wedded to the concept of metrication.

Mr. Neil: But not forced.

Mr. Irwin: The world moves on—

Mr. Benjamin: The Tories don't.

Mr. Irwin: The Tories do not. That is exactly where I was heading. The Tories move onward to the 18th century. That has been their history on the NEP, the budget, the Charter of Rights; you name it. I have been sitting here for two years, not debating the future but debating and listening to the past. It is no different today. The Tories move on with vigour and passion into the 18th century. But with or without them it will move.

It is difficult to change the status quo, but the responsible thing to do for Canada and Canadians is to move with the times. This we have done, Mr. Speaker, patiently and within the process we know, and that is exactly what history will record. In the final analysis I think this whole process will be nothing but a footnote, because we are going to be virtually the last country on this planet to convert to the metric system.

Mr. Gordon Towers (Red Deer): Mr. Speaker, first of all I reserve the right to bring up a question of privilege on the Speaker's decision whether it was my turn to speak. We had a speaker, the government side had a speaker, and the NDP had a speaker on our motion. I felt I was entitled to be the next speaker, but the Speaker chose a member from the government side. In other words, they had two back to back.

Mr. Ouellet: Not back to back.

Mr. Towers: I am not going to waste the time of the House arguing about it; we will do that another time. However, I have never heard so much garbage in all my life as I have today from the minister and his parliamentary secretary, as well as the hon. member for Regina West (Mr. Benjamin). Talk about people who do not know what they are talking about!

Mr. Burghardt: Mr. Speaker, I just want to correct a statement made by the hon. member. The government side did not have speakers back to back as he just stated.

Mr. Deputy Speaker: The hon. member for London West (Mr. Burghardt) has made his point. I am sure the matter will be examined and if there are further discussions they will take place at an appropriate time.

Mr. Towers: Mr. Speaker, as to the hon. member for Regina West, I have never seen a case of skinned shins like the one he displayed today because there is not way a person can come down on both sides of the fence without getting skinned. Of course a person who tries to sit on the fence and keep his ear to the ground gets out of position, and I guess that is what has happened to the hon. member today. I ask the hon. member for Regina West what form of metric was he talking about. There are so many different types of measurements in the world today that it is creating horrendous problems, especially for the agriculture industry. The minister and his parliamentary secretary have apparently forgotten about that, or they know nothing about it.

A businessman called me the other day. He had a German-made loader on which he broke the hose. It was a metric hose. He bought a Canadian-made hose, the same size, drove 50 miles, and took it back because it would not fit.

I would be the last person in the world to stop a universal system, Mr. Speaker. In fact, I would have thought that, had the government any imagination whatsoever, that is the type of system we would be moving to. But we are not; we have a worse system today than we ever had. I just happen to have half a dozen nuts and bolts here, and this is what it is all about, Mr. Speaker. I know I am not supposed to display anything, but here they are if anyone wants to see them. None of them will fit. In the agriculture industry it used to be that you had your two styles and the measurements were always the same: 1/2; 3/4; 7/8; 3/16; or whatever it is. They were all the same. You could guarantee that a coarse thread of any size would fit, the same with a fine thread. And here these are, and none of them fit. This is the problem we are running into. I am told there are up to 15 different sizes in bolts, so it means that you can no longer go by size, you have to go by parts. Can you imagine what that will mean to the business community, to farmers? No longer can they rely on what we have called the Imperial measurement.

We have been ridiculed this afternoon, Mr. Speaker, because Sir John A. Macdonald allowed two systems of measurement. Let me tell you, Mr. Speaker, Canada came a long way with the two systems side by side in 110 years. I learned metric when I went to school, and there was no problem. I learned the Imperial system. They worked together and that is the way it has been. And all this garbage which has been presented to us today is absolutely unbelievable. They read a statement from the President of the United States. Well, what has happened in the U.S.? The U.S. Metric Board has been told by the Reagan administration to walk their last kilometre. Their transportation department floated a plan for switching highway signs from miles to kilometres, but an outcry from Congress prevented it from reaching the board for official consideration. The same for a plan by the national weather service to determine temperatures exclusively in Celsius instead of Fahrenheit. That metric weather plan never reached the board for consideration, and is dormant.

We just heard that the provinces were full partners in this plan. Well, Mr. Speaker, I think it was the Prime Minister (Mr. Trudeau) who misled the premiers of our provinces. I remember in 1976, when one of the provinces made a move towards metrication, I asked a member of that legislature why they did it. He said that the Prime Minister said it was inevitable and that all of Canada was going that way. He misled them. Now we find the provinces backing out. Just this week Nova Scotia, unanimously—I suppose that takes in some Liberal members, if they have any—moved a resolution to opt out of forced metric. For them to stand up in this House and say that the provinces are full partners, well, I have never heard anything so ridiculous and dishonest in my life.

The minister says he is going to assist any hardship cases. Is he prepared to assist the broadloom company in Montreal which has a chain of, I think, seven stores? They have gone bankrupt, and they have now been fined $1,700 for not complying with the government's order in council, its edict on forced metrication. Is the minister prepared to assist the woman in Calgary who appeared before a court not so many days ago because she was advertising her product in metric and Imperial side by side so that she would be taking advantage? A representative of the minister's department went into her store and laid a charge, so is the minister prepared to assist her? Is that what our charter of rights means? We have this kind of thing happening to some of our people before the ink on the charter is even dry. Where is the freedom in this country? I guess possibly one of the problems which has befallen us as Conservatives is that in 1975-76 we trusted that government to keep its word.

Reference has been made time and time again to the white paper Ged Baldwin agreed to. Yes, Ged Baldwin agreed to a voluntary system of weights and measurements, nothing more! That is what we agreed to in 1975-76. There was not a vote on that omnibus bill when it went through—and this is why I have argued with members opposite—because we were not happy with it. The government had a majority. We made a deal with the government that if it put back the measurement of acres in the bill relating to the Canadian Wheat Board and left the system voluntary, we would not oppose it by a vote even though we had held up the bill for months. The government wanted that bill. There was a further understanding with respect to that, which was that we would keep in step with the United States.

• (1520)

We are told that we are going into metric to facilitate our trade. But 75 per cent of our trade is with the United States. How utterly ridiculous that is. I have seven or eight documents here which show that Canadian companies are making deals with their United States counterpats and there is money coming into Canada for deals all made in Imperial measurement. My friend, the hon. member for Regina West, said that he was out to Bombardier, and the U.S. wanted the LRC in metric. They only take it in metric because that is the way it is set up. But the hon. member never said anything about Canadair, did he, Mr. Speaker? He never said anything about Canadair at all. Canadair tried to go metric but it could not. Other facets of the air industry have tried to go metric but they cannot do it. Why does the government take the small corner grocery stores across our country and enforce metric measurement on them? There are certain areas where metric conversion is unenforceable. Why do hon. members opposite not talk to representatives of the lumber industry in British Columbia? I talked to a member of that industry the other day. He told me that the only orders he has in metric are from the federal government. He told me that all sales to the United States are in the Imperial measurement. The largest order ever from Japan for prefab homes is in the Imperial measurement. Why in the world does the government lay on the heavy hand and force people into something that is unnecessary? People

should not have to convert to metric, quite apart from the fact that it is very costly to do so.

Today I asked the minister a question. He almost jeered at me as if I were creating problems. That question is very relevant in western Canada because it has to do with the beef farmer and the beef industry, which industry is one of the greater providers of income in Alberta. I want to read a portion of a letter written to me from Mr. Ralph Vold who speaks on behalf of the beef farmers. This letter is dated September 1, 1981. In part his letter reads:

> This photostat tells the story January 1, 1984. Could we not have another election before this?

I do not suppose we will. Mr. Vold enclosed a photocopy of a document to which he was referring. His letter also stated:

> I have been in Ottawa three times and Winnipeg twice over metric.

Mr. Vold made five trips to Winnipeg and to Ottawa in an attempt to impress upon the government that it should not be moving to convert the beef industry to metric. But now a brown envelope has shown up mysteriously stating that the government intends to force metric in the beef industry on January 21, 1984. That is not fair. It is not just and it is not in the best interests of the livestock industry. The argument is used that it is being done for trade. Goodness me, anyone who knows anything about trade in the beef industry recognizes that the greatest amount of trade is with our neighbour to the south, the United States. The buyers of our purebred cattle come up here to sales and shows. I do not suppose anybody opposite, not even the member for Regina West, has ever been to a livestock show, otherwise he would know that in front of each animal is the date of birth and the rate of weight gain. The hon. member for Lambton-Middlesex (Mr. Bloomfield) understands this. The rate of gain is very important. The pounds per day gain is what they recognize in the United States. But now the Americans will come up here and will have to figure out everything in kilograms. Of course, the same situation will occur when animals are sold at auction. I do not know how many members opposite have ever been to a cattle auction. I doubt whether the minister himself has ever been inside an auction mart. At these auctions, split second decisions have to be made in the purchase of large numbers of cattle. As I say, trade goes back and forth across the border. It is a very healthy industry and it is a healthy way to do business. But all that will have to change. Canadians are going to be forced into a different system than the one followed in the United States.

As time goes on, and perhaps if this government is successful in what it is trying to do, it will mean that our young people who are growing up today, will know nothing about the system that is being used in the United States. That, to me, is a crazy way of doing things. I am sure our young people going to school today are just as intelligent as we were when we were going to school and we had the two systems.

The government is trying to push two languages. Therefore, why can we not have two systems of weights and measures? It seems to me that before we have two language systems, it would be far better for us to have two systems of weights and measures which have stood us in good stead for well over 100 years. The government is wrong. It is dead wrong going in that direction. The only sensible thing to do, as the hon. member for Regina West said, was for the government to allow industries or businesses to go to the system best suited to their interests, and let them convert to metric in their own time. But here we have a government that is prepared to throw people in jail. This government is prepared to fine people up to $5,000 if they do not comply with the edicts of this government.

There has never been a time in Canadian history when the Canadian people distrusted a government as much as they distrust this one, and I will tell you why. First, there was the War Measures Act, which was the start of it all. Second came wage and price controls. Third, the government told Canadians that energy prices should not go up too drastically. But look at what has happened. Three times now we have heard the people say, "That is enough." And it is a reason, in spite of what the minister says, for the majority of Canadians to tell us they do not want the metric system enforced upon them at this time. There is absolutely no way that Canadians are prepared to accept that edict. If the minister thinks he is right, why does he not have a plebiscite on the matter and give the people a chance to voice their opinion? If the minister were really honest in the approach he is taking, he would disband temporarily the Metric Commission. He could wait for the next election, which will probably come in a year or two. We have lived 110 years with the two systems side by side. Why can we not live for another two years with it? Let us have a plebiscite at the same time as the next election. Let the people vote on whether or not they want to convert to metric. I am sure if the majority of Canadians wanted the metric system, the minority would go along with them. But the majority is not prepared to accept the edict of this government.

We have just had a provincial by-election in my constituency in western Canada. I am sure that members opposite are pretty much aware of the results of it.

Mr. Ouellet: You lost.

• (1530)

Mr. Towers: One of the main platforms on which that candidate was elected was anti-metric. He garnered more votes than all other candidates put together. The minister then tells me that a majority of the people favour the metric system. How is it then that that candidate won an election on that issue with over 50 per cent of the vote?

Some of the things the minister has been saying are absolutely untrue. The government's approach to metrication is callous, brutal, insensitive, and it is an underhanded method. It is unfortunate that it is being imposed upon Canadians by order in council, the refuge of the scoundrel. The government does not have the courage or the courtesy to permit Canadians to have laws which affect their lives and their livelihood discussed in open debate in the House. Again, it governs by stealth through jackboot tactics. I protest the brown shirt method of circumventing parliamentary debate through the use of order in council to impose metrication, make imperial

illegal and set up a system of fines or imprisonment for those Canadians who prefer to engage in business and commerce in Imperial or in both systems.

For the benefit of the minister who said that perhaps we have been reading some of these stories, Mrs. Kasparian told me this morning, after quite a lengthy discussion, that she is quite prepared to go to jail before she will change her mind or pay a fine.

Mr. Jack Burghardt (London West): Mr. Speaker, I welcome the opportunity to speak to this motion which requests a moratorium on the implementation of a planned metric conversion program in Canada.

As my friend, the hon. member for Sault Ste. Marie (Mr. Irwin) mentioned earlier, he was not in the House when the idea and the approval was given for converting to the metric system. I, too, was not here.

However, I have been involved in the media and broadcasting industry over the years and recall doing a number of special programs relating to the conversion to the metric system on a number of occasions. It is because of that experience that I wanted to have an opportunity to speak this afternoon.

Based on some past records and information, I think it is very necessary that we set the record straight with facts and figures since all we have heard throughout this entire metric debate—especially from the hon. member for Peterborough (Mr. Domm) and some of his colleagues—has been nothing but scare tactics. We heard about scare tactics from the last speaker, the hon. member for Red Deer (Mr. Towers) when he talked about fines and imprisonment and created the impression that everyone opposed to metric will go to jail. That is the furthest thing from the truth. I believe any sensible Canadian knows that. It is nothing but scare tactics on the part of the opposition.

Mr. Miller: The Official Opposition.

Mr. McGrath: The only opposition.

Mr. Burghardt: It is really very little opposition today. For example, when we think of the concerns about the beef industry, I would remind the House that the chairman of the Metric Commission, Mr. McArthur, comes from the city of Calgary and is a retired businessman. Also, the executive director of the Metric Commission, Mr. Beckman, is also from Alberta and previously was a civil servant in the provincial government. I am sure that these two gentlemen will have the very best interests of the beef farmer in mind when it comes to implementing the metric system. I am sure that the beef farmers, not only in western Canada but throughout all of Canada, will be well served just by the fact that we have these two men in place operating the Metric Commission in our country.

The debate so far as been very emotional. As I mentioned earlier, I would like to put on the record some of the events which have taken place in a very quiet and orderly manner. It is very easy to rant and rave and present scare tactics, as we have heard this afternoon. It is another matter to conduct proper research and come up with the proper facts and figures. Therefore, I would like to mention some of those facts officially for the record.

First, I will describe the nature of the national conversion program as it now exists. As has already been mentioned this afternoon, over 100 sectors are operating within the framework of the Metric Commission of Canada and represent all areas of endeavor ranging from iron and steel mills to fishing and farming. Of course, the hon. member for Sault Ste. Marie is well aware of what is happening in the iron and steel mills.

Of these 100 sectors, only three—gasoline sales by the litre, home furnishings and retail food scales—are subject to regulations under the Weights and Measures Act of 1976-77. Both of these Acts were fully debated over many months and Consumer and Corporate Affairs Canada was requested by the industries involved to make relevant regulation changes in support of the conversion to the metric system. Not only were these regulation changes supported by industry, they were also endorsed by the Consumers Association of Canada. The remaining sectors are converting according to time tables as suggested by over 2,000 industry volunteers in every sector of the Canadian economy. In order to facilitate the implementation of sector plans, existing measurement sensitive regulations and legislation must be converted to metric units at some point in the program. In this respect there are three main industries where regulations under the federal Weights and Measures Act are restrictive with respect to measurement units. They are the three which I mentioned earlier: gasoline dispensing, home furnishings and retail food sales.

Metric Commission Canada has established planning methods and scheduling procedures based on industry consensus for the renewal and approval of the sector plans which are national in their scope and application.

The planning methodology established by the commission for use of voluntary—I stress the word "voluntary"—sector committees offers the means of change, and the actual implementation is initiated in co-operation with the specified business or industrial sector.

I would like to mention in greater detail each of the three conversion programs where it had been considered necessary to publish regulations under the Weights and Measures Act. I wish to do so in order to dispel the notion that metric conversion is being implemented in Canada by legislative compulsion in the face of overwhelming resistance from business, industry, education, labour and consumer organizations.

With respect to the conversion to gasoline sales by the litre and the conversion of other petroleum products, an ad hoc committee comprised of representatives from the major Canadian petroleum companies first met in July, 1972—ten years ago—to assess the opportunities and problems facing the industry with respect to metric conversion. One year later the group agreed to the formation of a committee covering petroleum refineries, wholesalers and gasoline service stations for the purpose of developing a suitable conversion plan and

timetable. The complete plan was approved for publication in September of 1976.

This sector has a major economic impact on the Canadian economy. Petroleum products with which we are familiar and which are refined and marketed in Canada include gasoline, fuel oils, lubricating and illuminating oils, greases and petrochemical agricultural products. During 1976, some remote areas of the country were faced with gasoline prices in excess of $1 per gallon. I am sure many members will remember that the response by the industry was to introduce half-gallon pricing, since pump price dials could not be set at a price greater than 99.9 cents per gallon. At the same time, Consumer and Corporate Affairs Canada was urging the industry to minimize half-gallon pricing. A bulletin put out by CCAC in 1976 limited the duration of half-gallon pricing to 12 months. As a result, the sector's pump conversion task force examined the feasibility of converting service station pumps to dispensing in litres. Alternatives to metric conversion were considered but none were viable.

• (1540)

The sector committee persuaded CCAC to rescind its bulletin limiting half-gallon pricing on the understanding that the industry was committed to the eventual conversion of service station pumps to litre dispensing. In preparation for conversion, new pumps were being ordered beginning in late 1975 with supplementary metric gear boxes installed which could be activated later so as to operate in the litre mode.

The sector's metric conversion plan called for conversion to commence on January 1, 1979, and be essentially complete in two years' time. However, both the industry and CCAC were concerned with a possible haphazard conversion of pumps to metric. Thus, regulations were drafted by CCAC in concert with the sector committee, so that pump conversion could begin on January 1, 1979 and, with certain exceptions, be complete by December 31, 1980. The exceptions referred to small retail outlets in remote regions dispensing less than 100,000 gallons per year. The conversion of retail pumps began on schedule and implementation is complete at this time except in some sparsely populated regions. Virtually no complaints were received concerning the program, making it a "non-event" in terms of consumer reaction.

Aside from the conversion of retail gasoline pumps, the provincial tax acts for petroleum products had to be converted. As we know, all provinces now have litre taxes. Perhaps one of the most difficult areas in the program which required considerable lead time was the conversion of the many measurement-sensitive business systems used by each company.

The use of regulations under the Weights and Measures Act was also requested by the home furnishings industry. The minister referred to this earlier today. A notice was published in the Canada *Gazette*, Part I, on March 17, 1979 by Consumer and Corporate Affairs Canada to issue regulations under the Weights and Measures Act regarding this industry. The proposed regulations established cut-off dates after which the advertising, offering for sale or sale of piece goods and home furnishings in other than the international metric system of units would be illegal. The products involved include linens, beddings, furniture, carpets, wallpaper and resilient flooring. The request for regulations was initiated by a subcommittee on home furnishings of the sector committee for consumers, home economics and retail trade. The recommendation was supported by the full sector committee and other committees for textiles, wood, furniture, paper and allied products, and labour.

In addition, the following national associations, through relevant sector committees or on an individual basis, formally stated their support for the regulations: The Canadian Home Sewing Association, The Retail Council of Canada, The Retail Merchants Association of Canada, The Consumers' Association of Canada, The Canadian Textile Association, The Canadian Home Economics Association, The Canadian Retail Hardware Association and The Canadian Carpet Institute.

The committee on home furnishings decided it would be in the best interests of the consumer to plan for metric conversion to take place in all of their areas at the same time. This decision was based on a reasonable assumption that someone buying carpeting would likely be wanting to look at furniture, bedspreads and wallpaper at the same time. It was thought that it would be only confusing for the consumer to have to buy one of these products in customary units and another in metric units. It was also felt that because of the competitive nature of their own industry, regulations would be required to ensure that all retailers converted at the same time. Just on that point, the hon. member for Red Deer mentioned a carpet company which had gone out of business in the Montreal area, I believe. The courts are now charged with the matter. I am sure the hon. member knows that that case is before the courts and should not be raised in this House—

Mr. Domm: It is over.

Mr. Burghardt: —because we could certainly get into arguments with the other side. However, be that as it may, the reason the retailers wanted to convert at the same time was to ensure that the consumer would be easily able to compare prices between stores, because one store might show the price per square yard while the other would show the price per square metre, which is about 20 per cent larger.

The third area where regulations have been used concerns retail food scale conversion. The working group on scales in the retail food industries is comprised of representatives of food retailing chains and independents, scales manufacturing and servicing enterprises, consumers and weights and measures regulating authorities. They are all involved. In 1977, the working group formally requested suitable regulations under the Weights and Measures Act to deal with advertising, as well as the conversion of scales, which were deemed necessary for achieving a co-ordinated and orderly transition to metric units. The decision to request necessary regulations for the conversion of retail food scales was based on experience gained in Australia and New Zealand where the initial effort to convert Australian retail scales on a strictly voluntary and

retailer-by-retailer approach proved unsuccessful. Subsequently, under regulation, programs in both countries were implemented smoothly without undue confusion to consumers.

The initial decision to make metric conversion mandatory in this sector was made by the Minister of Consumer and Corporate Affairs (Mr. Ouellet) and the cabinet on the recommendation of the food retailers and with the full support of the Consumers' Association of Canada. The hon. member for Red Deer also mentioned a lady in the city of Calgary, I believe, who had been charged because of improper advertising. He did not mention the fact that this particular person had been warned at least 12 times that she was contravening the regulations and that the complaint came not from the Consumers' Association of Canada, not from the Government of Canada and not from the Liberal Party but, rather, from her competitors who felt it was unfair for her to be advertising in the manner in which she had been doing. So, let us get that on the record and get that story straight, as well.

Apart from the three sectors which are converting with the assistance of regulations under the Weights and Measures Act, the balance of the over 100 sectors within Metric Commission Canada's structure are quietly proceeding with their voluntary conversion programs which require minimal legislative action to effect implementation.

It may come as a surprise to many hon. members of the House that an example of one of the many low profile sectors converting to metric, without fanfare and on a strictly voluntary basis, is the fire-fighting equipment and operation sector, which is a very important sector to our way of life and to our protection as Canadian citizens. This sector includes equipment manufacturers and distributors as well as the fire protection and fire fighting services across Canada. Several major associations and government bodies when contacted in October, 1977 expressed considerable enthusiasm in forming a sector committee to determine their interest in metric conversion.

Associations which are represented include the Canadian Fire Apparatus Manufacturers Association, the Fire Equipment Manufacturers Institute, the International and Canadian Association of Fire Chiefs and the Association of Canadian Fire Marshalls and Fire Commissioners. Standards writing organizations such as Underwriters Laboratories and the National Fire Protection Association are also represented. Sector committee members are directly involved in the various aspects of the industry. The economic impact of this sector is mainly associated with the supplies, equipment and capital facilities which are used by the fire protection and firefighting services. The major emphasis concerns safety and the establishment of effective operational services, yet we have all these organizations, the firefighting community, in line with metric conversion. We know the principal benefits expected from metric conversion in this sector concerning the economy and safety enhancement that can be realized from the standardization of many types of equipment.

• (1550)

Metric conversion provides an excellent opportunity to address standardization in an efficient and effective manner as all parties are adequately represented on the committee. The standardization of equipment is viewed as a long-term goal. Equipment which is already in use will not become obsolete because of metric conversion. The application of a single coherent measurement system for both equipment and operational use is also considered beneficial to members.

A comprehensive metric conversion plan was prepared by the sectors' planning subcommittee and was approved by all elements within the sector in February 1979. Shortly thereafter the sectors' recommendations for standardized sizes dated May 1979 were prepared by the standardization subcommittee of the sector. The report was distributed widely for public, industry and government comment, and appropriate corrections and clarifications were incorporated. The Association of Canadian Fire Marshals and Fire Commissioners has accepted the equipment standardization report in its entirety.

January 1981 was a major event in the sectors' conversion program. This was the date when the staff at a majority of fire stations across Canada commenced using the metric system in day to day use. Fluid flow and pressure gauges were also converted before this date. To support this program, a public awareness poster concerning measurement units has been distributed widely. Comprehensive training programs for firefighters have also been developed.

The committee has published "Training Guidelines for Metric Conversion in the Fire Services of Canada" to support provincial training programs. Those firefighters who have been trained report that metric is easy to use and simplifies many calculations, particularly those concerning hydraulics.

One very important sector of society involved in the protection and safety of Canadians has already converted to the metric system. I could go on and on. Many other points have already been mentioned.

In conclusion I would like to state that in view of the considerable progress which has been made in the metric conversion program over the last ten years and the fact this program has been and is being conducted in a manner fully compatible with the wishes of those involved in the changeover, and this has been and can be proved, I cannot support the motion before us.

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, it has been my custom through this ongoing debate on metric to speak in measured tones. The Minister of Consumer and Corporate (Mr. Ouellet) and the people of Hamilton-Wentworth will know that I have used all the restraint and moderation at my command when sounding off about this government's imposition of metric on the lifestyles of Canadians.

However, after listening to the minister's intervention earlier this afternoon, I find that my sense of restraint, that sense of moderation and patience, is being tried to the extreme. I have never heard such unadulterated bilge coming even from this

minister who was indeed protesting too much in his government's defence of force-marching Canadians into metric. Surely the minister in charge of metric conversion must have had his tongue gently nudging the inside of his cheek when he suggested to the House of Commons that metric conversion is being done fairly and that the large majority of Canadians are welcoming metric with open arms.

The minister cites the three incidences where metric conversion is mandatory, as the minister says, at the specific request of the industries concerned; gasoline by the litre, home furnishings and, oh yes, almost as an afterthought, the retail food sector.

I do not care what kind of argument this government tries to put up as to the viability of metric and the reasons why this country should go metric, the minister's speech can be summed up with one statement: everybody seems to be in step with metric except the people.

The Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Irwin) made a statement which I believe needs challenging. He asked whether any member of this House could think of a worse way of wasting the taxpayers' money than by discussing this issue here on this Friday afternoon. He quoted a figure of something like $400,000 or $500,000 that it is costing the Canadian taxpayer to have this issue debated in the House of Commons.

One of our complaints over the years has been that the metric issue has not come before the House of Commons for a full-blown debate. Not one single piece of legislation has come before this House to be voted on. We feel that an issue as important as converting to metric, an issue which is a massive incursion into the lives of every individual Canadian, has not been ventilated and aired in this House of Commons.

If the hon. member for Sault Ste. Marie wants to challenge us and ask what worse way there can be of spending the taxpayers' money than debating the metric issue in the House of Commons, I can think of one. It is the astronomical amount that this government has spent on metric conversion over the past 10, 11 or 12 years. It has been incredibly costly to convert to metric. It now amounts to hundreds of millions of dollars, if not $2 billion or $3 billion. Tell that to the pensioners, the consumers and the home owners. Hand out $2 billion or $3 billion to people who are in need of that money. Try to explain to them how the government can justify that expenditure for metric conversion.

I began to argue against the advisability of imposing metric conversion on Canadians when I first entered this House of Commons about four years ago. During the past four years I have been trying to bring democracy to metrication from the consumer's point of view. All governments in the free world are supposed to be responsible to public opinion. If it is responsible public opinion, it is the duty of a government to be responsible. In the case of metric conversion, we are dealing with many millions of Canadians who have made their views known to this government through their elected members of Parliament. As a spokesman for the consumers of Canada I entered this debate, the third or fourth such opposition debate in this House, to register in no uncertain terms the outrage expressed by Canadians over this enforced metric business.

The latest Liberal government has been imposing metric on the Canadian population in a way which is nothing short of dictatorship. It is force-marching Canadians into metric shopping, demanding that Canadian home owners do metric cooking, have metric carpeting, metric carpentry, metric clothing, metric everything else. It strikes me as being repressive and undemocratic.

The Prime Minister (Mr. Trudeau) who once took the state out of the bedrooms of the nation, has now put the state into the kitchens, corner grocery stores and supermarkets of the nation. I know what the Minister of Consumer and Corporate Affairs is going to say. He will say that I, and many of my colleagues, and the hundreds of thousands of Canadians who have registered their protest against enforced metric conversion are a bunch of fanatics. I would prefer to present the case of the Canadian people, those who are virtually being ignored by this government. I would prefer to present their case through the letters that have come to me and to many of my colleagues and particularly to members of the media. As a former member of the media I have great respect for the journalists' reflection of the views of the people in their areas.

• (1600)

Without getting into the debate on whether metric was made legal or mandatory or was voluntary through the years, the Canadian people know that they were conned. They know that when metric was first introduced, it was voluntary. That was the intention of the Canadian government when it first presented the metric conversion before the House of Commons, in principle. It was a Friday afternoon just like today, there were not many members in the House, it was somewhere around four o'clock. It happened to be March 17, St. Patrick's Day, 1976, as I recall, when the House of Commons approved guidelines voluntarily. It was the assumption of every single Member of Parliament sitting in this House. I was not one of them, Mr. Speaker, I was sitting in the Press Gallery at the time. I was watching that debate. It was the clear understanding of every single Member of Parliament that adoption of metric would be voluntary. It was also the assumption of many sectors of Canadian society that this country could go metric in a voluntary way and particularly in step with our largest trading partners around the world.

Several of my colleagues have dealt with what has happened in Great Britain and in the United States. I have been interested to look into the Australian experience, and I will speak about that in a moment. In the meantime, why do we not look at what some of the media people have been saying across the country? In some communities and in some areas and in dealing with some subjects, the media people may leave something to be desired, they may be controversial. Nevertheless, in my view, they genuinely reflect what the people are thinking.

Let me start off with a pro-metric comment which comes from the *Chronicle Journal* in Thunder Bay. This was sent to

us through the courtesy of the hon. member for Thunder Bay-Atikokan (Mr. McRae). The editorial deals with the massive petition which was tabled by my colleague, the hon. member for Peterborough (Mr. Domm) in the House of Commons a few weeks ago. An editorial in the Thunder Bay *Chronical Journal* says:

The interesting aspect of all this latter day criticism is that seven years ago when the guidelines legislation was passed, all political parties were in favour of the switch.

I guess that technically that is right, that all 17 or 18 or 20 members of the House who were here on that Friday afternoon were in favour of going to metric in principle. None of us has ever denied that. The editorial carries on:

Canadians survived the switch to litres, the switch to kilometres, to Celsius temperatures and all those other aspects of metrication, with little more than momentary confusion and discontent and today most take all those things for granted.

Speaking for myself, Mr. Speaker, I can take them for granted, too. I can learn to live with kilometres, with Celsius—and I am getting at my osmosis—and I think many Canadians are trying to do that. The editorial continues:

But then metrication hit the retail trade and Domm—

Referring to my colleague from Peterborough.

—and such people as Neil Fraser, the federal civil servant for his continuing criticism of metrication and other government policies decided that they had to make a last ditch stand for what they say are their principles.

Too bad people don't recognize those principles for what they really are: political exploitation.

Well, Mr. Speaker, in fairness I am quoting the *Chronicle Journal* editorial. All I can say is that if political exploitation means that Members of Parliament respond to the very strenuous and urgent requests on behalf of hundreds and thousands, and indeed, millions of Canadians, that this headlong plunge into metric be slowed down or reviewed or made more democratic, if that is political exploitation, then I do not know why I or the hon. member for Parry Sound-Muskoka (Mr. Darling) or the hon. member for Peterborough or the hon. member for Western Arctic (Mr. Nickerson) or anyone of us in this House are here to represent the views of the people.

I make no apologies whatsoever in standing up in front of this House of Commons to state as strongly as I can on behalf of the people whom I represent, and not only my people but many millions of Canadians, that this government is going about the metrication process in the wrong way.

Let me quote, Mr. Speaker, from the *Hamilton Spectator* very briefly:

Shops and shoppers never asked for it but metric measures will become mandatory in the stores of Hamilton-Wentworth, Halton, Brant and Haldimand-Norfolk January 11.

It goes on:

Ottawa's metric conversion has been imposed in the arbitrary, callous style of a hamfisted dictatorship.

The only rationale the government has condescended to offer is that metric measurements would make things easier for our industries to see goods abroad.

That is not the truth and the government knows it is not the truth.

Approximately 60 per cent of Canada's exports go to the United States—which uses Imperial measures, with American variations. President Reagan's administration has—

It has already announced that the Metric Commission there will be wound down in September. He personally hopes that the government of the United States has walked its last kilometre. I know that the American system is voluntary, Mr. Speaker, and it is the voluntary aspect of metric that I want to come back to later.

The Toronto *Globe and Mail*, a pretty respected newspaper across this country, and one which has been known to take issue with us on subjects which we, the opposition, support, said "The Metres Don't Scan" and then:

The federal government has a curious device for monitoring reaction in the towns where it has enforced metric conversion. It turns a deaf ear.

In all three towns, grocery stores were ordered to convert from Imperial to metric; in all three, the stores switched back at the request of a hostile public.

But in the Commons the other day, Industry Minister Herbert Gray confirmed that the Liberal Government intends to order 21 more towns to convert next January.

That was this past January, Mr. Speaker. It continues:

The steamroller rolls, regardless, the wrong way along a one-way street.

There are stories, articles and editorials, by respected journalist and newspapers, from one end of the country to the other, which would indicate that this is not just a little group of fanatics from Ontario that are discussing this metric question.

Here is what the *Cape Breton Post* for Saturday, March 20, 1982, had to say:

Mr. Ouellet says "it's very sad to see a little group trying to make a cause at the last moment. Now, at the very last minute, there are some people trying to make a fuss about it. They have to be reminded that we have been doing things for the last 12 years in this direction."

What is really sad is that Mr. Ouellet, throughout his interview, produces no argument on behalf of metric but confines himself to downgrading the intelligence of opponents. "Those who are joining the anti-metric forces", he advises with that assurance which comes from membership in this federal government, "must surely be misinformed."

The editorial goes on to quote the Canadian Press:

'Actually, many small-business men and farmers have been vocally protesting for years against metric conversion, partly because of costs involved in adapting scales, tools and machinery.'

Small-business men and farmers—these are fanatics, Mr. Speaker!

We can go to the west coast. I can read some comments from one member of the media. Here is one:

• (1610)

I presume everyone heard—or read—the comments of U.S. Ambassador Paul Robinson who told a news conference that Canada will be at a "definite disadvantage" if it sticks to a schedule of conversion to metric by the end of next year.

The ambassador told us, as plainly as he could, "most Americans don't like metric at all," . . . he thinks metric is "rubbish".

I realize the ambassador is in the news these days for his controversial statements but, as the Secretary of State for External Affairs (Mr. MacGuigan) has pointed out, the ambassador has the right to state his own opinion.

There are other of my colleagues who want to get into the debate this afternoon. I just want to make clear one more time that, speaking for myself and, I am sure, for members of my party, I am not against conversion to the metric system per se. I am willing to learn it. I am willing to adapt to it. I am learning it through osmosis. What I resent deeply and what the people we are hearing from resent very much is the way this government has gone about imposing metric.

Mr. Ouellet: That is not true.

Mr. Scott (Hamilton-Wentworth): The government is force marching Canadians into metric, and Canadians are fed up. They are fed up with this Liberal government's intrusion into people's private lives.

Mr. Ouellet: You are misleading the House.

Mr. Scott (Hamilton-Wentworth): I think it is time for parliamentarians to speak up and to speak out for millions of Canadians.

Mr. Ouellet: Be honest.

Mr. Scott (Hamilton-Wentworth): The minister asks me to be honest. I am speaking out as honestly as I possibly can. I have been speaking out as honestly as I can on behalf of many millions of Canadian consumers, and I am dealing far more honestly with this issue and far more honestly with the people of Canada—

Mr. Ouellet: Millions? Come on.

Mr. Scott (Hamilton-Wentworth): —than the Minister of Consumer and Corporate Affairs and the Government of Canada. Surely it is the responsibility of the Minister of Consumer and Corporate Affairs to safeguard the interests of Canadian consumers.

I repeat that we have been looking out for the senior citizens, pensioners and farmers of this country. Hon. members opposite cannot tell me that farmers are not having problems when all of a sudden they get one single measurement on a package and when the directions on the package tell farmers to spray a hectare with so many litres of dangerous insecticides and poisons, which are dangerous if they are improperly used and which must be used by specific measurements in order to do the job. Many farmers are running into problems on that score.

I repeat that I am not against metric conversion per se.

Mr. Ouellet: Well, sit down.

Mr. Scott (Hamilton-Wentworth): I am against forced metric conversion the way this government is going about it, and I am saying that if we are going to bring a sense of democracy to metric conversion, what is wrong with putting tandem measurements—imperial and metric—on packages to allow at least this generation of Canadians to become accustomed to the system? Surely, if the Government of Canada can put French and English labelling on all packaged goods to give French Canadians and English Canadians and other Canadians freedom of choice with respect to language—

Mr. Deputy Speaker: Order, please. I regret interrupting the hon. member, but his time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Scott (Hamilton-Wentworth): Thank you, Mr. Speaker, and I thank members of the House.

I just want to make one last plea to the Minister of Consumer and Corporate Affairs. If the government can require that all package labelling be in English and in French to give Canadians freedom of choice in that regard, is it too much to ask that the Government of Canada require that all retail goods carry both—for as long as the sectors in Canadian society believe they should be carried—

Mr. Ouellet: Two years; that is what the industry said.

Mr. Scott (Hamilton-Wentworth): —metric and imperial measurements without deadlines? The government should not impose deadlines on consumers.

Mr. Ouellet: It is not us; it is the industry.

Mr. Scott (Hamilton-Wentworth): I am asking the Minister of Consumer and Corporate Affairs to bring democracy to metrication in this country. If he will do that, and if he will agree to make metric far more voluntary than the government has done thus far, he will receive the blessings of many—

Mr. Ouellet: It is not the government.

Mr. Scott (Hamilton-Wentworth): —hundreds of thousands—if not millions—of Canadians. That is what we are requesting, and that is what I will continue to demand of this government.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I want to participate in this debate today and to try to bring a balance to the debate. The hon. member for Hamilton-Wentworth (Mr. Scott), who has just finished speaking, told us he is not opposed to metric conversion but that he is opposed only to its implementation.

Mr. Clarke: Compulsory.

Mr. Scott (Hamilton-Wentworth): Compulsory.

Mr. Clarke: Read the motion.

Mr. Dionne (Northumberland-Miramichi): That is a little difficult to understand. I could accept that position if hon. members opposite would learn to express their point of view in somewhat less strident and divisive tones.

The hon. member talked about a forced march to metric. He knows, of course, that is not true.

We listened to the hon. member for Red Deer (Mr. Towers) previously. The hon. member is noted for having a rather keen sense of humour and for using it quite frequently in the House, but he seemed to have forgotten his sense of humour today when he talked about jackboot tactics. If I am not mistaken, he even used the word "Nazi". I find that offensive, and I think any thinking Canadian would find it offensive. It is strange that hon. members can get up in this House and use terms like that, knowing they are false and knowing that no such situation exists in Canada. They know that they will not suffer and legal repercussions, so they make those statements. This certainly demonstrates how falacious the statements are.

The same hon. member, the hon. member for Red Deer, referred to the metric issue being a very large issue in the byelection in Olds-Didsbury, which is part of his federal riding of Red Deer. I am sorry the hon. member is not here at the moment because I would like to put a question to him directly. I wonder what he did in that campaign to set the issue straight. If Mr. Kessler was as dishonest with the electorate on matters metric as he was on the constitutional issue, the hon. member for Red Deer could have done a great deal in the service of this country by participating in that campaign and setting the record straight.

A considerable number of scare tactics were used in this debate but very little logic. For instance, the opposition tried to excuse its own betrayal of principle by spreading one canard after another. We have heard that there has been no debate of this issue in Parliament. In fact, there has been.

Mr. Domm: Not on forced metric.

Mr. Dionne (Northumberland-Miramichi): The implementation of the metric system in Canada was passed unanimously by Parliament. We have heard time and time again—and this is the principal stalking horse of the hon. member for Peterborough (Mr. Domm)—that we have forced metric. We do not have forced metric. Nothing has been legislated. Nothing has been ordered by order in council until particular sectors of the economy have asked the government to do so. That is an indication of the inaccuracy of some of the information—I will use the word because I know it is parliamentary—hon. members are putting out.

It has been said that Parliament was not consulted on conversion of retail scales, and that is not true. It has been said here that Australia has abandoned metric conversion, and that is not true. As a matter of fact, Australia proceeded originally to convert to metric by the method hon. members opposite advocate, the dual system. We had to go to a strictly metric system because it would take an interminable length of time to convert. They talked about the cost of the so-called conversion and about the fact that it should take longer. As has been the case in so many of their arguments, they contradict themselves. The longer it takes to convert to metric, the greater will be the cost. If we had converted to metric in 1871 when Sir. John A. Macdonald's government passed the first Weights and Measures Act to make metric an official system of weight and measure in this country, we would not have as many problems as we have today. Any rational person knows that metric system makes more sense than the imperial system.

• (1620)

Mr. Domm: That is not so.

Mr. Dionne (Northumberland-Miramichi): I wonder if the hon. member for Peterborough knows how many chains there are in a mile or how many square chains in an acre. That is part of the imperial system that he loves so much.

Mr. Domm: I just told you.

Mr. Dionne (Northumberland-Miramichi): I am sorry, I did not hear.

Mr. Domm: I said 5,280.

Mr. Dionne (Northumberland-Miramichi): That is the number of feet. I asked how many chains in a mile and how many square chains in an acre.

Mr. Domm: How tall are you in metric?

Mr. Dionne (Northumberland-Miramichi): Slightly less than two metres.

Mr. Deputy Speaker: With all due respect to hon. members, the usual form of debate should be observed.

Mr. Domm: He does not even know how tall he is.

Mr. Dionne (Northumberland-Miramichi): I may not know exactly how tall I am in metric but I am tall enough to tell the truth. I wish hon. members opposite would learn to do the same.

Mr. Regan: You are asking for too much.

Mr. Dionne (Northumberland-Miramichi): I weigh about 65 kilograms, Mr. Speaker.

Mr. Clarke: It looks more like 85 to me!

Mr. Dionne (Northumberland-Miramichi): An hon. member opposite just shouted that it looks more like 85. I think he is trying to judge me by his head. There has been just too much rhetoric connected with this issue, as with so many issues of late, Mr. Speaker. I do not know what purpose the opposition is trying to serve in confusing the issue—well, I do know, but I think it is a rather base purpose and will not serve the nation well.

The metric system has been legal in this country since 1871 as part of the first Weights and Measures Act. It was amended in 1971 by Parliament to specify the international system of units. That should answer the question of the hon. member for Red Deer who asked what metric system was being introduced. It is the International System of Units known as the SI system. This action followed a decision made in 1951 by the world's major trading partners, which form the General Conference on Weights and Measures, to adopt improvements to the metric

system. Recognizing the worldwide use of metric measurements, the modernized system was re-named the International System of units, or SI for short.

The policy that metric conversion was inevitable and in the national interest was established with the House leaders of all parties on January 16, 1970 speaking in support of the white paper on metric conversion in Canada. Those speeches were made in Parliament, Mr. Speaker.

Mr. Domm: For voluntary metric.

Mr. Dionne (Northumberland-Miramichi): The white paper on metric conversion was developed in response to representations which had been pressed upon the government from widely diverse segments of the nation, such as the Consumers' Association of Canada, the Canadian Home and School Association, the Agricultural Institute of Canada, the Canadian Chamber of Commerce—and that is a pretty left-wing group—the Canadian Pharmaceutical Association and the Canadian Council of Professional Engineers.

These organizations were convinced and are convinced of the practical benefits to be derived from a system whose advantages range from simplifying the learning process in school to improving and consolidating Canada's competitive position in world trade.

There are over 100 voluntary sector committees with over 2,000 volunteer representatives from industry, labour, consumer and government bodies. Metric Commission Canada initiated the over-all strategy of involving every sector from every region of Canada as early as possible in planning for metric conversion. Does that sound very compulsory, Mr. Speaker?

Sector plans of industry, business and education are developed through a consensus process. Voluntary sector committees take responsibility for scheduling and monitoring the implementation of their plans. The voluntary participation approach is characterized by plans which are developed by those who will have to implement them. This helps to ensure that the benefits are achieved at minimal cost.

I repeat, Mr. Speaker, to delay and prolong the implementation of metric simply increases the cost. That is about the only thing it accomplishes, and that is negative.

A program of guideline dates for metric conversion recommended by Metric Commission Canada, after consulting with industry, labour and consumer groups, was approved by the government and debated in the House of Commons on March 17, 1975. The standing committee reported back to the House on December 17, 1976, with recommendations to adopt the program of guideline dates and to introduce additional legislation supporting metric conversion.

That bill was debated in the House, it went to committee and after eight months was reported back to the House with recommendations for legislation regarding the implementation of metric conversion, but still the opposition goes about the country saying it has never been debated in Parliament; that it is being forced down people's throats; that Parliament has not been consulted and therefore the people have not been consulted. That is a lot of nonsense, Mr. Speaker, and it is time they stopped using that kind of scare tactic and started using logic. Surely hon. members opposite must have heard something before now about the necessity of elected representatives of the people providing leadership. Maybe it is time that some of them started providing a little of that leadership and began explaining the facts instead of exacerbating the situation and promoting the canards that they spread across the country about the metric system as well as many other aspects of government policy.

Out of a total of 94 sectors which have public conversion plans there are only three sectors for which regulations have been issued under the Weights and Measures Act. These regulations establish cutoff dates for the sale and advertising of goods in other than the metric SI system. Regulations were requested by the working group on scales in the retail food industry, by the home furnishing and piece goods industry, by the petroleum refiners and by the wholesale and gasoline service stations. These committees have consumer, industry and appropriate government representation on them. Proposals to make metric conversion mandatory in these three industries were initiated by the industries concerned and not by Metric Commission Canada. Where regulatory action has been requested, the industries cited were concerned about achieving an orderly conversion without unfair competition. Government action was requested to ensure that the ground rules for metric conversion are the same for all in the industry, thus reducing the possibility of consumer confusion to a minimum. The Consumers' Association of Canada approved this approach.

• (1630)

The working group on scales in the retail food industry comprises representatives of food retailing chains and independents, scales manufacturing and servicing enterprises, consumers and weights and measures regulating authorities. In 1977 it formally requested suitable regulations under the Weights and Measures Act to deal with advertising as well as the conversion of scales, which were deemed necessary for achieving a co-ordinated and orderly transition to metric units. I wish to emphasize the fact that the decision to support mandatory metric conversion in this sector was made by the Minister of Consumer and Corporate Affairs (Mr. Ouellet) and the cabinet under the authority of the statute law on the recommendation of the food retailers in 1977, and with the full support of the Consumers' Association of Canada.

The information I have provided in my remarks so far, Mr. Speaker, indicates that the Canadian metric conversion program has followed a voluntary participation approach. Where legislation has been enacted and regulations used, it has been at the request of the interested parties.

I would also like to remind hon. members that this program is now in its tenth year and is approaching completion in many significant areas. Several sectors within the Metric Commission Canada framework have already identified to the commission that implementation of metric conversion in their industries is now substantially complete. Based on the 94 conversion

plans currently published by Canadian business, industry, education, labour, farm, consumer and other sectors, about 80 per cent of these sectors expect to achieve their completion goals before December, 1984. In addition, the conversion of scales in retail food stores, which is the last major program to affect consumers, is now under way in the major urban centres across Canada. Consequently, I suggest this is not a time for seeking a review of our metric conversion policy. If we have a review now and change horses this late when we are almost to the other shore, what is it going to do to all of those industries which have already converted? The opposition is worrying about costs, yet they want us to turn the hands of the clock backwards. Sometimes I wonder how many of them over there have accepted the wrist watch yet.

The reason given for the introduction of the Weights and Measures Act in 1871 was:

> It is expedient to legalize the use of the metric system of weights and measures for the promotion and extension of the internal as well as the foreign trade of Canada, and for the advancement of science.

One hundred years later, in January, 1970 the white paper on metric conversion in Canada stated:

> Because of the vital importance of foreign trade to Canada, especially the need for growth in exports of manufactured goods, there must be serious concern about Canada's competitiveness in world markets as a result of the worldwide changeover to the metric system.

It went on to say that:

> Since a trading nation must take account of the measurement and standards system of the buyer, the overwhelming world trend to the metric system is a powerful argument for Canadian conversion.

The government fully anticipated that adoption of the metric system would improve Canada's ability to penetrate world markets with manufactured goods, and that holds true today.

We heard about the United States, and the U.S. ambassador to Canada has a penchant for shooting off his mouth, saying that conversion to metric would hurt Canadian trade with the U.S.

I just want to close, Mr. Speaker, by saying that about 50 per cent of all exports to the U.S. today are in metric measure. Therefore, it has not hurt our exports, it is not likely to, and despite the reactionary regime in the U.S. at the moment, they too will convert to metric.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to be able to say a few words on this subject. I am also delighted to see the Minister of Consumer and Corporate Affairs (Mr. Ouellet) here; I am aware he has stayed for pretty well the entire time of the debate. However, there is one thing he did not mention in his very kind offer to the people of Canada, so I will do it for him. Some few days ago the minister stated that he would be delighted to hear from all the people in Canada on metric and he would answer them all personally. I think the invitation still holds, and I hope those in favour will write to the minister as well. I also hope he will give us the results some weeks or months down the road.

There is one other thing which is very unusual, Mr. Speaker, and this is why I feel the minister is very concerned about this motion. The minister spoke for 35 minutes outlining his case. Being a very distinguished Member of Parliament and cabinet from the province of Quebec, it is the only time he never said one word in French. He was trying to get the message across to that part of Canada which is not so enthusiastic about this program. Therefore, Mr. Speaker, I am going to go a little further than the minister and say, "Bienvenue à mon collègue." So I have spoken more in French than the minister has.

The motion before us today, Mr. Speaker, is on a very specific issue, one which a great many Canadians feel is of singular importance, and I appreciate the privilege of being able to speak on their behalf. As an aside, Mr. Speaker, I would like to point out that in our Press Gallery today is a very distinguished former parliamentarian in the person of the former Leader of the Social Credit Party, Mr. Robert Thompson.

Some hon. Members: Hear, hear!

Mr. Darling: He is also a former Conservative MP. I would like to suggest, Mr. Speaker, that perhaps the truly significant aspect of the debate on this issue is the fact that the necessity for such debate reflects upon and embodies something absolutely fundamental to each and every issue debated in this chamber. I am referring to democracy, appropriately defined as government by the people, direct or representative. We on both sides of this chamber are here because we are part of democracy. The people of Canada elect us to represent their views and act in their interest. This is the way democracy works in Canada, or at least this is the way it is supposed to work. However, under this government, and increasingly evident during all debates in this House, government by the people—democracy—has all but been abandoned in many cases. The views of the people we represent and our capability to act in their interest have been swept aside and dismissed by the authoritative and arrogant attitude of the government. Our treasured form of democracy is being replaced by a form of tyranny, which is described as "a despotic and cruel exercise of power".

That this government is both despotic and cruel is something well known to the thousands of unemployed, homeless and hungry Canadians. Its despotic and cruel exercise of power has destroyed our economy. As I mentioned some time ago, the indifference of this government is such that, having shattered the economic base of the nation, its only response to victimized Canadians is that they must adjust to living amidst the rubble. Recently, and with increasing regularity, the victims of this tyranny are registering their refusal to adjust. As this becomes evident, Mr. Speaker, I feel it would be most appropriate at this time to quote the remarks of someone who obviously neglected to heed his own warnings:

> The great lesson to draw from revolutions is not that they devour humanity, but rather that tyranny never fails to generate them.

• (1640)

The words I have just quoted were written in 1958. The author, 24 years later, has become universally viewed as a very despotic Prime Minister of Canada (Mr. Trudeau). As the Prime Minister said, tyranny never fails to generate revolution. Among the many growing forms of protest we are witnessing against this government is one which involves the issue we debate today, namely, the mandatory conversion to metric measurement. Let me repeat that, "the mandatory conversion".

The motion before us bears repeating because it so clearly exemplifies the importance not only of the motion but of the debate itself. It is that the compulsory element in metrication should and must be abandoned as an affront to representative, parliamentary democracy.

To compel Canadians, to order them, to convert to the metric system or be punished is abhorrent and odious. When this tyrannical method of conversion is so obviously against the wishes of the majority of the people so compelled, it is indeed an affront to democracy.

There can be no doubt in the mind of the government that the majority of people in this country are against being forced into metric conversion. This government knows that various public opinion polls have impartially tabulated this opposition. Members on both sides of this House have received letters from constituents registering strong objection.

Just over a month ago, I and a number of my colleagues on this side of the House presented to the House a massive petition opposing the mandatory method of conversion, a petition bearing some 130,000 signatures. The names on this petition were collected for the most part in response to a mail-in poll conducted by the *Sun* newspapers in Toronto, Calgary and Edmonton. Canadians in three major centres of this nation took the time to express their disapproval in this way. Almost as significant as the fact that so many people felt strongly enough opposed to being forced into using metric that they participated in the poll is the fact they had to spend 30 cents on a stamp to reply. That means Michael Warren, the Postmaster General, and his post office gain to the tune of about $40,000. No one in this House need be reminded that the decision to raise our postal rates was not made by, nor even referred to, Parliament.

Let me repeat for the benefit of viewers and those listening and reading my remarks that when they write regarding postal matters to the Minister of Consumer and Corporate Affairs they can write to him free of postal charge. He will still have to spend his time opening and replying to those letters. The rise in postal rates is one glaring example of what this government has done to extract a considerable amount of money from the taxpayers much against their will. This rise in rates, like the compulsory nature of the switch to metric, was passed by a government order in council, both evidence of despotic and cruel exercise of power.

The government, in its devious attempts to confuse the issue with respect to parliamentary approval and input into the switch to metric, cites, with glaring omissions, past approval of opposition parties. The government knows full well that what it is saying about this aspect of conversion and what really occurred are two completely different things.

Back in 1971 when the Progressive Conservative opposition agreed to support the government's white paper on metric conversion, our support was based, among others, on two main considerations. At that time it appeared that other nations, notably our major trading partners, were also going to convert to the system, and it made sense to keep in step with the times. The government, in its white paper, drew attention to this fact. At that time I had the privilege of speaking, not only inside but outside of the House on the subject. I said that I could see some merit in moving toward metric on the basis that our biggest trading partner, the United States, was going that way. I said that we should move at the same speed as the United States, and you know what that is now. We find in the white paper the following:

> —because of the close ties between the United States and Canada in science, technology, industry and commerce, each country has a special interest in the course likely to be followed by the other in respect of metric conversion.

The government assured us that Canada would co-ordinate her conversion with that of the United States. From that I gather it meant at the same speed. Since then, as a result of strong public opposition, the United States has backed away from the process and is abolishing its Metric Board and placing the question of conversion under the aegis of the department of commerce to pursue voluntary conversion if desired.

Our other trading partners, Britain and Japan, have also either halted the conversion process or are reverting to the voluntary system, again as a result of strong opposition from the public. Only in Canada, what a pity—that reminds me of the tea ad we see on television when we hear "Only in Canada, you say. What a pity!"—do we have the spectre of people being fined or imprisoned if they do not comply. Only in Canada has tyranny replaced democracy.

The second major consideration which led to our support of the white paper was that one section of the paper stated:

> No legislative action is contemplated which would make mandatory a general use of metric.

Would the government now have us believe that the order in council making metric conversion mandatory is "no legislative action"? That is yet another broken promise by a government which has perfected the process of saying one thing and then doing exactly the opposite. The government knows and has always known that Canadians are firmly opposed to mandatory metric conversion.

The first evidence of this arose in 1977 when western farmers and Members of Parliament forced the government to amend the metric conversion bill to enable grain producers to keep the acre as the major unit of land measurement. The bill was also amended to allow the natural gas industry to sell gas either in cubic feet, cubic metres or other forms of measurement depending on whether gas was sold by volume, mass or

energy units. At the time the fight was won a western newspaper noted that when it came to domestic usage, the retention of the imperial system of measurement "would hinder nobody except the Ottawa bureaucrats determined to hammer us all into neat moulds of conformism."

Another example of the problems faced by Canadians in dealing with metric conversion occurred the year after the farmers won their battle. The year 1978 was to be the primary conversion year in Canada for the construction industry. Problems surfaced almost as soon as the program began. Millions of homes in the country were built according to imperial measurement, and the maintenance and upkeep of these houses required supplies conforming to the same system. Manufacturers faced the cost of double production lines and suppliers faced the cost of stocking two inventories, one metric, the other imperial.

Thousands upon thousands of self-employed Canadians, carpenters, plumbers, carpet layers and the like faced horrendous costs to covert their tools, all because of the government's incomprehensible and unwavering march toward total metrication.

It was in October of that same year that the comptroller-general's report to the United States Congress was published. The report estimated that metric conversion would cost the United States about $100 billion and, after dealing at length with each aspect of a potential change-over, warned Americans that the metric system might not be that great a deal after all. Usually in Canada we hear it said that it would be one tenth of the cost. You can imagine what it would be. We have heard figures given by government spokesmen that it is just a few million dollars. The only great deal involved in the Canadian conversion program is the great deal of money that it will cost us. It will be astronomical. It will be extremely difficult to put any figure on it. This year's budget for the Canadian Metric Commission is $12 million, and of this amount $1.8 million will be spent on advertising. The total cost of the commission's budget, since it was formed in 1972, is now $50 million, and in all probability a good deal more than that is hidden in other estimates and in other departments.

• (1650)

But the Canadian government continues its quest, still holding firm to the belief that mandatory conversion is absolutely necessary because metric measurement is the greatest thing to have happened to improve our lives since the advent of sliced bread. That is probably why the government took its toughest stance on metric in the area of retail food sales.

Here, as well, Canadians are and will be paying through the nose because of the way the government approached the issue.

With conversion dates firm and fixed, retailers had no choice but to replace or adjust the more than 120,000 food scales in Canadian food stores, outlets both large and small.

The cost to the retailers has been accurately estimated to be between $2,000 and $8,000. Yet the minister in his remarks earlier today, stated that it was a few hundred dollars. What I find equally ludicrous is the fact that 98 per cent of all new metric food scales in Canada are manufactured outside of Canada. Over one half billion dollars is being spent outside of Canada to implement a program that we do not even want here, or at least the majority do not want.

If our grocery vendors refuse to comply with the rules of the government's mandatory metric conversion program and decide that the unnecessary cost to them and the inconvenience and annoyance to their customers is not worth it, they can be fined up to $5,000 or jailed for up to two years. The minister did budge somewhat when he said that he might consider small retailers being exempt. We wonder just how small a retailer will have to be in order to be exempt.

This plan to punish retailers for non-compliance may be one of the reasons why the government proclaimed yet another order in council—the Emergency Measures Act. It might be planning to incarcerate grocery store owners in the civilian internment camps it plans to establish.

An hon. Member: Come on, do not say that.

Mr. Darling: Come on, it is there. It is very unlikely but it is there.

I might also remind the government that when our party was in office we recognized the folly of the retail sales program, and the minister then responsible for small business, the member for Durham-Northumberland (Mr. Lawrence), cancelled the order in council at the request of the retail food sector.

However, once again under this government, the metric juggernaut rolls blindly along. It is a government uncaring that the sacrifices being made by those in its path are forced to adopt the metric measurement and being ordered to comply. In a great many areas of our life metric has become a *fait accompli* but not because, as the government would have us believe, it is advantageous either to the individual or the nation.

Metric measurement of our gasoline has certainly not led to a lowering of prices. Metric measurement of highway speed limits has certainly not resulted in fewer accidents. Metric measurement of consumer products has certainly not expanded our overseas trade opportunities. Metric measurement of our environment has certainly not helped eliminate the menace of acid rain. Metric measurement of the tools of labour is certainly not stemming the tide of unemployment. Metric measurement of the distance from home plate to the outfield fence in Olympic Stadium has certainly not guaranteed Expo fans that the Montreal Expos will win the World Series. If the minister has ever seen that field on television, the distances are shown in huge numbers in metric and much smaller ones in feet. You need field glasses to see them.

Metric measurement of our meat and produce certainly will not save families money on their grocery bill. It is, rather, the opposite. Every time metric is used it seems that the goods that are purchased cost more.

Mr. Ouellet: Oh, come on!

Mr. Darling: Just take a look. I will give an example to the hon. minister from Quebec. We used to buy maple syrup for $23 a gallon. With metric, all we get is four litres and it still costs $24 dollars.

Mr. Cousineau: You buy it in the wrong place. I pay $18.

An hon. Member: It is the biggest consumer rip-off in the history of the country.

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

Mr. René Cousineau (Gatineau): Mr. Speaker, since we have only five minutes left, I think I will have the privilege of ending this debate. First, I would like to say in passing that if the member for Parry Sound-Muskoka (Mr. Darling) is paying $23 or $24 per gallon, he is not buying it at the right place, because I pay $18. So, better luck next year.

Substantially, what does the motion say, Mr. Speaker? The member for Peterborough (Mr. Domm) is asking to abandon metrication forthwith. In fact, the position taken by the members opposite has become a real farce. I have never heard Progressive Conservative members give so many different opinions on a given subject. In any case, it was the same for Petro-Canada, the interest rates we are discussing currently and the Constitution. The metric system is no exception. What was their position in 1979? They favoured conversion to the metric system as soon as possible. The then Solicitor General and Minister of Consumer and Corporate Affairs was asked the following question by my colleague, the member for Timmins-Chapleau, and I quote:

> I would like to ask the minister how he intends to ensure that metric conversion is completed, or does he intend to act on his own to dismantle the program?

He answered, and I quote:

> Certainly not, Mr. Speaker. The government is still committed to the concept of metrication.

I also want to quote a question by the member for Ottawa-Carleton (Mr. Pepin), which was reported in *Hansard* of November 14, 1979, page 1302, and directed to the Minister of Industry, Trade and Commerce, and I quote:

> Therefore, I want to give him an opportunity to correct an impression that he gave yesterday when he is quoted as having said there is a possibility that there will be a postponement of the conversion to the metric system, planned for January 1—

And the then Minister of State responsible for Small Businesses and Industry answered, and I quote:

> The fact is, the whole process has been handled very well by the members of the Metric Commission, who are engineers, who have been dealing with sectors of industry and associations, who have had time to sit down and study the various implications and problems involved.

Going back a little further, to March 1975 when they were the official opposition, my hon. colleague, the member for Burlington (Mr. Kempling), the Progressive Conservative whip, made an excellent speech. He spoke on behalf of the Progressive Conservative Party, and I am referring to what was reported in *Hansard* on March 17, 1975, on page 4060, and I quote:

> I am pleased to lead off this debate for the official opposition. I think I should say at the outset that we supported metric conversion when it was introduced by order in council and the white paper, and that is our position today: we still support it. Let me say again that we in the official opposition support the principle of metric conversion.

And the hon. member, who today is the Progressive Conservative Party whip, went on to say, and I quote:

> —the right hon. member for Prince Albert (Mr. Diefenbaker) when he was prime minister, had his ministers undertake studies in this field.

So I would ask the hon. members representing the Progressive Conservative Party to contradict the right hon. former member for Prince Albert.

The member for Red Deer (Mr. Towers) said that he never voted on the issue. I would refer him to *Hansard*, June 16, 1977, page 1142, on the subject of Bill C-23, where it says that the member for Red Deer voted on that day on Bill C-23, introduced by this government.

Mr. Deputy Speaker: Order, please. It being five o'clock, I must advise the House that debate on the motion is ended, pursuant to Standing Order 58(11). Therefore, the House stands adjourned until next Monday at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 17, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

POLAND—SUPPORT FOR HUMAN RIGHTS—MOTION UNDER S.O. 43

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise under the provisions of Standing Order 43 in connection with the first national conference of citizens of Canada representing 27 Solidarity support committees who met in their first national conference on April 24 and 25 at Toronto. I move, seconded by the hon. member for Etobicoke Centre (Mr. Wilson) and the hon. member for Vegreville (Mr. Mazankowski):

That this House resolves, since both the Canadian and Polish governments signed the Helsinki Accord, the Canadian government is morally and legally obliged to defend human rights now suspended in Poland; moreover, that the Canadian ambassador to the United Nations raise the issue of Poland at the United Nations debates; that the Canadian government, using moneys put away for Poland, finance a national or international delegation of accountability to verify whether indeed Canadian food exports to Poland are reaching the people; and finally, that the Canadian government replace the present symbolic and ineffective sanctions with more meaningful ones and therefore implement a full range of trade, diplomatic and cultural sanctions against Poland and the Soviet Bloc until the state of war is lifted in Poland and human, citizen and trade union rights are reinstated.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

POSITION TAKEN BY SOME QUEBEC LIBERALS—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in order to spare Canadians the spectre of public dissension and discord between the "Gang of Ten" led by the Minister of National Health and Welfare (Miss Bégin) and the Minister of State on the one hand, and the Prime Minister (Mr. Trudeau) and his supposedly loyal supporters on the other hand, I move, seconded by the hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet):

That the Liberal Party be advised to wash its dirty linen in private rather than on the front pages of the Montreal press.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

SUMMER STUDENT UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, the lack of Liberal leadership in most areas and the lousy Liberal leadership when it was exercised have caused economic disaster throughout this country. Witness only the bungled budget, the disastrous and devastating results of the National Energy Program, and the crippling burden of high interest rates. Now we have yet another victim of Liberal mismanagement. This month tens of thousands of young Canadian students will not be able to find summer employment. It is expected that the student unemployment rate will be 18 per cent to 20 per cent. This means that next fall their further education will be in jeopardy. Since this Liberal government threatens to ruin a whole generation of young Canadians who are the future leaders of the country, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House condemn the Liberal government, and in particular the Minister of Employment and Immigration, for the refusal to institute adequate federal programs to enable students to find jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

DISARMAMENT

MINORITY REPORT RECOMMENDATIONS—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. In a

speech at Notre Dame University in the United States yesterday, the Prime Minister (Mr. Trudeau) in effect came out in favour of a nuclear arms freeze by both super powers and a no-first-use of nuclear weapons pledge, two recommendations found in the recent minority report on security and disarmament. The Prime Minister said:

Let us pledge that we will not be the one to start a war. We are worried by statements in the United States about . . . first-strike scenarios.

The text of the Prime Minister's speech also said that the United States has persistently taken the qualitative lead in the arms race while the U.S.S.R. tries to catch up, suggesting that the time may indeed be right for a nuclear arms freeze. I therefore move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House, in light of the Prime Minister's remarks, endorse the minority report on security and disarmament and urge the Prime Minister to take the recommendations of that report to UNSSOD II next month in New York, calling specifically for a nuclear weapons freeze and a no-first-use pledge.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSION

PURCHASES OF MECHANICS' TOOLS—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, in view of the rumour of a major scandal in the Metric Commission that is now being investigated, it would appear that large sums of money appropriated to mechanics' metric tools is being fraudulently used to purchase "imperial tools" or, in some cases, items that are not even tools. Therefore, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Consumer and Corporate Affairs immediately make a statement on this subject to this House clarifying this situation and at the same time indicating why sloppy practices of the Metric Commission permitted this situation to arise.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SOCIAL SECURITY

PLIGHT OF SENIOR CITIZENS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, senior citizens, like all those on fixed incomes, are changing their priorities, as instructed by the Right Hon. Prime Minister (Mr. Trudeau), by cutting down on their food. They have to pay for their lodging. They have to pay the increased costs of utilities made high by the federal excise tax and the federal Canadian ownership tax, or their light and power will be cut off. The only priority left to them is to eat less. Therefore, I move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

• (1410)

That this House urges the government to eliminate the excise tax and Canadian ownership tax or increase the pensions of the people who toiled and sacrificed all of their working years to build this country. They should not have to spend their sunset years "cold" and "hungry."

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

PREPARATIONS FOR CONFERENCE ON NATIVE ISSUES—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise on a matter on which I rose on Friday. I did not receive unanimous consent then, but I hope I will do so today. Section 37 of our new Constitution guarantees that there will be a federal-provincial conference held with native representatives within the next year in order to discuss concerns of the native people. Therefore I move:

That this House reaffirm its commitment to serious negotiations with native leaders and requests that the federal government provide adequate funding to major native groups, including representatives of native women, so that they may be able to prepare their positions in advance of the constitutional conference.

This is seconded by the hon. member for Winnipeg-St. James (Mr. Keeper).

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSIONS

CALL FOR TABLING OF ORGANIZATIONS' SUBMISSIONS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in light of the many references made by the Minister of Consumer and Corporate Affairs in his intervention in the House last Friday to the associations which had asked the Canadian government to go metric, such as the Consumers' Association of Canada, the Canadian Teachers' Federation, the Agricultural Institute of Canada, the Canadian Chamber

of Commerce, and the Canadian Construction Association, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House require the minister to table all letters and submissions from such organizations explicitly asking the government to convert Canada to metric I.S.U., making Canadian units of measurement illegal.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

SUGGESTED REMOVAL OF TAX ON FUEL USED IN PRODUCTION OF FOOD—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise on an urgent matter in relation to agriculture. Farmers are now engaged in the operation of seeding and it is becoming increasingly evident that the high cost of farm fuel will have a counter-productive effect on agricultural production. I move, seconded by the hon. member for Calgary Centre (Mr. Andre):

That this House request the government to remove the federal tax on fuels used for the purpose of farming so as not to have an adverse effect on the production of food.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

PROGRESSIVE CONSERVATIVE PARTY CONVENTION—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I rise under the provisions of Standing Order 43. The Conservative Party, which claimed on the weekend to be the only truly national party, managed to scrounge up only 38 people to discuss this country's most urgent problem, unemployment.

Some hon. Members: Oh, oh!

Mr. Keeper: I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House urge the Conservative Party to reconvene this workshop, entitled "Policy for People", and instead of inviting its own members, who have only a marginal interest in the subject, that the Conservatives invite the one and a quarter million unemployed Canadians to develop policies for the "Decade of Decision" that will provide the country with some vital insights into this problem and allow the Tories to hear a perspective that is truly national in scope.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

LAY-OFFS AFFECTING 55 TO 65 AGE GROUP—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, the current economic recession, with its increasing number of lay-offs, is hitting hard at Canadians in the 55 to 65-year old bracket. Many are already victims of lay-offs. They are without jobs, often without pensions, and literally without income. And, most of all, they have extremely great difficulty getting back into the labour force. I therefore move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the federal government recognize that its economic policies are forcing many Canadians in the 55-65 age group onto the unemployment rolls, and that special attention be given to their particular problems so that they can again become productive members of the labour force.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*Translation*]

THE ECONOMY

CONSULTATION TOUR BY TEN MONTREAL MEMBERS—GOVERNMENT'S INTENTIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Finance. This weekend we saw the following bizarre spectacle: the group of ten MPs from downtown and eastern Montreal, who were on a fact-finding mission and decided they wanted to meet with their Parti Québécois counterparts in order to seek a solution to the problems of unemployment, inflation and high interest rates. My question is as follows. Ignoring this lack of confidence in the cabinet's economic policies shown by two of its members, does the minister intend to meet Mr. Parizeau or does he think that a meeting with Mr. Ryan would be more successful?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I thought the bizarre spectacle at the weekend took place in a city other than the city of Montreal.

Some hon. Members: Oh, oh!

Mr. MacEachen: I believe the comments made by the hon. member recognize the fact that there are provincial governments, and that they too have some responsibilities for economic matters within their jurisdictions.

Mr. Wilson: Madam Speaker, I wonder whether the minister is speaking to two members of his cabinet as well as Messrs. Parizeau and Ryan.

GOVERNMENT POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, since last fall the number of people unemployed in this country has increased by about 150,000. Interest rates are about the same but are starting to rise again. About 5,000 companies have gone bankrupt since the minister's budget of last fall. Thousands of Canadians are concerned about their jobs and concerned about losing their businesses. Will the Minister of Finance explain why he is persisting with a combination of policies which, as he indicated in Europe last week, have brought the economy to its knees? And I might add we are expecting there will be further trouble ahead with these same policies.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the hon. member were correct in stating that the policies which were being followed by the Government of Canada had brought about the recession in this country and the recession in every industrialized country, then indeed he would be cutting quite a swath. But, of course, the budget and economic policies we are following are directed to trying to bring this economy and to help bring other economies out of the recession in which they presently find themselves.

I might say that there was a very broad consensus at the meetings of the OECD and the interim committee of the International Monetary Fund, made up of finance ministers from all the representative countries, that the mix of policies being followed in Canada was appropriate to the circumstances.

QUERY RESPECTING POSSIBLE CHANGES IN BUDGET LEGISLATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, as I have pointed out on many occasions in the past, that there are things which can be done here in Canada, and there are things which the Minister of Finance just totally refuses to do. We saw examples of things which can be done in the Ontario budget of last week. The Ontario budget has turned around. That budget said that three principal elements of this minister's budget will not be adopted by Ontario, principally the change in the capital cost allowance which has such an impact on the creation of jobs and more investment in this country. Is the Minister of Finance considering changes when he brings down the draft legislation for his budget, particularly as it relates to those three areas the Ontario Treasurer saw fit to change in his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will have to wait for the draft legislation. I have no announcement to make on these points at the present time.

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LABOUR CONDITIONS

INCREASE IN LEVEL OF UNEMPLOYMENT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, we now have the spectacle of ten Liberal members, including two cabinet ministers, wanting to have something done about job creation next November at their policy conference.

My question is directed to the Minister of Finance who, unbelievably, had to go to France to find out that unemployment in Canada is a question which needs tackling. Was the minister not aware that real unemployment in Cape Breton is running at 40 per cent in places like Inverness and Port Hawkesbury in his own riding? I want to ask the minister if he is now prepared to do something about that 40 per cent real unemployment in Cape Breton and elsewhere, or is he, like his colleagues, prepared to leave it until next November?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member must know that over the past several months we have announced a series of programs intended to help the unemployed. The Minister of Employment and Immigration on several occasions has announced improvements and extensions of existing programs, as well as new programs. The minister in charge of housing has done the same thing through various housing initiatives intended to increase employment in the country. That is the policy of the government—to do everything possible within its means to help those who are unemployed.

I would remind the hon. member that it was not necessary for me to go to Paris to find out about unemployment. If she had been in the House, and I think she was, the Friday before the OECD meetings, she would remember that I did discuss employment during question period and expressed my view that the unemployment figures were disturbingly high. They are very high in Canada, and equally high in the United States. Unemployment figures in all OECD countries are likely to rise to about 30 million by the end of this year. Never, since before the war, have we had unemployment in every country in the world as high as we have at the present time. It is our job, working together, to try to bring solutions to this problem of recession which exists in Canada and every other country in the world.

Miss MacDonald: Madam Speaker, I appreciate the minister's genuine concern about unemployment in the United

States and in France. I would appreciate it even more if he would turn his attention to the problems of this country.

REQUEST FOR CANADIAN POLICY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a supplementary question. Before the minister's budget was brought down, the unemployment figures jumped from 7 per cent to 8 per cent. This should have given the minister some warning last autumn about the seriousness of the unemployment situation. Since the budget has been brought down, unemployment in this country is running close to 10 per cent. It has taken post-war record high unemployment to make the minister realize that it is a problem.

What is it going to take, in the way of additional numbers of people of the unemployment rolls and additional numbers of people without jobs in this country, to make the minister realize there has to be a solution right here in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I obviously cannot agree with the rather naive position taken by the hon. member in her question. She ought to know that many of the depressed industries and many of the declining job opportunities in Canada are due to recession in other countries of the world. It would be rather foolish for Canada to concentrate solely upon its own economy without making recommendations and suggestions about what ought to happen elsewhere.

One clear message came out of the discussions, both in Paris and Helsinki, and that is that the surest way to assist the process of recovery, not only in Canada but in the United States and other European countries, would be some success in bringing down interest rates in the United States. That is a clear message.

The hon. member is talking about what policies ought to be pursued. Can she tell us what policies were adopted at the spectacle in Toronto at the weekend, to help Canada out of the recession?

Miss MacDonald: Get rid of the minister.

Mr. Epp: That is the best economic policy there is.

Madam Speaker: The hon. member for Oshawa.

* * *

• (1425)

ENERGY

EXPORT OF NATURAL GAS—CHANGE IN NATIONAL ENERGY BOARD FORMULA

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Energy, Mines and Resources, and deals with energy security for Canada. When the Conservative government authorized new exports of natural gas in 1979, the minister, the then Liberal energy critic, had this to say:

> We should be extremely careful and cautious when we talk about exports. We should think in terms of the necessity of conserving it for future generations and of the future needs of our country. The worst thing we could do—

He went on:

> —is to export gas for a fast buck or in order to support a faltering dollar.

In view of that concern expressed by the minister when he was in opposition, why is he now reversing himself and supporting the National Energy Board decision to change its formula for needed Canadian reserves to include unproved or trend reserves in order to justify additional gas exports?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I indeed stand by what I said at that time, and which the hon. member has quoted. The reason I endorsed the conclusion of the National Energy Board is very simply that in the last couple of years Canada has seen a very significant increase in its gas reserves and is now in a better position than it ever was, not only in terms of ensuring a supply of natural gas for domestic needs for more than 25 years in the future, but we can still make good money, and help our economy and our balance of payments by exporting what is surplus to our needs. That is also in the national interest.

Mr. Broadbent: Madam Speaker, the minister may have disastrously bad policies, but he is not a fool. He did not answer the question I asked.

REASONS FOR CHANGE IN FORMULA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I asked about a change in the formula. I am not talking about the export of temporary surpluses of gas, I am talking about the fundamental problem which led a former minister, Joe Greene, back in 1971 to accept unproved reserves as the basis of a formula for ascertaining our needs. Considering that under that formula exports were allowed to increase, which led shortly thereafter to a shortfall and the NEB to change its definition so as not to include unproved reserves, why is the government now changing the formula? Is it not precisely because it is after a quick fix to deal with the dollar problem?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have to tell my hon. friend no, that is not the reason. We are in a situation now where, because of the slowdown in the American economy in particular, there is less demand for the authorized exports than we had expected. The demand is only about 60 per cent of production at present. In light of large additional discoveries of gas in Canada in the last couple of years, the NEB has come to the conclusion that we are now in a position to authorize more exports than had been anticipated, that we can be more flexible than we have been. As to what that surplus might be and which companies would be authorized to export it, the NEB will determine that at a later stage.

There has not been one extra metre of gas exported, nor will there be, just because of the NEB decision last week. The NEB has to hold hearings on the various applications before it, and then, on the basis of the modification it has made to the formula, decide how much of a surplus is available for export—after carefully allowing for all the needs of Canadians, as I said, for at least 25 years. I think that is a pretty responsible attitude on the part of the board.

Mr. Broadbent: Madam Speaker, the minister looked a little uncertain about his answer, as well he should, because again, for the second time in a row, he did not answer the question.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Madam Speaker, as the minister knows, a few years ago a former minister assured us we had a 900-year supply of gas because he was acting on a formula based on unproved reserves. Shortly thereafter we were told we would be out of gas by 1985. I repeat, given the energy needs not only of the present but of future generations of Canadians, why is the Liberal government now repeating the error it made in 1971 which will potentially sell us short on gas for the future?

Mr. Nielsen: The minister will never be out of gas.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I think I have covered that point extensively in my previous two answers. My hon. friend says I have not answered; I am afraid I have to tell him he has not listened to my answer.

* * *

• (1430)

FINANCE

AUDITING OF FISHERMEN'S INCOME IN ATLANTIC PROVINCES

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of National Revenue. Now that the officials of the minister's department who were involved in the income tax audit of the Atlantic provinces' fishermen have admitted that they made a mistake in not notifying the fishermen involved of the subject of the third party demands, what steps has the minister taken to correct the injustices that occurred? The minister will know that there is a litany of horror stories of fishermen who have been left with little or no money to support their families as a result of the over-zealous activities of this team of auditors and their third party demands.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, indeed a mistake was made in not sending notices of garnishee to the fishermen as well as to the fish buyers. I regret that. I deplore it, and I have said so to the department. I have given instructions that that sort of thing is not to happen again. The mistake was corrected about six weeks ago, and I intend to see that it does not happen again.

I might say that I have appointed a special adviser to myself who started work some days ago and who will look into the administration of the law as it applies to the fishing industry. I have received some interim recommendations from the special adviser, a Mr. William Rowe, who is a lawyer in St. John's, Newfoundland. I expect to be advising the House, the public, and the fishermen shortly—possibly this week—of what steps I intend to take.

Mr. Nielsen: He is an expert on fish?

REQUEST THAT MINISTER APPEAR BEFORE COMMITTEE

Hon. James A. McGrath (St. John's East): Madam Speaker, given the insensitivity and the over zealousness of these auditors, and the mistake that was made with respect to a group of people who, by tradition, do not have a system of written statements like most other Canadians, along with the fact that a number of fishermen have been badly hurt and their confidence in the system has been eroded, what disciplinary action has the minister taken against those overzealous auditors? Will the minister accept the invitation of the Standing Committee on Fisheries and Forestry of this House to appear before it so that members from the Atlantic provinces can cross-examine him on this very unhappy situation?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I would be quite happy to appear before the Standing Committee on Fisheries and Forestry. Indeed, I appeared before the Standing Committee on Finance, Trade and Economic Affairs. The topic was raised. We had an exchange of views, and some information was put on the record of that committee. As I said, I would be quite happy to appear before the fisheries committee. I deplore the mistake that was made and I have given instructions that it is not to happen again. I have expressed my serious concerns and feelings directly to the department on that score. I hope this week—possibly very soon—to announce what steps I intend to take as a result of the recommendations made to me by Mr. Rowe.

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MR. MAHER ABAZA, MINISTER OF ENERGY AND OF ELECTRICITY, OF EGYPT

Madam Speaker: I have the honour of calling the attention of the House to the distinguished presence in our gallery of Mr. Maher Abaza, Egyptian Minister of Energy and Electricity.

Some hon. Members: Hear, hear!

PRESENCE IN GALLERY OF LIEUTENANT GENERAL GONTIER, CHIEF OF STAFF OF THE BELGIAN ARMED FORCES

Madam Speaker: I also have the honour of calling the attention of the House to the presence of Lieutenant General Gontier, General Chief of Staff of the Belgian Armed Forces.

Some hon. Members: Hear, hear!

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[*English*]

EXTERNAL AFFAIRS

POLAND—REQUEST THAT GOVERNMENT TAKE FURTHER MEASURES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. On February 23 the government announced its response to the situation in Poland. It consisted of mild and very ineffective measures against Poland and the U.S.S.R. For example, we suspended academic exchanges and restricted the Polish airline to two flights per week to Canada. In its press release, the Canadian government urged the Polish government to re-establish civil liberties, to end martial law, to release those arrested and restore dialogue with the church and Solidarity. Now three months later, the Prime Minister knows that none of those things have taken place in Poland. Repression is worse than ever. Peter Kent saw Poles being beaten brutally in prison while he was in Poland a weekend or so ago.

My question to the Prime Minister is—and there is no point looking around for the Secretary of State for External Affairs or any of his deputies, they are all away—will the government now take further and more effective measures to indicate Canada's disapproval of this repression and to exert some pressure for change on the Polish government? Will the government introduce some other measures that may induce the Polish government to change those policies? For example, I recommend my release of March 24 last to the Prime Minister.

Madam Speaker: Order, please.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will be happy to refer the Secretary of State for External Affairs to the hon. member's release of March 24 last.

Mr. Crosbie: That is progress after three months, Madam Speaker.

PLEA BY CANADIAN SOLIDARITY CONFERENCE

Hon. John C. Crosbie (St. John's West): Madam Speaker, I will repeat my question to the Prime Minister. Is his government considering further and more effective measures to help the people of Poland who have been subjected to savage repression since last December without any assistance from our government? As a further part of that question, will the Prime Minister do what the Pan-Canadian Conference of Solidarity has requested the government to do, that is, to replace the present symbolic, ineffective sanctions with more meaningful ones until human rights are reinstated? That is a plea from Canadian citizens who support Solidarity.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member pointed out the importance of helping the people of Poland. That is what the government's policy has been attempting to do. While on the one hand we condemn the government, the use of martial law and the slowness in the reconciliation process, we attempt to help the people of Poland. That is why, in the food area, for instance, we have extended very large credits. We are reluctant to do what the hon. member seems to suggest, namely, using punitive measures against the government, because that would really be a burden on the backs of the Polish people.

* * *

THE ECONOMY

QUERY RESPECTING POSSIBLE IMPOSITION OF WAGE CONTROLS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is for the Prime Minister. On Friday the Prime Minister acknowledged in a press conference that his government's anti-inflation program may not be working and, as a result, his government may have to consider unilaterally introducing wage controls in the public sector. Since his Minister of Finance has publicly stated that wage settlements are not necessarily responsible for the inflationary rate, will the Prime Minister justify this notion of his that the new direction of government policy to control inflation would be to impose controls on employees' wages which, in real terms, have dropped for the fifth consecutive year?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member may have misread or misheard what I said on Friday. I was asked about the public sector. I reminded the press conference that, as early as last February, I was proposing to the premiers of the ten provinces a program of restraint on wages and salaries in the public sector. I was asked if I was still considering that. I answered the question that I was not announcing any new policy. I was indicating I regretted somewhat on February 5 that the ten premiers were not able to arrive to any consensus with me that the public sector should be exercising restraint. That is still our position, Madam Speaker.

REQUEST THAT PLANS TO IMPOSE WAGE CONTROLS IN PUBLIC SECTOR BE ABANDONED

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, last January it was indicated in a leaked cabinet document that inflation had proven highly resistant to anti-inflation policy, including wage and price controls which had been introduced previously. The document indicated that we are not currently facing a wage-driven inflation such as we were in

1975, and that there might be a greater willingness on the part of the public to accept wage controls when the situation got quite a bit worse. We have reached that point now.

The economy has worsened. It has worsened because of the government's monetary policy which has resulted in these high rates of unemployment now and, as we say, in a high rate of inflation. Since this is, in fact, a government-led inflation policy, will the Prime Minister assure this House today that he will abandon any thought to impose wage controls in the federal public sector, and cease to attempt to make working Canadians not only the scapegoats but the victims of this economic incompetence?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think it would have been helpful to the hon. member if his research group had prepared an alternative for his second question. In answer to his first question I answered the very question he is repeating in his second. In formulating that question, if I understood him correctly, he indicated that in some way the government was leading the inflationary push. Surely if he thinks that, he would not be blaming the government for seeking areas of restraint and in trying to get the other ten governments in Canada, with which the federal government provides over-all economic leadership—

• (1440)

Mr. Nielsen: It is 12.

Mr. Trudeau: —to exercise that restraint collectively. The hon. member cannot argue at the same time that we are leading inflation and then accuse us of wanting to press down on it.

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ADMINISTRATION OF JUSTICE

WITHHOLDING OF DOCUMENTS IN TRIAL OF ROYAL CANADIAN MOUNTED POLICE OFFICER

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Solicitor General. The decision of the Superior Court justice in the province of Quebec to declare a mistrial in the trial of an RCMP officer gives the minister a certain chance to reflect upon some of the decisions he has taken. I am wondering whether the Solicitor General would now pay some heed to the provisions of the Charter of Rights and Freedoms, so recently proclaimed and hailed by him and his colleagues, in particular the Minister of Justice, as ushering in a new form of just society for Canadians. Will he now, with justice in mind as a guiding principle, reconsider his decision to withhold documents from the court which have been requested by the court, so that the defendant can prepare his case with all pertinent documents in hand?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I do not believe that a reconsideration of the affidavit that I put forward would change my opinion about it. I reviewed all the documents which are covered and made a decision that they ought to be kept confidential in the interests of national security and of federal-provincial relations. Also I ought to say that I do not believe that my exercise of authority under the section contravenes the Canadian Charter of Rights and Freedoms. Until the legislation introduced by the Quebec government in its legislature becomes law, any citizen in Canada, including of course any citizen in Quebec, can have recourse to the statute. My own opinion, though, is that the action which I took would be sustained over the Charter of Rights and Freedoms.

REQUEST THAT DOCUMENTS BE DISCLOSED IN CAMERA

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, bearing in mind the precedent established by the Liberal government, as shameful precedent to be sure, but a precedent none the less, in its handling of the Treu trial in camera from beginning to end, does the minister not feel, in the current situation where an RCMP officer is being tried for offences for which the Prime Minister or any other minister of government so far refuses to accept responsibility, that the time has come to apply the provisions of Section 41(1) of the Federal Court Act to the disclosure in camera of documents requested by the defence once the retrial begins? Does the minister not feel that by proceeding in this way he would be serving justice much more equitably than by withholding vital evidence, as he is now doing?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, my view is that Section 41(2) is the section to be used in the case of material governed by national security or federal-provincial or intergovernmental relations.

Mr. Munro (Esquimalt-Saanich): You want to cover up ministerial responsibility.

Mr. Kaplan: Section 41(1) is there in the law as well. In my view it is there to deal with matters which could be put to a court to make a decision about other than matters which cover national security and are squarely within Section 41(2). In other words, I did not feel that I had a choice—and I had legal advice about this—between Section 41(1) and Section 41(2). The opinion I had was that when the matters were covered by Section 41(2), that was the section which was to be used. If the new freedom of information law had been in effect—and it would have been in effect except for some of the tactics of the opposition while the matter was before committee—then Section 41(2) would not have been there and I would have relied on the machinery provided in the new law. But that law is not in effect now, and the only option I had was for Section 41(2), not Section 41(1).

FINANCE

TAXATION OF EMPLOYEE BENEFITS IN MANITOBA

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Minister of Finance. In the recent budget of the NDP government of Manitoba, that government imposed a 1.5 per cent employee tax on all earnings of Manitoba employees and stated that this tax was to be paid by Manitoba employers. The rationale of the provincial minister of finance was that, due to the sharp reduction by the federal government of federal-provincial transfer payments, the province of Manitoba by imposing this employee tax would allow the provincial government to recover approximately $17 million from the federal government. I should like to ask the minister whether the federal government views this so-called employee tax of 1.5 per cent of gross employee earnings, paid on behalf of the employee by the employer, as an employee benefit, and is considering taxing it under federal jurisdiction.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have not examined those budget provisions in detail. My offhand answer would be no, but I want to comment upon the suggestion that somehow the necessity of imposing additional taxes by that province was due to reductions in transfers to the province of Manitoba. The same explanation was given by the minister of finance in Nova Scotia, and the same explanation was given by the Treasurer of Ontario, and in each case federal transfers to each of these provinces increases substantially each year.

Mr. Epp: The minister will know that even by his own calculations there was an adjustment made to Manitoba because of the negative manner in which federal-provincial transfer payments impacted on that province. He cannot deny that; he knows that.

REQUEST FOR FEDERAL-PROVINCIAL CONSULTATION

Hon. Jake Epp (Provencher): Madam Speaker, in view of this employee tax or employee benefit, depending upon which side of the equation one looks at, and that employers in Manitoba are trying desperately to maintain jobs and employment for ordinary Manitobans, will the minister be in contact with the Manitoba government shortly in order that indecision can be removed, since many people are now facing the prospect that this extra 1.5 per cent will either be deducted from their income or could be eligible for taxation later on?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member mentioned the adjustment which was made in the equalization formula for the province of Manitoba. The reason for the adjustment was to ensure that Manitoba would benefit more by increasing amounts of equalization each year than it would have had the equalization formula itself been in operation. That was a very substantial concession, in my opinion, to ensuring that equalization worked to the benefit of all provinces entitled to the system. With respect to the request that I be in contact with the Manitoba minister on this subject, I do not see the necessity of having such contact. I will look at the situation and, if it is necessary, I will follow the suggestion.

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AGRICULTURE

REQUEST THAT GOVERNMENT ASSIST FARMERS AFFECTED BY COLLAPSE OF ECON GRAIN COMPANY

Mr. Jack Murta (Lisgar): Madam Speaker, my question is directed to the Minister of Agriculture. It concerns the pending class action suit, or the legal case being launched by a group of Manitoba farmers over the bankruptcy of the Econ grain company, which has been discussed before in the House of Commons, and the fact that the producers involved feel that the federal government was wrong or lax because of the Canadian Grain Commission not protecting their interests. Could the minister inform the House whether or not the Department of Agriculture will move to settle with the farmers before this whole question becomes involved in a law suit, which could take many, many months, or perhaps even years, the way law suits are dealt with, vis-à-vis the federal government and these particular producers?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the legal advice I have at the present time is that the Canadian Grain Commission acted properly. Until I receive other legal advice, I cannot answer the hon. member's question about paying, etc. The advice I have is that they acted within the legislation by which they are bound, and that they have acted properly. The hon. member knows the procedure for bankruptcy and that it can take an awfully long time.

• (1450)

ROLE OF FARM CREDIT CORPORATION

Mr. Jack Murta (Lisgar): My supplementary question is directed to the Minister of Agriculture. The minister and I have held discussions, both in public and private, concerning this particular matter. Some of the farmers involved could face bankruptcy this spring because of the moneys they lost, along with interest rates being so high, and the costs of all their input being so desperately high.

One of the suggestions was that the Farm Credit Corporation in Manitoba could be used as a vehicle to loan money to farmers who could justifiably demonstrate that they need extra financing because of this particular situation. Has the minister looked into this suggestion made by me, and can he indicate to the House whether or not he has convinced himself that this is a viable alternative route and, if it is not, can he indicate whether there will be any help or any hope whatsoever for some of these farmers who could go out of business because of this particular bankruptcy?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we have seen the list of the farmers who have been affected by the bankruptcy of this grain-buying operation. It is

difficult to say which ones really need assistance. We have made it publicly known that they should apply to the Farm Credit Corporation. I have no way of knowing how many have applied at this time. The Farm Credit Corporation has been known to be human in its approach to lending money to those who most urgently need it and to those who are in the greatest need of it. I can say no more at this time. I would love to be able to look over the list and say that every one of those people who need it will receive a preferred loan, or will have payment from the federal government in one form or another, but the procedure of bankruptcy does not allow me to do that.

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AUTOMOTIVE INDUSTRY

STATUS OF NEGOTIATIONS ON JAPANESE IMPORTS

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of State for International Trade. In view of the fact that he has just returned from the OECD discussions in Paris, empty-handed and red-faced, as a result of his inability to get a bilateral agreement with Japan with respect to the importation of Japanese cars, trucks and parts, I would like to put a question directly to him. What, now, is the minister's next concrete move in order to save jobs and industries in this country?

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, as the hon. member should know, the meetings of the OECD are not on a bilateral basis but, rather, on a multilateral basis, with all the membrs of the OECD. However, following the multilateral discussions I did have bilateral talks with my counterpart from Japan with respect to the automobile situation. There was some progress. Madam Speaker, I realize that for the hon. member, and indeed for all hon. members of this House, it is very difficult not to be answered directly, but if the hon. member wants a positive conclusion to the negotiations, I do not think this is the place to discuss them.

Some hon. Members: Oh, oh!

Mr. Blackburn: Madam Speaker, for two months, while more and more auto workers have been losing their jobs, the minister has been saying that this is not the place to discuss the matter. Yet he has constantly spoken to the Japanese but has failed to get an agreement.

REQUEST THAT IMPORT QUOTAS BE IMPOSED ON JAPANESE MANUFACTURED VEHICLES AND PARTS

Mr. Derek Blackburn (Brant): Will the minister now unilaterally act and impose quotas of 15 per cent of the Canadian auto market on Japanese cars and trucks? Will he also insist on quotas or a surtax, or both, on parts, until the Japanese are prepared to sit down at the table and come to an agreement with the Canadian negotiators? Otherwise, that figure of 18,000 unemployed in the parts industry alone will soar to 25,000 by summer.

Hon. Ed Lumley (Minister of State (International Trade)): Madam Speaker, I do not think the hon. member realizes the fact that Japan is our second largest trading partner. We not only trade in automobiles, but we also sell over $4 billion worth of goods and services from companies all across Canada to Japan.

Some hon. Members: Oh, oh!

Mr. Lumley: During the multilateral discussions, the Japanese indicated that they will announce further liberalization measures prior to the Versailles Summit. We did make representations to the Japanese on behalf of several sectors of the Canadian manufacturing industry, such as the forest products sector in British Columbia. The hon. member might be advised to speak to his fellow members in the New Democratic Party from British Columbia who are interested in forest products, as well as to those from Ontario who are interested in automobiles.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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NATIONAL HARBOURS BOARD

FUNDING FOR CONSTRUCTION OF GRAIN TERMINAL AT PRINCE RUPERT, B.C.

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Transport. The construction of the Prince Rupert grain terminal is being jeopardized by projected cost overruns and labour uncertainty which have necessitated a re-evaluation of this project by all parties involved. Central to the positive decision for the project to go ahead is the requirement that the federal government provide an additional $10 million worth of funding through the National Harbours Board. Can the minister indicate to the House whether he is discussing this matter with the National Harbours Board, and can he give the House the assurance that the level of funding will be increased so that this project can go ahead?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the bids on the Prince Rupert grain elevator were indeed substantially higher than expected. The consortium had three possibilities. The first one was to negotiate with the bidders in order to bring the price down. They have done that. The second possibility was to simplify, to cut some of the parts of the elevator which were not totally necessary, and that is being done. The third possibility was to gain some more money from the federal government, and this will be the next step. I expect that consortium leaders will be back to us on that subject in a few weeks.

REPRESENTATIONS TO GOVERNMENT

Hon. Don Mazankowski (Vegreville): Is the minister saying that representations have not yet been made to him by the National Harbours Board? Assuming that such representations will be made, can the minister give the House the assurance that he will look at this proposal with a positive frame of mind?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, previous representations have indeed been made to us, but the implication of our attitude was that the consortium should explore the first two avenues first in order to find out what could be achieved. I expect, having done that, that the consortium will come back and report to ministers and will say how much they have been able to achieve, which will give us a better indication of what might be needed.

* * *

ADMINISTRATION OF JUSTICE

REQUEST FOR FEDERAL-PROVINCIAL CONFERENCE ON SUBJECT OF WIFE BATTERING

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Justice, who will know that one of the recommendations of the excellent report of the all-party committee on wife-battering was that:

—a federal-provincial conference be held on the subject of wife battering and family violence as it relates to the enforcement and the administration of the criminal law.

Would the Minister of Justice tell the House whether he is prepared to act immediately to seek to convene a federal-provincial conference of ministers of justice and attorneys general to ensure that there be immediate discussion between the two levels of government on actions which we can jointly take to deal with the problems of wife battering which were so effectively outlined in the report of the all-party committee of this House?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I read the committee report with a great deal of interest, and I feel it would be an excellent idea to discuss this problem with the attorneys general of the provinces, because the problem is not with the Criminal Code, but rather with the administration of justice. I believe we are to have a meeting of justice ministers some time this year, and this will certainly be one of the items I would want on the agenda.

[*English*]

PETRO-CANADA

ACQUISITION OF PETROFINA—COLLECTION OF TAX

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Last Thursday, here in the House, the hon. member for Lambton-Middlesex indicated that while the government is collecting the Canadian ownership charge to pay for Petrofina, it might well continue to collect that tax even after Petrofina has been paid for. Could the minister tell the House if that is indeed government policy to collect that tax after Petrofina has been paid for in order to pay for the purchase of other companies it wants to take over, as the hon. member suggested might be the case?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, that is obviously a question which the government will have to decide when the time comes.

Some hon. Members: Oh, oh!

Mr. Lalonde: This is not a matter which is being considered at the present time.

Mr. Friesen: I am sure the minister will want once again to flag companies for attention so that the public can pay double the price when the government goes to take over those companies.

CANADIAN OWNERSHIP CHARGE

Mr. Benno Friesen (Surrey-White Rock-North Delta): I would like to ask the minister, on the basis of the information he has received by way of mail and the protests directed to him with regard to the Canadian ownership charge, whether he feels that the Canadian public can afford the continued payment of the Canadian ownership charge in order to take over other companies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the question concerns whether we can afford to Canadianize the oil and gas industry. With regard to that matter, whether it is by the public or by the private sector, it is substantially the same phenomenon. I must tell the hon. member that the Canadian public overwhelmingly wants Canadians to own and control a larger share of that industry.

Mr. Crosbie: Not at your price.

Mr. Lalonde: It is high time that we do it. This is a basic element of our National Energy Program. This government is committed to that objective.

Some hon. Members: Hear, hear!

Mr. Crosbie: Not for long.

• (1500)

ROUTINE PROCEEDINGS

[*Translation*]

ENERGY LEGISLATION

PRESENTATION OF SIXTH REPORT OF STANDING COMMITTEE

Mr. D. M. Collenette (York East): Madam Speaker, I have the honour of tabling, in both official languages, the sixth report of the Standing Committee on Energy Legislation.

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

* * *

ENERGY

TABLING OF COPIES OF REPORT ON CANADA AGREEMENT AND CO-OPERATIVES ON INVESTMENT IN ENERGY

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, copies of the report on the Canada/Co-operative Energy Investment agreement.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, I am pleased to present the answers to the following questions today: Nos. 2,813, 2,851, 2,875, 2,898, 2,899, 2,902, 2,949, 2,958, 2,962, 3,129 and 4,108.

[*Text*]

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION—EDUCATION LEAVE COSTS

Question No. 2,813—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Employment and Immigration at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $176,084 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Lloyd Axworthy (Minister of Employment and Immigration) 1. (a) and (b) Please refer to Treasury Board Policy, Personnel Management Manual, chapter 110-5, "Conditions governing education, training and development, including subsidization"

2. Three per cent was spent on upgrading the technological skills of computer programmers.

3. As far as our records indicate, education leave was never granted for reason of redundancy.

4. It is 13.2 per cent.

AUDITOR GENERAL—HOSPITALITY SERVICES

Question No. 2,851—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Finance for the Auditor General at page 32.11, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000 (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $14,938 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Pierre Bussières (Minister of State (Finance)): (a) Extension of hospitality during meetings, functions, receptions as part of official government business; (b) There were no contracts of a value of $2,000 or more; (c) The office uses the Treasury Board Hospitality Directive as a guideline.

(d) The $14,938 was applied as follows:

		Per Cent
(i)	Foreign	4.2
(ii)	Canadian businessmen	17.5
(iii)	Provincial public servants	10.6
(iv)	Federal public servants	58.7
(v)	Ministerial exempt staff	—
(vi)	Members of Parliament	.6
(vii)	Members of Provincial Parliaments, Legislative Assemblies and the National Assembly	.2
(viii)	Canadian dignitaries, such as the Governor General and Lieutenant-Governors	—
(ix)	Federal Crown corporation executives	4.8
(x)	Provincial Crown corporation executives	—
(xi)	Members of federal commissions, boards and councils	—
(xii)	Any other categories: Recruitment	3.4
		100.0

HEALTH PROTECTION PROGRAM—HOSPITALITY SERVICES

Question No. 2,875—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the Health Protection Program at page 32.22, volume II of the 1979-80 Public Accounts of Canada,

with particular reference to hospitality services (a) what services does this entail (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (d) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (e) of the $7,710 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): (a) The services referred to involve the extension of hospitality at federal-provincial or federally sponsored meetings.

(b) Hospitality was extended in the form of formal meals, food and drink at official receptions and light refreshments during meetings.

(c) A payment, totalling $2,454, was made to the Department of Public Works for refreshments, meals and services provided on behalf of the Health Protection Branch of the department at government conference facilities. The balance of expenditures was paid to hotels, restaurants and other such organizations for similar services.

(d) The department is subject to the policy on hospitality found in chapter 360 of the Treasury Board Administrative Policy Manual.

(e) Hospitality was extended to the following categories of recipients only:

(i)	Foreign visitors	
(ii)	Canadian Businessmen	56 per cent
(iii)	Provincial public servants	
(iv)	Federal public servants	44 per cent

The records of the Health Protection Branch do not permit a further percentage allocation of expenditures for hospitality for the above four categories.

CITIZENSHIP PROGRAM—OTHER TYPES OF SERVICES

Question No. 2,898—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State under the Citizenship Program at page 32.32, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Gerald Regan (Secretary of State): (a) There was in fact a decrease in expenditures for other types of services, in 1979-80 compared to the amount for 1978-79. Expenditures for 1979-80 totalled $154,292, compared to $416,927 in 1978-79.

(b)(i) Training of public servants; (ii) non-departmental conferences; (iii) hospitality; (iv) miscellaneous services.

(c)(i) $21,609 (no contracts over $2,000); (ii) $4,516 (no contracts over $2,000); (iii) $24,176 (no contracts over $2,000); (iv) $103,978 F. W. Chenoweth, Ottawa, Ontario $6,047; Corre Paquette and Assoc. Ottawa, Ontario $2,240; Supply and Services Canada, Hull, Quebec $57,466; Saskatchewan, Minister of Finance, Regina, Saskatchewan $3,743.

EDUCATION SUPPORT PROGRAM—OTHER TYPES OF SERVICES

Question No. 2,899—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State under the Education Support Program at page 32.32, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Gerald Regan (Secretary of State): (a) There was in fact a decrease in expenditures for other types of service, in 1979-80 as compared to the amount for 1978-79. Expenditures for 1979-80 totalled $12,632, compared to $66,488 in 1978-79.

(b)(i) training of public servants; (ii) non-departmental conferences; (iii) hospitality; (iv) miscellaneous services.

(c)(i) $9,722 (no contracts over $2,000). (ii) $1,103, (iii) $521, (iv) $1,286.

DSS—OTHER TYPES OF SERVICES

Question No. 2,902—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Supply and Services under the Services Program at page 32.37, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 929 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and for contracts over $2,000, to whom was it paid?

Hon. J.-J. Blais (Minister of Supply and Services): (a) The reason for increase is not volume of expenditures but presentation format. In 1978-79 all expenditures over $2,000 were listed in the public accounts for professional and special services. In 1979-80, only items over $25,000 were listed as per Receiver General Directive 1980-2, therefore a greater number of items was included in the other types of services category. The statement below discloses that in fact a reduction of $3,028,681 or 26 per cent occured in 1979-80.

(b) and (c) Not supplied—see (a) above.

Services Program
Professional and Special Services

	Services	Administration	Total Program
1978-79 Professional & special services	$ 10,835,824	$ 841,570	$ 11,677,393
Other types of services	$ 2,246	$ 6,357	$ 8,603
1979-80 Professional & special services	$ 8,648,712	*	$ 8,648,712
Other types of services	$ 67,116	*	$ 67,116

* Amount now included with services

Order Paper Questions

EDUCATION, TRAINING, DEVELOPMENT AND CONFERENCE EXPENSES

Question No. 2,949—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Agriculture at page 32.2, volume II of the 1979-80 Public Accounts of Canada, with particular reference to education, training, development and conference expenses, what is a list of each contract of a value more than $2,000?

Hon. E. F. Whelan (Miunister of Agriculture):

Algonquin College, Ottawa	$ 2,035
Digital Equipment of Canada Ltd., Ottawa	21,570
Nutrition Research Consultants Ltd., Ottawa	9,450
Government of Canada—Public Service Commission, Ottawa	43,327

NCC—UNINSURED LOSSES

Question No. 2,958—**Mr. Clarke:**

With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of Public Works for the National Capital Commission in footnote No. 14 at page 13.4, volume 1 of the 1979-80 Public Accounts of Canada, under what circumstances was the equipment lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

Hon. Paul J. Cosgrove (Minister of Public Works): The losses were sustained at the Moodie Drive Conservation Centre as a result of a breaking, entering and theft incident which was investigated by the City of Nepean police.

Specific replies are: (a) Person(s) unknown. (b) Not applicable. (c) See (a) above. (d) Yes. (e) Yes. An intrusion alarm was installed.

DVA—UNINSURED LOSSES

Question No. 2,962—**Mr. Clarke:**

With reference to the uninsured losses of more than $1,000 of miscellaneous items recorded by the Department of Veterans Affairs in footnote No. 21 at page 13.4, volume 1 of the 1979-80 Public Accounts of Canada, under what circumstances were the items lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such losses did not recur and, if so, what were they?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): The items were lost due to theft. (a) Unknown. (b) Not applicable. (c) See (a) above. (d) Yes. (e) Yes, both offices have been moved to new buildings which have better security measures. Also, all staff have been instructed to lock up all moveable items each night.

STATEMENT OF OPERATIONS—PACIFIC PILOTAGE AUTHORITY

Question No. 3,129—**Mr. Clarke:**

With reference to the statement of operations of the Pacific Pilotage Authority for the year ended December 31, 1979 at page 146, volume III of the 1979-80 Public Accounts of Canada, which notes that the authority operated at a loss of $108,569 after having registered a substantial level of operating income the previous year (a) how does the authority justify the loss in light of its stated objective "to establish, operate, maintain and administer a safe and efficient pilotage service ... sufficient to permit the authority to operate on a self-sustaining basis" (b) what special conditions caused this reversal in the authority's operations (c) has the authority taken steps to forestall the recurrence of such a loss and, if so, what steps?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Pacific Pilotage Authority advises as follows:

(a) Unforeseen increases in expenses; see part (b).

(b) The 1979-80 tariff increase was nullified by the inflationary increases in pilots' fees, salaries, fuel and repair expenses in 1979. Again in 1980, spiralling costs in fees, wages and general expenses, as well as unforeseen legal and pilotage service costs, outweighed the 1980-81 tariff increase.

(c) Indications are that the 1981-82 tariff increase, effective June 1, 1981, finally has caught up with the unpredicted inflationary spiral creating a small monthly surplus which in turn will restore the authority to a self-sustaining basis.

AID TO CENTRAL AMERICA

Question No. 4,108—**Mr. Heap:**

1. Does Canada intend to triple its aid to countries in Central America and, if so, for each country (a) what amount will be sent (b) to what purposes will the money be put and what amount will be given to each purpose?

2. Did Canada place conditions upon the expenditure of the money regarding sourcing of supplies or services and, if so, in each case, what were the conditions?

Hon. Mark MacGuigan (Secretary of State for External Affairs): 1. (a) and (b) Canada recently approved an allocation of $106 million as bilateral development assistance for the countries of Central America. This amount is to be disbursed over a five-year period starting this year and represents in approximate terms a tripling over cumulative disbursements for the previous five-year period. Exact amounts have not yet been determined for the countries of Central America, as these can only be decided on the basis of detailed program discussions which are pending.

In addition Canada has already expended over $5.5 million during fiscal year 1981-82 in the form of financial contributions to Canadian institutions and non-governmental organizations working in Central America. These funds were provided by CIDA through its Special Programs Branch. This type of contribution will continue in the future but no estimates of levels are available at present.

Moreover, the Industrial Co-operation Division of CIDA has disbursed slightly over $1 million for projects in the region in fiscal year 1981-82 and will probably continue disbursements of an equivalent level in the coming years.

Canada also provides funds to the World Bank and the Inter-American Development Bank, to the United Nations Development Program and to other international institutions which are active in Central America. However, Since these Canadian contributions are pooled with funds from many other countries, there is only an indirect link between the Canadian development assistance provided to these multilateral institutions and their programming activities in the region.

2. In the case of Canadian bilateral assistance to developing countries, up to 20 per cent of the dollar value of the program may be untied to pay for local costs in the recipient country, non-Canadian procurement of goods and non-Canadian procurement of services, i.e. 80 per cent of the dollar value of the bilateral program is tied to the procurement of goods and services in Canada.

In the case of Canadian government contributions to Canadian non-governmental organizations and institutions as well as to international non-governmental organizations there are no conditions requiring that moneys be expended for Canadian supplies and services.

Under the Industrial Co-operation Program all arrangements with Canadian companies are contribution agreements and not contracts. There are no formal guidelines regarding Canadian content levels but by convention companies must use Canadian personnel unless it can be verified that qualified people are not available in Canada. However, there are no restrictions on the use of the individuals who are citizens of a country for which a project is being undertaken.

In the case of multilateral programs Canada places no conditions on the expenditure of money for the sourcing of supplies and services.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

Hon. Bob Kaplan (Solicitor General) moved that Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

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

He said: Madam Speaker, in many ways it is a historic moment to reach third reading of the young offenders bill which has been on the national agenda for active consideration for nearly two decades.

I want to thank all of the members who contributed to the improvement of the bill in the committee. I must say I liked it the way it went in, but I cannot help but feel that many of the amendments which were put forward and forcefully debated from all sides improved the bill. We have made substantial progress in the criminal justice system in our country in bringing the bill to this point.

I would like to say one word not about a specific subject in the bill, but about the process of meaningful consultation. Even at this moment there are groups, interests and some provincial governments who feel that the bill might benefit from more meaningful consultation. I would like to say to all of them from this place that you reach a time when Parliament has to take its responsibility, and this is that time. As with any difficult decisions we have had to make, there have been, if I can put it in vernacular terms, winners and losers. Those who in the consultation process found that their position was not being adopted by their colleagues and other participants in the criminal justice constituency inevitably tend to feel that something would be gained by further consultation, especially if meaningful.

One would not like to argue that absolutely nothing would be attained by further consultation. However, I think hon. members can feel that very little further consensus would be reached by allowing further consultation. If in the process of legislation there was ever a time reached, after 14 years of consultation, when Parliament had to take its responsibility, make the tough decisions and put forward the new young offenders regime, this is the time.

In closing, I want to thank the members on my side for their forbearance in permitting and encouraging the process, and members opposite for their contribution and indeed the forbearance which at this point makes it very likely that the bill will pass third reading today.

Hon. Allan Lawrence (Durham-Northumberland): Mr. Speaker, the House will be relieved to know that I do not intend to speak at great length. Following the conciliatory remarks and attitude of the Solicitor General (Mr. Kaplan), I want to assure him and the House on behalf of this group that there will not be a long list of speakers. We do not intend at this stage to hold up further passage of this bill.

Indeed, it has been our consistent attitude that, basically and fundamentally, the statutes regarding young people who run afoul of the law are sadly in need of reform. This is not necessarily the great step but it is a step along the road to needed reform of the existing statutes.

I said a step because we are in fundamental agreement with the improvements to the law respecting young offenders and, of course, the repeal of the existing law. Indeed, when the Clark administration took office in 1979, it found that there had been, at the ministerial level with at least the two preceding solicitors general, an attitude that the passage of reform legislation was not necessarily a matter of top priority.

That attitude was changed by the Clark administration. The young offenders legislation was given top priority. A meeting was convened of all the justice and law officers of the Crown at the provincial and federal levels at which top priority was given to reform of that law. When the present administration took office, I believe that priority continued, and it resulted in the bill before the House today.

We want to see this bill passed. It is not a perfect piece of legislation by any means, but at least it is a reform. And, to our mind, an improvement over what we have had up until now. If there is a division, we certainly intend to vote for it. However, my belief is that a division will not be required on third reading.

The bill still suffers from defects. In our view, the major defect is the provision that a person is a young offender until he or she reaches age 18. We believe that that age should be lowered to 16 and we have said so consistently. We said it in committee, at second reading in this House and we say it now.

Consistency has not always been shown by all the parties in this House regarding this matter. On second reading there was a five-day debate in this House. That was in April and May of 1981. If there had been a clear indication of government policy and government consistency at that time, the official opposition would have been quite content to see a ten-minute debate. A lot of words, a lot of rhetoric, a lot of time has been devoted to the time wasting that goes on in this chamber.

• (1510)

I would like to refer you, Mr. Speaker, to the five days' debate in April and May of 1981 on second reading stage. We clearly indicated on behalf of the Conservative opposition that in the bill presented by the government and by my friend the Solicitor General, the major defect was the provision that the variations in the maximum age for young offenders in Canada, at that time and at the present time, were going to remain. As a matter of fact, on second reading I had the honour of introducing an amendment, a reasoned amendment which was accepted by the Chair. I read from page 9497 of *Hansard* for May 12, 1981, when I moved, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

> That all the words after the word "that" be deleted and the following substituted therefor:
>
> "this House declines to give second reading to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces."

We had a five-day debate on that principle that we espoused—a five-day debate, Mr. Speaker. The arguments and the speeches from just about every government member who spoke before second reading was given denied that principle. Indeed, the Solicitor General himself in introducing the bill, as reported at page 9308 of *Hansard* of April 15, 1981, said:

> Differences exist as to when an individual is or should be considered sufficiently mature to be held responsible and dealt with as an adult. Practically speaking, due to the specialized programs, resources and services which are in place to deal with young offenders, considerable program shifts and adjustments would be required if the maximum age, which is under 18, were to be made uniform.

In other words, the minister came out flatfootedly against our reasoned amendment. Indeed, he managed to bootleg in another small comment later in the debate, as reported at page 9645 of *Hansard* of May 15, 1981. The minister said:

> I would have wished that the provinces would agree to that age—
>
> That age being 18.
>
> —but the financial implications for provinces which now have a lower age are tremendous. It is by and large a burden which the provinces would have to bear almost completely on their own.

In other words, the Solicitor General was arguing that no one could really come up with a consensus on a uniform age, and therefore there was to be no uniform age. He was arguing that the burden imposed on the provinces by a uniform age of 18 would be so great as to destroy the whole concept of uniformity throughout this country.

I will not burden the House with the history of this bill as it passed though its various stages in the House and in committee. I simply want to point out that the House voted on second reading to reject our concept that there be a uniform age.

When the bill came to the committee one of the first acts of the minister was to indicate that yes, there was now to be a uniform age. We all congratulated him on at long last seeing the light. However, he made what is a mammoth blunder in the eyes of most of us and of most of those at the provincial level who have to deal with this very complex matter. I suggest he also made a blunder in the eyes of a great many people in the private sector—those who have to deal with young people who run afoul of the law—by picking the wrong date. That wrong date is still there.

We were concerned enough about it, Mr. Speaker, that in committee an amendment was moved by the members of this party. But, of course, the government majority, as they did previously in the House, voted down our reasoned amendment and voted it down in this House as well.

I do not want to rub the noses of the Liberal members too hard and too long in their past misdeeds and follies regarding this legislation. I merely point out that today obviously we are going to have a speech or two by government members indicating that yes, this is a step along the right road; yes, this is the direction the government should be headed; and yes, this is a wonderful thing that the Liberal government has done, that they are bringing this bill forward for third reading and finally it is going to be passed by this House. I merely want to point out to you, Mr. Speaker, and to the members of the House that there has been a marvellous flip-flop on the part of the minister and the government over this bill.

The debate in the House could have been shortened considerably if the concept we first proposed had been accepted by

the government in the first place. The debate in committee could have been shortened considerably again if the government had accepted the principle of 16 as the maximum age. I am fully convinced that before long that age limit will have to be accepted. As I said in the committee, it is a retrograde step to use the age of 18. We are firmly committed on that. But we feel we have made our point, even though we have not been able to convince the minister. Nevertheless the bill does fulfil the long needed demand for reformation in this whole area of the law. Because of that, we are willing to allow it to reach third reading and to be implemented.

The bill is going to take a much longer time to be implemented as a result of the stand of the minister and the government. In the long run there will be very serious defects in the administration of the bill, at the provincial level especially, because of the extremely burdensome and unnecessary costs which will be imposed on the federal treasury as a result of this government's stand. Sooner or later the age of maturity as far as young offenders are concerned will have to be dropped to 16 years. The age should be 16 now.

We are creating an administrative and financial nightmare. There are only two provinces in the country, Quebec and Manitoba, in which 18 is at present the age of maturity. All the other provinces have a lower age. The nightmare will be beyond belief and it will be the result of the minister and the government sticking to the age of 18. As I say, the age of maturity should be reduced to 16. That has been our position all along. It is still our position; but we also want to see this bill passed.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I too rise to speak on the third reading of Bill C-61, the Young Offenders Act. I agree with those who suggested that in many ways this is a historic day.

There have been no changes in substance to the Juvenile Delinquents Act, originally an act of 1908 with some amendments in 1929, since its original enactment in 1908. Of course, a number of attempts to do so were made. A report was prepared by a special committee of the Department of Justice in 1968. Legislation was tabled in 1970—I believe it was Bill C-192—which was heavily criticized at that time as being a criminal code for children.

• (1520)

After that a number of committees examined the various provisions of the Juvenile Delinquents Act. The report on "Young Persons in Conflict With the Law" was in many ways a progressive document and well ahead of its time. It was tabled by the then solicitor general, the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand), in 1976 and, following that, the solicitor general in the Conservative government, who has just spoken on this legislation, indicated that it was a priority for his government to amend the provisions of the Juvenile Delinquents Act.

The original bill which was tabled in this House did unquestionably contain a number of important advances over the provisions of the Juvenile Delinquents Act. For example—and I will cite only a few advances in this legislation—there was an end to status offences which, by the way, tended to discriminate particularly against young women who came into conflict with the law. The sweeping offence of being involved in sexual immorality or other similar vices was used overwhelmingly against young women.

The offence of truancy was one which, it was argued quite rightly, should not be contained within the scope of criminal law dealing with young persons.

Indeterminate sentencing, which was permitted under the Juvenile Delinquents Act, has now finally been ended, and provisions with respect to young persons are being brought into line with those for adults.

There are guidelines in the legislation on transfer of young offenders to adult court, and the minimum age has been increased from seven to 12. I do not think many would argue that young people who are seven, eight, nine, ten and 11 years of age should not be dealt with as young criminals but, rather, should be dealt with within the scope of provincial social services legislation.

Perhaps some of the most important advances in this legislation are the clauses of the bill dealing with procedural safeguards for young people at trial. Too often in the paternalistic approach of the youth court—a closed-door, paternalistic approach—the legal rights of young people were overridden. Now, of course, the courtroom will be opened to public scrutiny, and that is as it should be, although the anonymity of the young person will be maintained. The young person who is before the court will have access to legal counsel whether or not the young person is able to pay for legal counsel. Young people will have the right to bail, a right which for too long has been denied them.

There are a number of other significant advances of a procedural nature in this bill. The provisions with respect to dispositions are broad and varied. Again, we welcome the opportunity for juvenile court justices or youth court justices, as they will now be known—to use a variety of sentences which do not involve incarceration; because in many instances when young people have been put into jail the time they have served in jail has in fact been more destructive to them, and ultimately to the community, than another form of disposition. I will come back to this aspect of the bill later on because, as we will see, far too often governments, both provincial and federal, have refused to put adequate resources into the juvenile justice system in our country. While we can establish a legal framework, as we are doing in passing the proposed young offenders act today, unless governments finally get serious about putting money into this area, we will still see far too many young people in conflict with the law, and ultimately we will see these young persons become hardened adult criminals.

While Bill C-61 did contain a number of progressive steps forward, it did, however, contain a number of very serious flaws. In fact, those flaws, in the view of the New Democratic Party, were so serious that at second reading we voted against

the bill. Perhaps the most important weakness in the legislation was the failure of the bill to impose a uniform maximum age right across Canada. Both the official opposition and the New Democratic Party agreed that the principle of equality before the law was made a mockery in this bill, which allowed a young person to be dealt with under the provisions of a youth court in some provinces up to the age of 16, in other provinces up to the age of 17 and in Quebec and Manitoba up to the age of 18. We condemned that particular provision, and we felt so strongly about this denial of equal rights for young persons that we voted against the bill at second reading.

The question then came before the Standing Committee on Justice and Legal Affairs, and after the Solicitor General (Mr. Kaplan) was advised by his legal advisers in the Department of Justice that the bill might very well be challenged under the charter of rights as denying equality before the law, the Solicitor General had to make a decision. He accepted that there would be a uniform age, and the question as to what that age should be then arose.

After having carefully considered this question and after having listened to a number of very outstanding witnesses representing a cross-section of the Canadian criminal justice community, we in this party came to the conclusion that that uniform age should be 18. That age was the age which was proposed by the Solicitor General, and I would like to take a minute or two just to explain why it is that we on this side of the House were prepared to support a uniform maximum age of 18.

First, I note that a lower uniform maximum age such as 17 or 16 would effectively seriously weaken the existing programs in the province of Quebec and in the province of Manitoba. In both those provinces young persons are dealt with within the context of the juvenile justice system up until the age of 18, and if we in Parliament were to impose the maximum age of 16 or 17, what we would be telling those provinces is that we are not prepared to accept the validity of their particular schemes for dealing with young persons. We in this party were not prepared to gut, effectively, those important programs which, in many instances, have been very successful in keeping young persons out of the scope of the adult criminal law and within juvenile detention systems and juvenile justice systems for as long as possible.

The second concern we had in approaching this question of a uniform maximum age was that if the age were lowered to 16, or even to 17, effectively what we would be doing in too many instances is dumping young persons into the adult criminal justice system and into adult prisons, and it was our view that young people should be dealt with within the context of the juvenile justice system for as long as possible, recognizing the right of the community to be protected from crimes by young persons. However, if we were to have a uniform maximum age of 16, this would mean that effectively 16-year-olds and 17-year-olds who came into conflict with the law, no matter how minor their offences, would be dealt with as criminals under the provisions of the Criminal Code and imprisoned with adults and, in many cases, imprisoned with hardened adult criminals. We do not believe this is the most desirable way of rehabilitating young offenders. We believe we should be putting additional resources into the juvenile justice system for as long as possible so as to keep young people out of contact with adult criminals until the age of 18.

There are those who argue that there are some hardened young persons who indeed should be dealt with as adult criminals because they may have a record of a series of violations of the law. To those persons I point out that indeed they can in fact be dealt with under the provisions of the Criminal Code because the proposed young offenders act does continue to allow for the transfer of young persons over the age of 14 to the adult court system. Those young people who, as has been pointed out, in some instances are perhaps hardened to the youth criminal justice system can indeed be transferred and, in a number of instances, already are being transferred to the adult correctional system. However, for the other young people up to the age of 18, hopefully we as a society will be prepared to accept an additional responsibility to put additional resources into that particular system to ensure that to the extent possible these young persons will be kept out of contact with adult criminals. As I say, we believe the age of 18 is acceptable.

However, it should be borne in mind that by increasing the age to 18 a substantial financial burden is being placed upon a number of provinces and territories. In response to a question raised by me in the Standing Committee on Justice and Legal Affairs and also in a speech in the House of Commons, the Solicitor General indicated that, while he is prepared to look at some additional resources in this area, this was a burden that the provincial and territorial governments would have to bear largely on their own.

If this government is serious about improving and humanizing the system of criminal justice for young persons, it has to be prepared to put additional financial resources into the hands of provinces and territories to ensure that the legal framework which is established in the proposed young offenders act delivers a system which indeed will encourage young people to stay out of involvement with the criminal law. If indeed the federal government does not come up with additional resources, the provisions in the bill which provide, for example, for dispositions alternative to incarceration will be redundant.

• (1530)

The provinces will argue that they cannot afford these provisions, and what we will see is an increased number of young persons dumped into jails for children. That is effectively what detention centres are. There should be disposition before an actual court appearance; in other words, diversion away from the criminal justice system. This will not take place unless the federal government is prepared to ensure additional resources are made available both to itself and to the provinces.

Surely we as a society must accept our responsibility to young people and our responsibility for dealing with many of the circumstances which lead young persons to become

involved in crime. I will come to this in a few minutes, Mr. Speaker, but first I will deal with some of the other weaknesses of the present legislation as we see them.

I should note that we are now dealing with third reading stage of the legislation. We did not propose any amendments at report stage despite the fact that we would like to have seen improvements to a number of clauses in the bill. We agreed that if the Solicitor General and the government did not propose amendments at report stage either in the House or in the Senate, we would not do so either, much as we would like to see the bill improved.

I will not go over all the areas of the bill that were dealt with in committee but I will emphasize two or three areas where we think the bill should be strengthened. In fact, in our opinion some of those areas contribute to weakening the existing protection of young persons under the Juvenile Delinquents Act.

Instead of providing increased protection for the community and for the rights of young persons in conflict with the law, the existing Juvenile Delinquents Act, enacted in 1908, is being watered down. Clause 7 of the bill allows young people who have been arrested and detained to be locked up with adults. Under the provisions of the Juvenile Delinquents Act as it now stands, young people under the age of 14 cannot be locked up with adults under any circumstances, but the young offenders bill would allow young people of 12 or 13 or older to be locked up with adult prisoners in certain circumstances. Those circumstances include conditions in which adequate resources do not exist in the community.

Clause 7(3)(a) provides that a young person can be locked up with adults if "no place of detention for young persons is available within a reasonable distance". This will ensure that young people in rural communities, young natives in particular and young people in poorer parts of Canada, in some instances will be locked up with hardened adult criminals.

Surely these young persons are presumed to be innocent. What we are saying is that in those parts of the country in which there are not separate facilities for them, they will be locked up with adults. That represents serious denial of their rights. In addition, it represents a violation of Canada's commitment to the International Covenant on Civil and Political Rights which requires Canada to ensure that young people are not locked up with hardened adult criminals.

In committee we sought an amendment which would ensure that young people were detained separately from adults, but the government refused to accept it. As a result we will have a regime which will discriminate against young people from rural communities, native young people and children from poorer parts of Canada.

Another provision of the bill which weakens the existing Juvenile Delinquents Act is Clause 24(14). Under this provision the attorney general of a province is allowed to authorize the transfer of young persons over the age of 18 from youth correctional facilities to adult jails. As things now stand, once society has accepted responsibility for dealing with young people within the context of the youth correctional system, they cannot be taken out of that system at age 18 or 19 and dumped into adult jails. That is the present provision of the Juvenile Delinquents Act. What the government is doing is allowing young people to be dumped into the adult prison system in those parts of the country which do not have other resources. If we are trying to ensure that they will be kept out of contact with adult criminals, we are failing. This particular provision has no guidelines whatsoever and represents a step back from the existing provisions of the Juvenile Delinquents Act.

There are other clauses in the bill which weaken the Juvenile Delinquents Act. This is ironic when we are supposed to be moving toward protecting not only the community but increasing the rights of young people in conflict with the law.

The records provisions of the bill have been described as pernicious and an outrageous violation of the right to privacy of young persons. A respected organization called "Justice for Children" presented a brief to the Standing Committee on Justice and Legal Affairs in which it pointed out that these provisions are far broader in scope than the provisions respecting the records of adults. When we are supposedly ensuring that young people have the same rights before the courts as adults, why do we take this backward step and permit sweeping access to records even before the young person is convicted? These provisions have been described by Justice for Children, the Canadian Bar Association and a number of others as representing a fundamental denial of the right to privacy of the young person. I will not go into a detailed analysis of this at this time, but I want to put on record our serious concern that we are weakening the existing provisions of the Juvenile Delinquents Act in these clauses of the bill.

Another area in which we are taking a backward step instead of moving forward in the area of juvenile justice is Clause 5 of the bill, which would allow the young offenders act to be subject to the provisions of the National Defence Act. As things now stand in law, those young people convicted or accused of a criminal offence, whether they live on a military base or not, are not subject to the jurisdiction of the National Defence Act. What we are saying in this legislation is that we are goint to take a step backward and subject these young persons who happen to live on a military base in Canada or outside the country to the provisions of the code of service discipline. In many ways this is a relic of the eighteenth or nineteenth century which denies not only the young persons subject to it but all military personnel many of the fundamental rights which other Canadians are entitled to.

In fact, the Department of National Defence has had the unmitigated gall to ask for exemption from the Canadian charter of rights to ensure that the code of service discipline is upheld. This code denies bail to persons accused of criminal offences and countenances a number of abuses of their fundamental rights. This bill will allow these young persons to be subjected to the harsh and, in many ways, unjust provisions of the National Defence Act.

The bill does not go far enough in dealing with the concerns that society must have with respect to the mentally retarded and those persons subjected to lieutenant governor's warrants. I need only point to the case of Emmerson Bonar who has the mental capacity of a six-year-old and was incarcerated at age 16. This bill fails to come to terms with some of the serious problems of a young person who may have psychiatric disturbances or may be mentally retarded. To the extent it fails to do that, Mr. Speaker, we on this side will be pursuing this question.

• (1540)

My colleague the hon. member for Beaches (Mr. Young) has played an outstanding role on the Special Committee on the Disabled and the Handicapped and has a special interest in this area. We will certainly be pursuing this to ensure that justice is finally done to these individuals.

There are a number of other provisions in this bill which are weaker than we would liked to see. We tried to amend it in committee, and I am pleased to note that a number of amendments I put forward on behalf of the NDP were indeed accepted by the government. The atmosphere in that committee was one of co-operation; as a result, a number of the amendments we submitted were accepted, and I believe it is a better bill because of that.

Before closing, Mr. Speaker, I would like to turn to an area which is not directly addressed by Bill C-61 but which in many ways is perhaps the most important element of a juvenile justice system in Canada. I refer to the question of prevention. One of the amendments I proposed and which was accepted was an addition to the statement of principles in Bill C-61 which would ensure that society recognized its responsibility to prevent those conditions which lead young persons to become involved in crime. Recently the Senate Standing Committee on Health, Welfare and Science produced an excellent report entitled "Child at Risk". The committee documented many of the conditions which unquestionably lead young persons to become involved in crime. It is very important that we as a society accept our responsibility to do what we can to eradicate these conditions. I am not going to go through all the conditions so eloquently documented by that committee, but I will note some of them.

Child abuse has been recognized as a very significant factor in the development of violent criminal behaviour in later years. A number of eminent psychiatrists who appeared before the committee noted that violent criminal behaviour is in many instances a direct result of child abuse and neglect in the first three years of life. In the past our society has paid more attention to cruelty to animals than it has to cruelty to children. This does not just involve the beating of young children; it is part of a broad range of characteristics which can include family instability, minor criminal offences, high mobility, unemployment, and general economic and social stress. I have no doubt, Mr. Speaker, that the conclusion of the committee that violence breeds violence is entirely accurate.

The committee noted as well the phenomenon of violence on television and pointed to a study which showed that in ten years of viewing, an average Canadian child would likely have watched the violent destruction of more than 13,400 people. In the United States it has been estimated that a child is exposed to something like 17,000 murders during his formative years.

The committee pointed to a number of other problems which can often lead to young people coming in conflict with the law. This goes right back to the fetus, to conditions during childbirth, problems which can be attributed to children being shunted from foster home to foster home. There is also the fact that in many instances children, particularly in single parent families, are raised in conditions of abject poverty. Surely we as a society must, if we are serious about eradicating crime among young people, finally start to accept our responsibility to deal with the economic conditions which so often lead young people to become involved in crime.

In 1975 the National Council of Welfare published a report which should be required reading for all Members of Parliament entitled "Poor Kids". I only wish I had the time to read the whole report to Parliament and the people of Canada, but I will just read a couple of extracts from it:

> To be born poor is to face a greater likelihood of ill health—in infancy, in childhood and throughout your adult life. To be born poor is to face a lesser likelihood that you will finish high school; lesser still that you will attend university. To be born poor is to face a greater likelihood that you will be judged a delinquent in adolescence and, if so, a greater likelihood that you will be sent to a "correctional institution". To be born poor is to have the deck stacked against you at birth, to find life an uphill struggle ever after. To be born poor is unfair to kids.

How true that is, Mr. Speaker. The report goes on to note that:

> Among children in two-parent families across Canada, 21.2 per cent were in poverty; among those in male-headed single-parent families, 33.7 per cent were in poverty—

And what a shocking statistic this is:

> —among those in female-headed single-parent families, an incredible 69.1 per cent were in poverty.

This overwhelming probability of poverty for children in families headed by mothers alone was true right across the country.

We know as well the particular incidence of poverty among native children and the way they are in many cases subject to harsh conditions not only during their childhood, but in many instances as a result of a fetal alcohol syndrome which results from excessive consumption of alcohol by the mother. As the hon. member for Notre-Dame-de-Grâce-Lachine East has pointed out, and I commend him for his outspokenness on this subject, we have in Canada in many ways our own "third world", and that is surely the world of our native peoples, the Indian, the Inuit and Metis. It is about time we as a society recognize our historic responsibility for the conditions in which they live today, stop playing our paternalistic and in many ways colonial games and allow the native people themselves to start to take control over their own destiny.

I would also like to note, Mr. Speaker, that the question of resources is central to a comprehensive approach to crime

among young persons. Right across this country provincial and federal governments have far too often paid lip service to dealing with the terrible conditions of young people who have come into conflict with the law. In my own province of British Columbia conditions are appalling. In August of 1981, provincial court judge Patricia Byrne declared that she was:

—appalled and disgusted by the way three government departments have been fighting over what to do with a 16-year-old youth with a history of violent behaviour stemming from an emotional disorder—

British Columbia still does not have a single secure facility for dealing with young people who are psychiatrically disturbed. What kind of priority for our society is that, Mr. Speaker?

Then there is Quebec, where it has been admitted that there is a terrible shortage of facilities for juvenile offenders, particularly young Anglophones. In 1981 the Youth Protection Committee in Quebec made a public plea to the Quebec government for more money, facilities, and a greater level of over-all recognition of the needs of young people in Quebec. Quebec does not have a single juvenile detention facility which is equipped to deal with anglophone juveniles who need both maximum security and psychiatric treatment. For that reason, Mr. Speaker, a 15-year-old English-speaking Montreal boy last year spent more than five months in an adult prison in New Carlisle, 900 kilometres from his home, before returning to Montreal.

Again, in British Columbia far too many young people are being locked up because of the unavailability of alternate resources. Instead of dealing with these young persons in facilities which do not constitute secure containment, what has happened is that they are being locked up in jails which are chronically overcrowded. In my own constituency of Burnaby the so-called youth detention centre has regularly been far too crowded. Its capacity is something like 63, and in a number of instances there have been over 100 children crammed in. How can we possibly expect rehabilitation under those circumstances?

The final example is one right here in Ottawa where there is still a terrible need for a facility for psychiatrically disturbed adolescents. Dr. Selwyn Smith, the director of the Royal Ottawa Hospital, said that there is an acute need for a secure handling unit for young offenders, where they can be given specialized psychiatric assessment and treatment. Such a facility is long overdue. It is all well and good to pass a new piece of legislation such as the young offenders act—and as I say, we welcome the changes that have been made; we are particularly pleased to note the number of improvements made in committee—but we as a society must finally accept collective responsibility to create a society in which young people do not live in poverty. We must create a society in which child abuse is recognized as a serious problem. It will not be until we put resources into this area of the criminal justice system that we will be doing justice to young Canadians.

• (1550)

We support Bill C-61. We will be monitoring its progress very closely in the months ahead to ensure that where there are weaknesses in the bill they will be strengthened. Most important, we will be pushing, prodding and cajoling governments, both provincial and federal, to ensure that adequate resources are put in place so that when we talk about justice for young people we mean, indeed, that young people are achieving justice.

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Mr. Speaker, it is indeed a red letter day for the House of Commons because we are finally about to pass the young offenders act, which will replace the old Juvenille Delinquents Act of 1908. I am myself particularly pleased with the impending passage of this bill. When I was Solicitor General in 1973 the special committee to review the Juvenile Delinquents Act and to recommend changes was set up. That committee was made up of officials from the Solicitor General's department, the Department of National Health and Welfare and the Law Reform Commission. It presented its report in 1975 under the title of "Young Persons in Conflict with the Law." That report was the result of wide consultation with the provinces, with private sector associations, experts and groups.

As I and others have stated, the Juvenile Delinquents Act which is now in force in this country was originally passed in 1908. It was amended only once substantially, in 1929. That means that for 53 years we have not had any substantial change to our juvenille delinquency legislation.

As we all know, much has happened in those 53 years. We have experienced a depression, a world war, very widespread social, political and economic changes affecting the family, the church, community organizations and so on. Because of much public concern about the state of the legislation, the Department of Justice set up a committee in the early 1960s which reported in 1965. That committee recommended widespread changes to the Juvenile Delinquents Act.

In 1970, the government presented Bill C-192, called the young offenders act. That bill passed second reading in the House of Commons but died in committee when the election was called in 1972.

In 1975 the report "Young Persons in Conflict with the Law" was published. This work was done during the time I was Solicitor General. The people responsible for the report tried to take into account many of the submissions made to the justice committee during hearings on Bill C-192, and they attempted to deal with the many objections people had to the original bill of 1970. Nothing much could be done following publication of that report in 1975.

As hon. members know, we had elections in 1979 and in 1980. Solicitors General pursued the subject and tried to get agreement with the provinces to bring in legislation. The subject matter was certainly moved forward, but it was only in June, 1981, that we passed the present Bill C-61 at second

reading. It was then sent to the Standing Committee on Justice and Legal Affairs.

I must say that I was extremely pleased with the work done in that committee. It passed over 70 amendments. I mention that because many people think our parliamentary committees do not work, that they just rubber stamp government legislation. In this case, the minister—and I congratulate him for being reasonable—accepted amendments from all sides of the House—from the Conservative Party, from the New Democratic Party and even from some of us on the government side who had amendments to present. The Solicitor General himself presented amendments which improved the bill. This was a good record and an example of co-operation among all parties in the committee to improve the legislation. It is true that not all amendments were accepted. Some were voted down on division, including some of mine. But a very good job was done by Parliament in that committee.

With respect to the importance of the subject matter, that of juvenile crime, the last Statistics Canada report we have on the subject is for 1980. It indicates that 28,008 children as defined in law committed 73,098 offences in 1980 under the Juvenile Delinquents Act, which in itself is a serious problem. But what is even more alarming is that in the past a good number of young people who commit crimes as juveniles remain criminals. They become adult criminals, in my opinion because not enough attention is paid to them when they commit their first offences as young people.

It is my hope that, with the provisions of this legislation and with the services that are in the process of being set up and are underway in several provinces to deal effectively with juvenile crime, with diversion, with many types of rehabilitation, with closer consideration and care to the problems of young people which lead and instigate crime, this situation can be turned around. If we are ever to solve the adult crime problem in this country, we have to start with the juvenile.

Bill C-61 is not a perfect piece of legislation but it is an immense improvement over the present Juvenile Delinquents Act. It gets rid of the status offences, that is, the offences of delinquency and so on. It no longer covers provincial offences or school board offences. It deals with offences which are criminal properly speaking. It gives the young person the full right to counsel that an adult has. It gives the young person all the rights an adult has. It also gives the young person certain responsibilities.

The subject which led to most disagreement in committee and in the House was with respect to age. The chief critic for the Conservative Party, who was Solicitor General at one time, stated that he and his party had always been in favour of a uniform maximum age across the country for juvenile offenders under the law, and they wanted that age to be 16. I must say that the report published while I was Solicitor General also suggested a uniform age, but the age suggested was 18.

The hon. member stated in his speech earlier this afternoon that he feels 16 is the proper maximum age for juvenile offenders. I do not agree with that. I think the maximum age should be 18. If we think it is correct that people should vote only when they reach the age of 18, that they should drink alcoholic beverages only at 18, then they should not be tried as adult offenders at the age of 16. If they are to be considered young persons for many other things until reaching the age of 18, then they should be treated for criminal purposes as a young person until reaching that age.

I do not want to delve into that topic too much at the present time, but I do not think there has been any flip-flopping on this. If we read the different legislation which has been produced and the different reports of the last ten to 15 years on this subject, we will know that we wrestled with the subject of what a uniform age in Canada should be.

• (1600)

The area of Ottawa-Hull is where the difference in maximum age showed up the most. Under the present law, if a 17-year-old person in Hull commits the offence of breaking and entry, because the maximum age for juvenile offenders in Quebec is 18, he will be tried in the juvenile court system in Hull under the Juvenile Delinquents Act. If he is found guilty, he will be sent to juvenile detention centre or be treated under the provisions of the Juvenile Delinquents Act. However, across the river here in Ottawa, because the age in Ontario for criminal responsibility is 16 years, a person of the same age would be tried in an adult court and very likely sent either to Joyceville or Millhaven penitentiary. We can see how unfair it is to have within a few miles of each other two individuals of 17 years of age being treated differently. One could end up in Millhaven penitentiary and the other could end up on probation under the Juvenile Delinquents Act for committing the same offence. This situation was completely unfair and had to go. We were all agreed that we needed a uniform age. The question was whether the age should be 16 or 18. I opted for 18, as did the New Democratic Party and the government. The Conservative Party opted for 16, and I must say that it had a certain number of supporters. But it was nothing which could be settled absolutely or dogmatically.

Mr. Lawrence: Why did you vote against a uniform age at second reading?

Mr. Allmand: I was in agreement with a uniform age at second reading. But I was against 16 years and I knew the proposal of the Conservative Party was 16.

Mr. Lawrence: You voted against it at second reading.

Mr. Allmand: I would rather have a variable age than a uniform age of 16 across the country. I am very much opposed to the maximum age of 16 years. The hon. member can check the record. For years I have been for a uniform age of 18 years. This is pretty clear both in *Hansard* and in the record of the Standing Committee on Justice and Legal Affairs over the years.

I am extremely pleased, as are many people in the country, that we are finally passing the young offenders act. It contains much improvement but it is not perfect. As time moves on, I am sure we will make this legislation even better.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I join with the other hon. members who have participated in this debate in saying that this is long overdue legislation. Any act which is 74 years old obviously has come in confrontation with some anachronisms. As the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) enumerated, there are a number of them, so we welcome the updating of the legislation.

I disagree with some of the points of the Solicitor General (Mr. Kaplan). First, he commended the committee for working so well, as did the hon. member for Notre-Dame-de-Grâce-Lachine East. If the minister looked over the record of the committee and its work, if he took off his vested-interest glasses which he wears as a minister of the Crown, he would have to say that in terms of parliamentary work, as a Parliament and one of its committees should function, the committee was a joke. It really did not function as a committee should. It heard all the witnesses and went through the *pro forma* of presenting amendments, but in terms of working in an open-minded way and hopefully improving the legislation by the contribution of all parties, it was a total joke.

For example, I had a minor amendment which I wanted to make concerning Clause 3(1)(*h*). Obviously subclause (1) contains sections (*a*) to (*h*). My amendment was to move the position of (*h*) to that of (*a*) and then reletter all the sections. Section (*h*) dealt with the fact that young people are accountable. It read:

(*h*) parents have responsibility for the care and supervision of their children, and, for that reason, young persons should be removed from parental supervision either partly or entirely only when measures that provide for continuing parental supervision are inappropriate.

I support that provision. I think it is a good inclusion in the law. But it should not be the last, it actually should be the first. If we leave it to the last and begin with individual responsibility at the outset, and then move through a progression where the courts and government support systems move in, we really have a statist, progressive role in the role of the family. All I wanted the minister to do was to move section (*h*) to position (*a*) so that parental authority would be number one and, after parental authority broke down, the state could move in. That was a monumental change for the minister. The committee could hardly accommodate such a revolutionary concept and it was summarily voted down. This was how well the committee functioned!

It was faulty in another very important sense, and that is, it ignored provincial representations. As I recall, there were only two provinces which represented themselves and presented briefs. It may have been that I was absent on one or two occasions and other provinces appeared, but I recall only two submissions from the provinces of Saskatchewan and Ontario. At no time do I recall any representation from Quebec or Manitoba. But presto, somehow the position of Quebec and Manitoba took precedence on the subject of uniform age.

It so happens that Ontario has a maximum age for juveniles of 16, Alberta has a maximum age of 16 and British Columbia has a maximum age of 17. The combined population of these three provinces is equal to half the population of Canada, whereas the combined population of Quebec and Manitoba is less than one-third. Despite these disparities and representations, somehow the message from Quebec and Manitoba got through.

Mr. Munro (Esquimalt-Saanich): Without a presentation.

Mr. Friesen: Even without a presentation. The hon. member for Burnaby (Mr. Robinson), in his vaunted eloquence, supported age 18 as the uniform age. He may have a legal opinion on that. Later on in his presentation today he objected to the fact that young people will be incarcerated with adults—what a crime to put 12-year-olds with 20-year-olds. I agree. Why should young people, children in fact, who are really on the threshold of life and beginning to engage in criminal activities, be given a kind of "university education" within the criminal system by being put together with 20 and 21-year-olds? Exactly, but why does he support age 18 as the uniform age? It would be a sure way of incarcerating children with adults. He cannot have it both ways.

At the outset I said that the province of Ontario opted for age 16 as the uniform age. That was its recommendation which the minister, hiding behind the curtains, seems to have forgotten. The province of Ontario indicated that if a uniform age were adopted, it would recommend the age of 16 as the uniform age, but that if this were not accepted it recommended that age 17 be adopted. In its supporting documents, the province of Ontario submitted the following points:

1. Inclusion of 16 and 17-year-old youths in our junevile justice system would represent an increase of more than 165 per cent in the number of charges brought before the youth court each year. Many of these charges will represent more serious types of crimes by seasoned offenders. We have grave concerns that the excellent juvenile programs developed in this province may be severely damaged by the need to accommodate such a mix of children and young adults.

This is just the very thing the hon. member for Burnaby wants to avoid yet supports.

• (1610)

2. In proposing these changes you have expressed concern that 16 and 17-year-olds not be exposed to older, more experienced offenders. Ontario is greatly concerned that your proposed changes will expose 12-year-old children to offenders who are up to 22 years of age. In many parts of Ontario, there will simply be no practical way to avoid this most unfortunate result.

The province further stated:

Another concern you purport to be addressing with your amendment involves reducing the number of young persons being institutionalized. We are afraid that you are achieving precisely the opposite result. Our experience shows that in practice few 16 and 17-year-olds are incarcerated because the courts respond to this age group generally as first offenders. However, if the maximum age is raised, many would undoubtedly be appearing before the youth court as repeat offenders and would draw stiffer penalties. The number of custody dispositions for 16 and 17-year-olds may increase by 200 or 300 per cent. Furthermore, the adult court would probably adopt a more lenient approach to 18 and 19-year-olds, as first-time adult offenders.

That kind of concern ought to register with the Solicitor General. On the one hand, he wants to prevent young people from being incarcerated with adults, but, on the other hand, he brings in an amendment which will ensure that young people will be incarcerated with adults. I find that to be reprehensible.

Further, he ignores the testimony given in committee by members of the Ontario government. I would like to quote from page 63:54 of the committee hearings held February 23, wherein Mr. Drea says:

> Now, there is no way, even at a cost of some $83 million—

I might say in passing that the hon. member for Burnaby wants us to spend more money to assure that the justice system works. I agree that we do need to spend more money in some areas. I would remind the hon. member, however, that the way to save money is to let the family look after the juvenile if at all possible, rather than to institutionalize, and it would not only save money but would also be much better for the juvenile.

Mr. Drea continued:

> —and that may be low—that I can provide at least 20 new maximum security—and I am not talking about maximum security for juveniles, I am talking about detention centres that would be built to the standards of Toronto East or the Don jail; that would be built to the standards of the Millbrook provincial institution. There is no way I can provide those—forget the money; just the bricks, the mortar, all the security that goes in. We are not going to be able to do that in three years.
>
> Therefore we are going to have to take over from the adult system some maximum security detention centres. If this goes through, you are going to have juveniles in the Don jail in Toronto. It is that simple. I have no other place to put them. I cannot put them in a group home. I cannot put them in an observation place. Perhaps after trial or a disposition they may go off into something not that secure.

On the one hand, the Solicitor General and the hon. member for Burnaby want to ensure that these young people are not incarcerated with adults, while on the other hand they are making sure that it will happen. Two pages later on, Mr. Drea states:

> —By the way—and this has not even been touched—the probation caseload in Ontario will change by about between 7,000 and 8,000 people a day. Now, the important thing about that is that most 16 and 17-year-olds are the prime users of probation and with community service orders and a number of other things, it is working. It is really working. Okay. Now, you are switching, you are having to fragment your probation thing without any regard to the end of the system. It is what you want to accomplish. Knowing all the restraints and all the legalisms, which are quite popular, that I would prefer to look at.

I suspect that the secret of the hon. member for Burnaby, certainly, is that he enjoys having that kind of a state role in juvenile affairs, that he wants to have a state enterprise in the juvenile system and to move into those areas which are properly the family areas. I suspect that that has more to do with ideology than it has to do with the welfare or prescient understanding of where the children or the young people are at.

The hon. member for Burnaby also ignored a representation by the New Westminster crime prevention committee. This is an organization of private citizens, ratepayers' groups, business people, members of the MHR, police, YMCA, YWCA, probation services, detached youth programs, etc. They state:

> We are opposed to the item whereby the age limit of prosecution for an adult will be raised from 17 (the current age here in B.C.) to 18. In our collective experiences we believe this will only serve to give too many juveniles another year to continue their anti-social (criminal activities) before they will be held fully responsible for their actions.
>
> We are also concerned about the involvement of lawyers at the initial phase of investigation of first offenders. This will, in all likelihood, put an end to our very successful police diversion programs. We find that the youth are already very familiar with their rights and the presence of a lawyer at this stage could in many instances hinder our working with youth before they get into the justice system.

That is the presentation of a committee from New Westminster, the city bordering on the constituency represented by the hon. member for Burnaby. He ought to be informed about the cause in B.C. He ought to know how people in British Columbia think. Instead, he would rather choose to represent the feelings, ideas and presentations of the people of Quebec and Manitoba and forget about those in British Columbia. Of course, we are familiar with that from the members in the New Democratic Party of British Columbia. We saw that during the constitutional debate and we understand where that sort of thing comes from.

The other point, which is ambiguous to the extreme as far as the Solicitor General is concerned, and certainly the hon. member from Burnaby, is that on page five of his presentation to the committee the Solicitor General pointed out that:

> The key principles which underlie the proposed young offenders act are:
>
> That young persons should be held more responsible for their behaviour but not wholly accountable since they are not yet fully mature—

I agree with that. As a matter of fact, that was corroborated by the Minister of Justice (Mr. Chrétien) only a few days ago when he was referring to the child pornography provisions in Bill C-53. I agree that young people ought to be held accountable, but not wholly accountable. It strikes me as somewhat strange that the hon. member for Burnaby takes the same position, but in a different way. Here in the House he has been pontificating as to how society ought to operate under a load of guilt for the many wrongs that it has perpetrated on young people and children, and that one really cannot blame children for doing wrong because, you see, society is at fault. That may be incredibly sound socialist principle and ideology, but it is rotten psychology. Even that university-educated hon. member for Burnaby, who has done a lot more reading than he has living, ought to know that if young people are trained to shove the blame on to someone else, they will learn that very well and they will never learn to be accountable. There is a choice between making young people accountable or making society accountable. The hon. member for Burnaby ought to learn that there are sometimes people who choose—who decide—to do wrong regardless of the circumstances and regardless of what society has done. Witness the affluent community from where he comes.

An hon. Member: Like the Conservative Party.

Mr. Friesen: Yes, including the Conservative Party. It is part of human nature.

Mr. Darling: Like the NDP in Saskatchewan.

Mr. Friesen: I do not absolve any segment of society from that. But even in the community which the hon. member for Burnaby represents, there are affluent members of that community who do wrong. Will he blame that on society? Will he blame it on poverty when the upper and middle-class people

in his community commit crime? As I say, it may be great Skinnerian dogma, but it is not good psychology. It certainly portrays an incredible lack of understanding of human nature and of young people.

• (1620)

As I said before, I agree with the minister that there ought to be joint responsibility between the young people and some other body in society. That is why I was so relieved to see the Solicitor General, when he was a backbencher, table a private member's bill which called for joint responsibility between young people and their parents in certain cases. I thought that was a good idea, so I took up that idea. I admittedly modified it very slightly and submitted it as an amendment. The minister is enjoying this, is he not?

Mr. Kaplan: Not very much; not this part.

Mr. Friesen: Here is the amendment I submitted in committee:

> That Clause 3 of Bill 61 be amended by
>
> (a) striking out line 31 on page 3 and substituting the following:
>
> "(a) parents have primary responsibility for the care and supervision of their children, and, for that reason, young persons should be removed from parental supervision either partly or entirely only when all measures that provide for continuing parental supervision are inappropriate;

Later there was an amendment asking that the parents of the children be held jointly responsible when the judge deemed it appropriate to do so. When the Solicitor General was a backbencher, he found that to be a good principle. In fact, he did so at the behest of his constituents. Apparently there was a lot of vandalism in his riding. The community organizers came to him and said they needed a back-up to the present law. If parents are irresponsible, the law ought to bring them to account and make them jointly responsible for the children. I think that is good.

That was the view of the Solicitor General when he was a backbencher. A marvellous conversion took place between his move from the back bench to the front bench. When he became a cabinet minister, he either had a conversion or lapse of memory because he felt that it was not an appropriate piece of legislation.

I am quite astounded at that. I think it is a downward move. For support, I have the credo of the Canadian Society for the Prevention of Cruelty to Children. It underscores this. I quote:

> Most parents are willing and able to provide their children with the necessary loving empathic care, given support from others, appropriate understanding of the task and the conviction of its absolute importance.
>
> It is unutterably cruel to permanently maim a human being by failing to provide this quality of care during the first three years of life.
>
> There is an urgency therefore to:
>
> —Re-evaluate all our institutions, traditions and beliefs from this perspective.
>
> —Oppose and weaken all forces which undermine the desire or ability of parents to successfully carry out a task which ultimately affects us all.
>
> —Support and strengthen all aspects of family and community life which assist parents to meet their obligation to each new member of the human race.

That is a very positive statement. It addresses the perception in the way it ought to be seen—that the family comes first. When there are families which are irresponsible, the support mechanisms of the state step in, but only as a final resort.

While we support this legislation and while there are aspects of the bill that are upgrading and do away with some of the anachronisms in the legislation—and it is necessary to do that—there are some very dangerous trends in the legislation. I want to go on record and absolve myself of the responsibility for those aspects of this legislation that are destructive, and to point out to the members of this House and the Canadian people that there are aspects of this legislation that lead us down the road of statism.

The role of the family is being eroded, the position of the family is being eroded, parental responsibility is being eroded, and there is an easier intrusion on the part of law enforcement agencies, human resource agencies and the court system into the family unit. This will, in effect, allow parents more easily to absolve themselves of their responsibility, allow the state to come in and say to parents that because they are not doing it, the state will have to.

I want to go on record today as one person who tried in this House and in the committee to stop that slide toward a statist trend and intrusion into our family lives, who tried to preserve the integrity and sacredness of the family unit.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

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

* * *

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

Hon. Ed Lumley (Minister of State (International Trade)) moved that Bill C-110, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, it is indeed a pleasure to initiate second reading debate on Bill C-110, to amend the Export Development Corporation Act.

I hope I will have the indulgence of my colleagues since, due to my international travels, this is my first opportunity to speak in this House since becoming a minister, other than answering questions during question period. I would like to speak for a few minutes, before getting into the details of the bill, about the initiatives we have undertaken since March, 1980 with respect to export development, as well as to pay tribute to some of my colleagues in the House.

Most ministers upon entering their portfolios do not have the luxury of having several of their colleagues in the House of

Commons having been their predecessor. For my part, I have four distinguished members of this House who have been previous ministers of trade; the hon. member for Northumberland (Mr. Hees), the hon. member for Etobicoke Centre (Mr. Wilson), the hon. member for Saint-Maurice (Mr. Chrétien) and the hon. member for Ottawa-Carleton (Mr. Pepin).

I sincerely appreciate the guidance and counsel of these individual members who have made my job much easier, particularly the hon. member for Ottawa-Carleton who has spent a great deal of time working with me. As my neighbouring Member of Parliament he not only has worked hard in his own area of responsibility of transport, but also has spent a great deal of time with me on what I think is his first love, international trade.

I also want to thank colleagues on both sides of the House who participated in the various trade missions we undertook during the past two years. We decided two years ago that it would be to the advantage of the Canadian business community as well as to all parties in this House to have individual members of Parliament travel with the trade minister to various countries on trade missions with the Canadian business community and participate in those discussions. The contribution made by members on both sides of this House has been applauded by the business community and, I might add, by trade ministers and industry ministers in just about every country that we visited. In particular, I would like to single out my two trade critics, the hon. member for Yorkton-Melville (Mr. Nystrom) and the hon. member for Calgary South (Mr. Thomson), who have participated in several trade missions and have made very important contributions to our trade efforts abroad.

• (1630)

Canada is historically a trading nation, depending on international markets to consume close to one-third of the goods and services produce. With respect to goods, almost 50 per cent of domestic production is for the export market.

The degree to which we are successful in selling abroad has a large impact on new investment and new jobs in Canada. Because such a large portion of our GNP is export-oriented, Canada is much more trade dependent on other countries, such as our friends to the south. In addition, because of the relatively small size of Canada's domestic market a successful export effort is crucial, since it provides the opportunity to achieve the economies of scale necessary for Canadian firms to compete effectively at home. All of these factors suggest that the continuous support of Canadian exports is essential.

The ultimate goal, of course, of increased exports is the creation and maintenance of jobs which are consistent with the social and economic goals of Canadians in all regions of our country. It is for this reason that successive governments have recognized the importance of the Export Development Corporation and has supported its efforts.

The international marketplace is becoming increasingly competitive. Developed countries have traditionally stressed exports as the key tool in difficult economic times and as an engine for economic growth. Competition has always been fierce among these countries and continues to be so today.

Recently the newly industrialized countries, recognizing the validity of economic arguments in favour of increased exports, are putting considerable effort into the development of export markets for their own goods and services. In order to be successful in international markets, Canada must appreciate the challenges of international competition, face them squarely and pursue the many opportunities that exist with imagination and aggressiveness.

What are some of the areas, Mr. Speaker, we have been concentrating on during the last couple of years to increase Canada's exports abroad? First we have put increasing emphasis on capital projects. Why have we emphasized capital projects? There are three very simple reasons, Mr. Speaker. First and foremost, the successful acquisition of a capital project by a Canadian company, or by a consortium of Canadian companies, means an increase in the export of Canadian capital goods, the labour-intensive side of our industrial structure.

Secondly, we have tried to accelerate our aggressiveness in the non-traditional trading markets of Canada. It is very interesting, Mr. Speaker, that the areas of indigenous expertise to Canadians such as in energy, power generations, transportation and communications, etc. are also the major capital projects being undertaken by many of the newly industrialized and less developed countries throughout the world. So by acquiring these major capital projects we increase the image of Canadian manufacturers as excellent suppliers of goods and services in the highest technology sectors.

Thirdly, Mr. Speaker, we increase the image in our own country of our fellow Canadian businesses in terms of being successful in acquiring these contracts—to try and spread the good word—and I think this is having substantial success due to the fact that more Canadians than ever before are bidding on major capital projects throughout the world. Perhaps the best indication of our success in this regard, Mr. Speaker, is the fact that in 1981 we acquired more one-hundred million dollar contracts than at any other period of time in our history. As a matter of fact, we acquired more of these contracts in one year than we acquired in all the years previous. I think that is an indication of the aggressiveness, the international marketing ability and the technical capability of Canadian business men and women in a very difficult international marketplace.

How have we done? What have our results been? Canadian trade results are testimony, I think, to our increasing success in the international marketplace. When we consider the adverse economic conditions which we and our trading partners are facing, as well as the intense competition that exists in all export markets, Canada continues to perform impressively. For instance, merchandise exports increased by 17 per cent in 1980 and a further 10 per cent in 1981, outpacing the growth of the GNP in each of these years. Our 1981 trade surplus of $6.5 billion was exceeded only by the surplus of $7.8 billion in the preceding year. Perhaps, Mr. Speaker, the most important statistic is that Canada has had 23 successive months of merchandise trade surplus.

Some hon. Members: Hear, hear!

Mr. Lumley: In the areas of manufactured exports, the labour-intensive side and obviously the most important side to us, we are doing much better than many of our critics would lead us to believe. Some 70 per cent of Canada's merchandise exports take the form of semi- and fully manufactured products, a fact which often seems to escape the notice of those who characterize Canada as simply a country rich in natural resources.

The measurement of a trade surplus is based on the value of exports against the value of imports. I suggest that there is another way of looking at our export data which provides us with new insights about our trade performance. Industrial growth and employment show a direct relationship to the volume of output, and thereby to the volume of trade, and are not simply aggregate values in current dollar terms. Over the period 1970 to 1981, the price index of crude materials, as outlined in StatsCan figures, soared to almost five and one-half times its 1971 base, whereas the increase in the price of end products—"inedible", to use StatsCan terminology—is much more modest, having only slightly more than doubled. The result of the greater increase in the price of crude materials has obscured full recognition of the doubling of the physical volume of end product inedible exports between 1970 and 1981.

In citing these figures, I do not want to imply that I am not concerned about the further growth that still remains to be achieved in our export of fully manufactured end products. Rather, I want to highlight the important progress that Canadians have achieved in the production and sale of manufactured goods, and to stress the importance that this government places on the production of these types of products from a socio-economic perspective. Further, I would like to emphasize that growth in this sector is an important aspect of current economic development policy.

One of the other areas of priorization for our trade officials during the past few years, Mr. Speaker, is the area of market analysis. Traditionally, and as used many times in this House by speakers on both sides, we state the figure of 70 per cent as representing our total trade with the United States of America. In the last two years this figure has dropped from 70 per cent to approximately 65 per cent to 66 per cent. Thus it can be seen that Canadian businessmen and women are doing their very best to diversify and develop a much broader base from which to export Canadian goods and services.

In our market analysis we have first of all looked at the areas of the world which would have the largest GNP growth. The 7, 8 and 9 per cent annual GNP growth that used to be experienced by the developed world is now being experienced by countries in the Middle East, the Pacific Rim and in Latin America. During the past two years our officials have been working on special market analysis programs not only for these regions but for specific countries in these regions. The first three of these studies have been made public and I understand from the business community have been very well received.

What have we done with respect to some of the other programs to encourage Canadian business to export? Perhaps the most important program incentive to the Canadian business community is the PEMD program, the program for export market development. The Government of Canada last year tripled the budget from the PEMD program. The PEMD program, very simply, Mr. Speaker, is a program to cost-share the risk with Canadian business, particularly small and medium sized businesses, in trying to increase the marketing of their goods and services abroad.

We have opened up a new post in Quito, Ecuador. We will be opening up a new post in Perth, Australia this year and we have under discussion right now a request to cabinet for several other posts which should assist Canadians in markets which we think will improve our ability to export.

On ministerial visits, Mr. Speaker, in the past we have not taken advantage of ministerial visits to a variety of countries as requested by the Canadian business community. During the past two years we have put special drive on furthering ministerial visits to accompany Canadian business people at their request, where and when required. Based on the Canadian Export Association's last annual report, this has indeed been appreciated.

One other point I would like to highlight, one which does not get full credit, relates to the travels of our Prime Minister (Mr. Trudeau). The comments of the president of the Canadian Export Association last year at the association's annual convention were indicative of how the Canadian business community appreciates the Prime Minister's travels abroad.

Mr. Blenkarn: You don't believe that, do you?

Mr. Lumley: The businessmen appreciate the high esteen in which the Prime Minister is held abroad and the doors that are opened to Canadian business by his reputation internationally.

• (1640)

Another positive development is the formation of the Export Trade Development Board which was recommended both by the previous minister in my department and the last time our party was in power. The formation of the Export Trade Development Board has made a very important contribution to a co-ordinated, cohesive approach by the private and public sectors with respect to our trade effort abroad. The only group we were not able to include in the formation of that board were the provincial governments. However, the formations of federal-provincial committees on export promotion and trade policy have given the provinces direct input into the discussions of the Export Trade Development Board and, obviously, into discussions by the Government of Canada with respect to trade policy.

Finally, with respect to new financing programs, which in essence is what we are here to discuss today in relation to Bill C-110, as I have stated repeatedly, the international trading environment is indeed competitive. Among the other things, Canadian exporters face a form of concessionary financing, called credit-mixte, offered by the governments of other industrialized countries. In the face of such competition this government established the EDC credit-mixte program in early 1981. The establishment of this financing instrument was

a measure taken to combat the growth of such financing. While backing Canadian exporters with our own facility as long as necessary, Canada continues to oppose the use of credit-mixte and is working with other like-minded nations to reduce its application.

The firm position which Canada has taken in respect of credit-mixte underlines the position which this government has taken in the broader context of subsidized export financing. Our government has put important efforts into international negotiations to achieve a reduction in the subsidies being offered by some other countries to make the goods and services of their exporters more attractive. I am pleased that important progress has been achieved in this area and particularly that internationally agreed minimum lending rates for official export credits have been adjusted significantly upward in recent weeks. The government is somewhat encouraged by these developments; however, it will continue in its efforts to reduce subsidies in export credits further, allowing Canadians to compete effectively on the basis of price, quality, delivery and service.

Canada is very fortunate to have a strong and internationally oriented banking system. However, the creation for exporters of any country of an acceptable risk environment for trading involves risk management and financing of a nature beyond the capability of their commercial banking and insurance systems. Thus, governments have become involved and act as required to complement facilities offered by the private sector to finance and assume some of the risks associated with export trade.

The Export Development Corporation, the instrument through which official export credit and credit insurance is delivered in Canada, is an integral part of the national trade development policy and program. Continuing government support of the EDC such as that shown in this bill is indicative of the priority which this government places on exports as well as its willingness to help exporters meet international competition.

The EDC is a Crown corporation—not known to the average person in Canada—which provides financial services to Canadian exporters and foreign buyers in order to facilitate and develop export trade. It does this through a wide range of insurance, guarantee and loan services. Because it is a Crown corporation, it enjoys status as a government agency when funding itself and in foreign government dealings. The EDC is determined in its effort to assist Canadian exporters facing tough, government-supported foreign competition while at the same seeking to maintain minimal subsidy levels in the interests of the Canadian taxpayer.

The corporation encourages maximum private sector involvement in the provision of services to exporters, consistent with the realities of international competition. Therefore, an important part of its role is to work in partnership with the Canadian banking community to combine their efforts effectively to the benefit of the exporter.

The EDC conducts its affairs in accordance with commercial principles and disciplines, seeking, in the long term at least, to cover all costs and preserve the invested capital. Accordingly, it extends its support only to transactions that are in all respects commercially sensible. The corporation is in business to take foreign risks, but it does not insure when, so to speak, the house is on fire; nor would it be prepared to lend to a bankrupt buyer.

The corporation's performance in recent years, particularly in 1981, has been exemplary. I am sure that during this debate individual members will detail the EDC's performance. I will limit my comments to saying that the EDC should be commended for the quality of its operations and particularly for its responsiveness in the last few years to the needs of the exporting commmunity—small and medium-sized in particular—and is deserving of the ongoing parliamentary support which is implicit in this bill.

Bill C-110, which we have before us today, would allow the EDC to continue to fulfil its role in support of Canadian exporters. Three major types of change can be identified. First, the bill extends the corporation's legal capacity to deliver its services. It should be noted that the statutory limits are not an indication of the cost of EDC services to the taxpayer but, rather, represent ceilings on the amount of liabilities which can be incurred by the EDC on behalf of the government. The actual scale of the EDC program is established annually through the government's budgetary systems and necessary appropriations by Parliament.

Second, there are a number of changes which authorize the EDC to improve the range and flexibility of the services it offers to Canadian exporters.

Finally, a third group of amendments is designed to facilitate greater administrative efficiency and speed in the delivery of the corporation's services to the advantage of exporters. I am sure details of the bill will be outlined by colleagues on both sides of the House before the end of this debate.

In summary, I would like to commend the Canadian exporting commmunity for its success in recent years. As I indicated earlier, Canada's trade performance statistics are testimony to the drive and aggressiveness of our exporters in the international marketplace and are indicative of the fact that they are prepared to face the tremendous challenges ahead.

For its part, the government is very active and has undertaken many initiatives recently in the quest to improve further the environment within which Canadian exporters must operate. The amendments proposed in the legislation at hand are a further indication of the continuing support being accorded to exporters by the government through the Export Development Corporation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Desmarais): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Veterans Affairs—(a) Request for adjustment increase in pensions. (b) Inquiry respecting date of presentation of legislative amendments; the hon. member for Mississauga South (Mr. Blenkarn)—The Economy—(a) Level of interest rates. (b) Request that new budget be introduced; the hon. member for Winnipeg-St.James (Mr. Keeper)—Employment—(a) Voluntary affirmative action program—Reported contents of memorandum. (b) Request for introduction of mandatory program.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Lumley that Bill C-110, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. John Thomson (Calgary South): Mr. Speaker, I want to make a few comments about Bill C-110 but, before doing so, I should like to make a couple of points of a general nature about Canada's trade. In spite of the very glowing picture which has been left with us by the Minister of State for International Trade (Mr. Lumley), I have to say that I think we in Canada are losing the trade battle. I am afraid that we are going backwards. I know the minister does not like to refer to this and he does not really consider it a valid point, but the fact is that we are losing our share of international trade today and have been for some time. Canada's share of world trade has been on the decline for the last six or seven years, and I think that is a very important point we have to take into account in assessing our trade performance.

The second point is that our deficit in fully manufactured goods in Canada this year will approach $21 billion. That is a very large sum of money. To put it in some sort of perspective, $21 billion is about one third the federal government's level of expenditure for this year. It is about one and one half times the federal government deficit we will be looking at this year. So it is a very significant number. More important is the fact that in order to produce a $6.5 billion surplus in trade we have to have a surplus in our natural resource industries of some $28 billion to offset the deficit in fully manufactured goods of $21 billion.

While $6.5 billion sounds like a good surplus, Canada is becoming increasingly reliant on its trade surplus for selling the natural resources of coal, iron, natural gas, lumber, forest products, copper, etc. That is another factor we have to take into consideration in our trade performance.

• (1650)

Perhaps the third point that I want to make in connection with trade is the most important. Trade cannot be considered in isolation from all the other things that we do with our customers. Whether we want to believe it or not, we have alienated a good number of our customers over the last few years. Some people do not like to buy from Canada now because of the National Energy Program. They do not want to do business with Canada because of FIRA. They do not want to do business with Canada because we discriminate in some other fashion, be it in fisheries or something else. We certainly do not discriminate against anyone in terms of acid rain.

All these factors have to be taken into account when examining our trade performance and our ability to trade with our neighbours and our customers. We cannot trade in isolation from everything else. When we make a bad friend because we have discriminated by virtue of lower prices and by subsidizing Canadian industry through the National Energy Program, that contravenes the spirit and intent of our agreement under GATT. It is no wonder they get mad at us. The same holds true with FIRA. Some people think we are not playing according to the rules of the game, but then we think some of the people we do business with do not play by the rules of the game either! I like free trade, Mr. Speaker, but I also like fair trade and I think that a good many of the signatories of GATT are not playing the game either.

I come back to the point that trade cannot be considered in isolation from everything else. We have to take a whole political spectrum into account when judging our ability to trade with our customers.

I should like to turn to some of the specific provisions of Bill C-110. This bill to amend the Export Development Act essentially increases the limits of borrowing and increases the limits under which the government can undertake to do business in insurance and guarantees. The present legislation allows the Export Development Corporation to take on liabilities equal to ten times the amount of its authorized capital which at present is $1 billion. That means that the government can make loans of up to $10 billion. Up to the present time the EDC has made loans and unfunded commitments totalling almost $8 billion, so it is approaching the upper limit and I can understand that it must be extended. I have no quarrel with giving EDC a greater line of credit to enable it to expand its business. Under the Export Development Act the government was permitted to make loans or to undertake guarantees on its own account as distinct from the Export Development Corporation, up to an amount not to exceed $3.5 billion. Again, the

government is pushing the upper limit so the amount is being raised to $10 billion.

The third element of the legislation is a technical one dealing with the number of directors. The existing legislation allows for 12 directors, of which six must be members of the public service. The amendment to the legislation would raise the number of directors from 12 to 15. Apart from the change in the number of directors, we are dealing with the creation of new financial limits with respect to the Export Development Corporation and the amount that the government is allowed to borrow to finance export sales.

I should now like to deal with the question of financial disclosure, Mr. Speaker. I sense that today there is a lack of trust on the part of the public toward all governments, not least the federal government. I believe the public mistrusts all levels of government, so it is absolutely essential that governments go the extra mile to reveal the financial dealings of all Crown corporations to the public. Not everyone believes in Crown corporations but I happen to believe in the Export Development Corporation. Regardless of whether it is the Export Development Corporation, Petro-Canada or any other Crown corporation, I think it behooves us as parliamentarians to go that extra mile to provide complete financial disclosure. That is what I want to speak about with respect to the Export Development Corporation.

This may become a little complicated, Mr. Speaker, but I shall try to simplify it as much as I can. The money that the Export Development Corporation has loaned out and the commitments it has made amount to close to $10 billion. That is why we need to increase the limit. Of that $10 billion, $4 billion has been borrowed to cover the $8 billion or $10 billion that is committed or loaned. That leaves what we call unfunded disbursements of about $4 billion or $5 billion. In other words, the government has committed Canadians to $5 billion worth of loans that will have to be funded in future at unknown interest rates.

We do not know what the interest rate will be at the time we go to borrow the money but we know what it is today. If the EDC goes into the market today it will have to pay roughly 16 per cent for its money. The Export Development Corporation has made firm commitments to others that it will lend the money at something close to consensus rates. We hope they will be consensus rates, Mr. Speaker.

• (1700)

Another factor is that the government will not say what kind of loans the Export Development Corporation makes. I am not suggesting that the government should tell us the terms of every individual transaction, but it is the Canadian people's money, not the government's, and surely they are entitled to know what the government is committed to on their behalf. But no, the government will not open up, and that is part of the problem. The people do not trust government because government will not put the facts on the table. What the government is saying, in effect, is, "You are not smart enough to know, so we will not tell you."

The government has committed taxpayers to $4 billion or $5 billion in loans at subsidized interest rates for anywhere from 20 to 30 years. But those liabilities have not been funded. We do not know what it is going to cost us at some point down the road, but we do know what it is going to cost us today. What I am driving at here is that the Canadian public should be told what the liability is. For example, if we loan that money out for 15 years at, say, 8 per cent, and we have to borrow at 16 per cent, we are liable for 8 per cent on $5 billion for 15 years. So let us get it up front and tell the Canadian taxpayer what it is really costing. We are increasing the loan limit of the corporation from $10 billion to $20 billion; we are increasing the limit on government account from $3.5 billion to $10 billion; and we are increasing the corporation's authorized capital from $1 billion to $2 billion. Those are pretty big sums of money. The Canadian taxpayer is going to have another $30 billion at risk.

Let us talk about the Candu reactor sales for a moment. They provide a lot of jobs and keep Canada at the forefront of technology. Maybe they are a good thing. I am not convinced that Candus are all that great a thing, but let us assume for a moment that they are. I think the minister confirmed to me in committee that if we sell a Candu to Mexico we could be talking about a $5 billion line of credit. A sale to Roumania, if it goes through, would, I think, be something over $800 million, perhaps $1 billion. I have heard a figure of between $3 billion and $4 billion for the sale to Korea, if it goes through. I am not certain whether we have any commitments there at the moment, but the point is that we could be looking at $10 billion in financing. While I doubt very much that we would be able to sell Candu reactors on the basis of 11 per cent financing, let us assume that we can and that we have to borrow the money today at 16 per cent. We are then talking about a 5 per cent interest spread on $10 billion. That comes out to about $500 million a year.

The point I am getting at is that I think the Canadian people are entitled to know that is the kind of commitment the EDC is making on their behalf. Admittedly, the government does not know what the interest rate is going to be when those loans are actually funded, but let us tell the people, for heaven's sake, what it would cost the taxpayer if we funded those commitments today. No private corporation would ever get past a security exchange without providing that information. You have to tell the people what you are committing them to.

What the government is saying to the public is: We are going to lend all this money out to help Canadian exporters—which is fine—but we do not know what it is going to cost you, the Canadian public. Trust us, we will look after it. We are a good government and you do not have to worry about it.

Well, I think the government has to come back to Parliament. We as parliamentarians are the representatives of the Canadian people, and I think it behooves the government to come to Parliament and say, "Here is what we are committed to." We do not want to be looking over the minister's shoulder on a day to day basis, but when we reach these staggering

amounts our priorities could change. The EDC will lose something like $35 million in 1982, and I am not saying that is wrong. As a matter of fact, it may not be enough; perhaps we should be doing more financing at a loss to promote Canadian industry. I understand also that it is forecast the EDC will probably lose $60 million in fiscal 1983.

• (1710)

As competition for international trade increases and more and more countries are desperately looking for trade to support their balance of payments, then pressure on all countries to export increases. Who knows what will happen to interest rates? It is very unlikely in the near term that the rates at which we finance Canadian exports will be anything close to the market rates we pay for the funds. I suggest to the minister and to the government that very likely we will be looking at significant interest rate spreads for quite some time. No one knows what is going to happen, but the trends are there. We are facing tough competition to get Canadian goods abroad. We are facing subsidized concessions that our competitors in other countries make. We have to face the fact that our interest rates will remain at a high level. We are looking at a sizeable interest rate spread and at large amounts of money. I do not want the government to come back here looking for a blank cheque. Five per cent, 6 per cent or 10 per cent of $30 billion is a lot of money. I do not think the government should have the right to ignore Parliament and just come back to report what commitments it has made. Our priorities could change.

If we should have learned anything in the last year in this Parliament, surely we should have learned that man's ability to forecast is pretty fragile. All we have to do is look back at the National Energy Program and all of the good things that were expected to happen six, seven or eight months ago. The Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance (Mr. MacEachen) were saying, "We do not need to make any changes in the National Energy Program; we are still going to get $53 billion over the next five years." I see only two members of cabinet on the opposite side, but I would like to ask them what they think the budget deficit will be or how much oil revenue they think they are going to get now. Some people say the amount received will be $30 billion less than forecast. I do not know what the number is. It might be $30 billion, but let us assume it is $20 billion less. Where will that money come from?

The deficit will be a paltry $13 billion this year. What if the federal deficit reaches $20 billion or $25 billion over the next few years? If that were to happen, would you not think that the government should reconsider its priorities? Does not the government think the Canadian people might want to reconsider what is being spent by the Export Development Corporation? I am not saying that we would cut back on the financing to the Export Development Corporation, but maybe we should reconsider it. Maybe we do not want to commit $10 billion, $15 billion or $20 billion to the sale of Candu reactors subsidized by interest rates of 5 per cent or 6 per cent. Perhaps with so many other problems at home, we should be reconsidering our priorities.

I ask the government to amend this legislation so that if it makes a commitment over and above a certain amount in the way of potential losses in the future, it will give us the opportunity as parliamentarians and as representatives of the people to take a look at what it is doing.

I have another point I want to bring to the minister's attention. It is a message I have tried to get across to the President of the Treasury Board (Mr. Johnston) without success for the past three years. It concerns the method of reporting; the question of financial disclosure. I am glad to see the Minister of State for Finance (Mr. Bussières) is here; I want to get his attention for a moment on this question. I am talking about the estimates. I think the form in which these estimates are presented is a disgrace, not only to the public but to parliamentarians. God help the Canadian public. I happen to be a lowly chartered accountant and I think I can read a few numbers, but I cannot understand the form of this document. I have been in the business for 25 years and I cannot understand the form in which these estimates are presented.

I will not read the amounts but I will read the terminology. There is an item in the 1981 estimates "Program by activities". This is supposed to tell you a whole lot. We find "Export development corporate account: bank so much; Canada account so much; total; less repayments. Corporate account so much; Canada account so much; retained earnings and outside borrowings so much; total estimates."

That is really an informative piece of information which tells everybody absolutely nothing! Surely to goodness we can have a little more information presented than that. We should at least have some form of description which will tell us ordinary parliamentarians what in the world is going on. I do not think that is too much to ask. I ask the minister of state to speak to the President of the Treasury Board to see if something can be done.

What I have just pointed out is typical of so many of the estimates that come before this House. It is typical of the disregard which this government has for people who want to know where the money is going and how it is spent. People want to know the background. It is very difficult even for trained people to understand these estimates. I ask the government again, does it not think it is time to try to put the information in a form which the people of Canada can understand so people can trust their parliamentarians?

My next point deals with the board of directors of this corporation. The number of directors is to be increased from 12 to 15. The present legislation calls for 12 members. If I remember correctly, I believe the present legislation calls for six directors to be public service employees. The export development committee recommended that there be a greater proportion of private sector directors on the board, a recommendation with which I fully concur. In my opinion, any board, public or private, should not consist of a greater number of inside rather than outside directors, because boards must be

independent. Independence is absolutely critical to the operation of any board, whether public or private. If the directors are under the thumb of a government or are perhaps employees of a corporation, those directors are not in a position to make an independent judgment. My experience, having been in industry over 20 years, leads me to believe that they are not in a position to make an independent judgment. I think it is absolutely wrong for any board of directors to have 50 per cent of its directors being, in effect, inside employees, which is the present situation in the Export Development Corporation.

• (1720)

When the government in its wisdom drafted this piece of legislation, I guess it decided to leave the six public service employees on the board, that it would not do anything to them, but to increase the number to 15. This provided an opportunity to increase the number of private sector representatives on the board but not do anything with the public service employees. The Export Development Corporation does not need 15 directors. It is ridiculous, it is nonsense. EDC is a fairly cut and dried operation and 12 directors is plenty. Let us have nine directors from the private sector who are independent and three directors from the public service. This would be plenty to get the job done.

I have no axe to grind. Obviously the president of the corporation should be a director, but I do not see what useful purpose is served by the Governor of the Bank of Canada being on the board. I am sure he has more important things to do than that at the moment. I do not understand why the president of CIDA should be on the board. I understand that he becomes involved in some of the dealings, but why should he be on the board? I cannot see his being on the board. I certainly cannot see the deputy minister of finance being on the board, or the deputy minister of industry, trade and commerce. The interests of Canadian taxpayers would be far better protected if there were three or four private sector representatives on the board.

I have nothing against these people personally. They are all able and probably capable, but we need independence in that board of directors. Independence is the key to the management of any successful institution, whether it be government or the private sector. I have said that many times in the House, but I do not seem to be able to get my message across. If we do not have independence, all we have is a rubber stamp.

If I invited a person who was working for me to be a member of a board of directors, he would realize that I am his boss and he would not want to say anything against me which might jeopardize his future, salary increases, pension or even security of employment. Therefore, he is not independent. I do not think that all these gentlemen would fall into such a category, but there is a very good chance that they would be yes men rather than representatives acting in the best interests of Canadian taxpayers.

Another matter which I would like to see discussed in committee is the provision of greater opportunity for chartered banks in Canada to participate in export financing. It strikes me—and I cannot be certain of this without a real in-depth review of the Export Development Corporation—in looking at the financial statements of EDC that the delivery of service is very, very expensive, as is the case with so many things in government. I can think of many reasons why the Export Development Corporation cannot farm out all export financing business to the chartered banking system. It is not an impossibility, but I do not think I agree with that approach because it is necessary for EDC to do certain things with respect to financing, which a chartered bank would not ordinarily do, in the interests of Canadian exports. I hope this matter will be raised in committee, because I think there is opportunity for greater participation on the part of the Canadian banking system than is presently the case.

Perhaps the government could encourage Canadian chartered banks to go further than they are presently by allowing them to look after some of the every day cut and dried export financing and by letting EDC look after special situations. This matter requires a great deal of study. Perhaps we could save a good deal of money in the cost of the administration of EDC but, perhaps even more important, we might be able to limit the amount of funds which EDC and the government will be required to borrow in coming years to finance Canadian exports. We are looking at very substantial sums of money. If we could shift the burden of these borrowings on to the chartered banking system, it would remove an equal amount of burden from the shoulders of Canadian taxpayers, and perhaps we would make EDC a more efficient corporation.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to say a few words on Bill C-110 which is before the House today. I begin my remarks by responding to the hon. member for Calgary South (Mr. Thomson) by saying that I am very interested in his ideas on accountability but that I would like to see the wording of the amendments. It would have been interesting to see his party, when it was in power for a short period of time, amend the legislation so that there would have been more accountability.

Mr. Blenkarn: You made sure that we did not stay there.

Mr. McDermid: We could not do everything in six weeks; we could not clean up the mess in six weeks.

Mr. Nystrom: It seems that I have, in a very low key manner, struck a few nerves. I remember that the election took place in May and that Parliament was not recalled until October. There was approximately a five-month break. It was unprecedented that a party which had won an election would take a massive holiday at the expense of the Canadian taxpayers. At any rate, I would be very interested in seeing these amendments because I believe that there should be as much accountability as possible. I believe in openness in government, and I believe that we should reform this institution so that it is more meaningful to us and to the people of Canada. If we can accomplish this in any way, it will make things more open and democratic. I can guarantee that my party and myself are very, very interested.

The hon. member for Calgary South and the Minister of State for International Trade (Mr. Lumley) have both stressed the importance of trade to our economy. Not many Canadians realize that trade amounts to about 25 per cent of our gross national product. We are one of the great trading nations of the world in terms of depending, for jobs and economic activity, upon the export of our commodities from this country to other parts of the world. Our neighbours to the south, for example, depend upon approximately 12 per cent or 15 per cent of their GNP in terms of trade. Thus, what happens in terms of trade around the world and world economic trends affects Canada more than most other countries. The Export Development Corporation, as we all know, is a Crown corporation which has been set up to facilitate trade and to try to develop trade around the world. It offers such things as insurance to our Canadian exporters. It offers all kinds of financial assistance, credit assistance and export financing to the exporters of Canada. I noticed in the 1981 annual report that a number of very interesting things are happening in relation to export financing. For example, I found that the net earnings of the Export Development Corporation were $2.2 million last year, while two years ago they were some $42 million. I think that this, as the minister indicates, reflects the reality of the trading world today, which is that it is highly competitive, that people from many other countries such as the Japanese, the French, the Germans, the Americans and others, are offering all kinds of highly subsidized rates to their exporters, which puts us in a very difficult position as a nation unless we make a few changes ourselves.

• (1730)

The legislation we have before us today will amend the Export Development Act in about five or six different areas. Many of these areas are very technical, and perhaps we can get into those at the committee stage of the debate, which is to come. Some of them are perhaps a bit more important. We have here, for example, an amendment to increase the size of the board of directors from 12 to 15 people. That is an interesting amendment. I am not sure we need 15 people, but I do like the idea of involving more people who are in the export business. I would also suggest to the minister that since the provinces are so important, perhaps we should involve the provinces a bit more in the spirit of co-operative federalism. Perhaps someone who comes from one of the Crown corporations which exports into the international market should be on the board of directors. We have federal Crown corporations and we have provincial Crown corporations, such as Saskpotash and Hydro-Quebec. Perhaps people from those corporations should be involved.

I also think the time has come in our country when we must start looking at the whole question of economic democracy. When we have a private corporation, a Crown corporation, or a mix of the two, I think it is very important that the employees of a particular company have some representation on the board of directors and some direct input into how that company operates. An employee in the company, be it a secretary or working person, is very sensitive as to what that company is doing right or what it is doing wrong. Those are some of the matters we should consider at the committee stage.

There is also an amendment before us which will increase the capitalization of the company from $1 billion to about $2 billion. That reflects the reality of inflation and of the international interest rates. I have already mentioned that we face tremendously stiff competition today from a number of countries, such as France and Japan, when it comes to trade. That is one issue we will have to get around.

I, like the minister and the hon. member for Calgary South, want to mention a few ideas we should be discussing in relation to over-all trade. When we refer to trade, we should not discuss it in isolation. I do not think we should discuss any issue in the world today or in our country in isolation. I suppose, by nature, I am very suspicious of people who go on one issue crusades or one issue campaigns, regardless of the issue, because it should fit into a system of values for Canada and for all of mankind. Therefore, when I refer to trade, I do so in relation to an over-all strategy for Canada and how it should fit into the world.

I want to mention about seven or eight different points. The hon. member for Calgary South and the minister himself mentioned the problems we have in exporting fully manufactured goods. In about 1970, we had a trade deficit of around $2.5 billion or $3 billion in fully manufactured goods. Last year, in 1981, our deficit was $21 billion. That meant a lot of money and a lot of jobs which could have been here in Canada or kept here in Canada for Canadian workers. I believe any trade policy and any policy of the EDC must attempt to push the export of fully manufactured products to other parts of the world. That must be part of policy of the Export Development Corporation.

A second point, and I noticed in the annual report that there was a positive trend here last year, is that more and more aid from the Export Development Corporation should go to small business and medium sized enterprises. The multinational corporations and the large companies have a much better chance in terms of their international organization, their economy of scale, their contacts, their internal financing, their long-time establishments and so on, to find the markets, to be able to promote their exports and to finance those exports, than do the ordinary smaller and medium sized enterprises in this country. I also noticed a very interesting statistic which came out of the report of the committee in relation to the National Trading Corporation, which pointed out that some 63 per cent of Canadian businesses knew of the EDC. In other words, about 37 per cent, or over one third of Canadian businesses, were not even aware of the Export Development Corporation. Only 29 per cent of Canadian businesses use the services of the Export Development Corporation. So many people out there who could be exporting something are not aware of the corporation or of its services or, if they are aware, they are not using its services. I have not had the opportunity to sit down and analyse which companies use the corporation's

services and which do not, but my guess would be that the majority of the people who do not are probably those in the small and medium-sized enterprises. If one looks at the nature of our country, one will find that more jobs are created by small and medium-sized businesses and more people work for small and medium-sized businesses than work for the big corporations of Canada. I believe that one of the policies of the EDC should be to make itself known to the small and medium-sized business and to aid them more than it has in the past.

The third point I want to mention, which should fit into our over-all policies, is in relation to the attempt to Canadianize our economy. I know of no other industrialized country in the world which is as controlled by foreign shareholders and companies as is our great nation of Canada. In fact, we find that last year several billion dollars of profit and dividends flowed out of this country to foreign shareholders. The EDC should be trying to promote a policy of Canadianization in terms of making its programs and policies known to Canadian firms. It should perhaps aid and assist some of the Crown corporations a bit more, not only at the federal level but at the provincial level as well. That would be a very important step to take.

A fourth point I might discuss a little more later relates to increased aid to what I would call the sunrise industries, the futuristic industries around the world. By that I mean the industries involved in the whole area of science, high technology and the world of the future. I suppose we are moving into a society where, in a few years, every kid in every classroom will have a computer on his or her desk. It is a very rapidly changing society. There is a massive technological revolution going on out there, so much so that even in our most efficient industries, such as the steel industry, even if there were a booming economy and if we were to get out of the recession, we would probably never gain back all the jobs we had before it started, simply because of technological and scientific change. It is important for our country to ensure that our industries remain competitive and up to date so that as we go through this revolution, we as Canadians will be in the forefront and will control the robots and computers so that they will not control us. That is very important. As I look at the statistics, I find that we are lagging further and further behind in this field. For example, in Japan there are 40 times as many young people attending electrical engineering schools as in Canada, and that means a lack of foresight. In terms of percentage of GNP devoted to research and development, I find that we do not rank equal with Japan, the United States, France or Germany; rather, we are on the level of countries like Ireland, Egypt and Italy.

Mr. Blenkarn: What's this got to do with the Export Development Corporation?

Mr. Nystrom: So when it comes to Canadian trade policy and the EDC, we should be putting more emphasis on developing industries which are involved in the more modern technological side of things. We can do this in areas like communications. The hon. member asks, "What about the EDC?" in terms of Brazil, Canada has signed a contract which will involve some Canadian firms which will supply equipment for satellites in that country. These are some of the points that should be kept in mind involving the EDC and our trade policy.

A Conservative asked, "What does this have to do with trade?" His party's spokesman mentioned a number of areas for innovation in terms of trade, and so did the minister. I am simply making a few more suggestions myself.

A fifth point, as mentioned by the minister, concerns the need for diversified trade. About two thirds of our trade is with the United States. The Americans are obviously going to be our biggest trading partner. They are our best friend. We are side by side geographically and share a large border with them.

• (1740)

It is very important that we diversify that trade and not put too many eggs in one basket. When the Americans are in trouble and have a recession, we are somewhat isolated and insulated from some of their harsh economic realities. Looking around the world, we should look more and more to the Pacific rim countries, which are very important to British Columbia. We should look to Japan, Latin America, the people's Republic of China, the Middle East and other greatly-populated areas. It is very important that we not rely as much as we do on only one nation for trade.

I have not had a chance to work out all the statistics, but when it comes to the Export Development Corporation, we should be aware of what this does to national policy. Unfortunately, most of our manufacturing and industry is situated in central Canada. Therefore, most of the assistance goes to the corporations located there.

Much of what has been done by DREE, such as equalization payments, for years has been directed to the poorer provinces. The effect of that is diminished or nullified by programs such as those of the Export Development Corporation. It puts money back into that part of Canada that is already more developed and wealthy. It is a very difficult question, but we have to look at EDC in terms of national policy and ensure that what we do to improve underdeveloped provinces is not nullified through the EDC.

My sixth point, and this is very important, is that on the board of directors we have the head of CIDA. It is important that we not forget about world politics. The hon. member from Calgary mentioned world politics; he spoke of our friends and those who are not our friends in terms of our trade policy. We must think of trying to help the Third World and developing nations. There should be a moral and humanitarian purpose to our trade. We should not always be after the big buck and the fast buck but, rather, should try to help those less fortunate than ourselves. We should export some of our knowledge and know-how to help people in other parts of the world become more self-sufficient and thereby improve their standard of living.

When I look at some of the projects financed by the Export Development Corporation, such as the Candu reactor, I am

not sure whether those should be our priority. I believe there are other priorities we should be stressing instead.

Mr. Blenkarn: How would it be financed otherwise?

Mr. Nystrom: A member of that hon. member's own party raised some doubts about the Candu reactors about half an hour ago. When we talk about trade and exports, we cannot divorce them from the international political situation. Our role as a more fortunate nation should be to help people in other countries who are less fortunate.

There are a number of other things that one could say. Over the last few months and years we have heard many stories about our being the boy scouts of international trade. In many ways we are. We have to become more aggressive and recognize the realities. We have to diversify our economy and start manufacturing and processing more goods in this country.

One of our problems historically is that we have relied on the exporting of raw materials and importing of finished goods. We export a lot of raw materials that are not processed or refined. This started with Jacques Cartier back in 1608 with the exporting of beaver pelts to Europe and the importing of fur coats. In many ways we still have that kind of simplistic policy, and it has to be changed.

Another problem is that we are afraid to be independent of the United States. We tend to be the shadow of the Americans. We have a tag-along economy, and when they have monetarism in the United States, we in this country tend to follow. The government believes they can squeeze inflation out of the system by upping interest rates and restricting the money supply. Galbraith described this as the horse-and-sparrow system. If you feed enough oats to the horse, perhaps enough oats will pass through for the sparrow. Those policies are not working. I hope the Prime Minister (Mr. Trudeau) will put forward new ideas in Versailles when he attends the very important summit to be held there in a few weeks' time.

We have to look at our economic and trade policy and decide where we want to concentrate, look at what we as Canadians do best. Also, we have to look at where Canadians spend their money. When we look at the spending habits of ordinary citizens, we find that between 80 per cent and 85 per cent of the money goes to housing, food and transportation. Because so much of our money goes into those three fields, why not specialize more in those areas? Why not develop those areas more so that we can supply more of our domestic market? When we become better, we can export our technological know-how and products.

I keep watching the clock, Mr. Speaker. I know the time is going on. In concluding, I want to mention five areas where this country can specialize, not only in terms of the domestic market but also of the international market, in areas that are naturals for Canada. I do that because of the rapid changes in the world and the need to modernize our industry to be competitive in world terms. We must do this if we are to continue to provide jobs for Canadians and increase the national pie so that we can equalize income, wealth and power in Canada among people and among regions. I will name these five.

First, we must build on our resource base. We have a lot of resources. In the past we have tended to export them as raw materials. Last year we had a $21 billion deficit in manufactured goods. We must, as much as possible, process, manufacture, refine, upgrade and fabricate our natural resources, prior to export.

We have many resources and projects. I think of oil, gas and hydro. Therefore, we use a lot of machinery and equipment. More and more of that machinery and equipment is being imported. Since we use so much of it, it is important that we have an economic strategy to encourage Canadians to produce more of that machinery. Canadians would be put to work producing that machinery for an industry in Canada that will use the machinery.

If we become competitive and produce a quality product, we can export that machinery. I think of Hydro-Quebec and the big hydro projects. We have much expertise there and a potential to produce our own machinery and equipment for the resource sector.

The next thing outside of resources is food and agriculture. I see the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), the minister of agriculture in the Diefenbaker government. He will agree that there must be a greater emphasis on food and agriculture in this country. We are a great food producer and have a small population. We must look at this sector in terms of increasing our exports. The People's Republic of China and other areas could use more Canadian products. In the longer term, they could use more of Canada's knowledge and know-how. This would make other countries self-sufficient in the production of food.

I believe that almost every country can be self-sufficient in the production of food with the proper technology, irrigational and farming skills. I have been to Israel, a small country carved out of the desert. It has become a Garden of Eden in terms of production of food. They export a lot of their products, such as oranges. They do all this despite the fact that they have been faced with many wars over the past 30 years. If it can be done there, it can be done in other countries. We should play our role in terms of exporting the knowledge and technology that we have developed.

We should process more of our foodstuffs as close to the source as possible. This would provide jobs close to the source of production rather than centralizing them in certain parts of the country. We should produce more farm machinery in Canada. That industry has been going downhill. It is now in serious trouble. We have many farm machinery industries that are small but are developing. I can think of three in my own riding of Yorkton-Melville, that is, the Morris Rod-Weeder Company, which has been developed from scratch and is doing very well. I think of Leon's Manufacturing in Yorkton. I think of Ram Industries in Yorkton. These are industries in a small city of 15,000 or 16,000 which have been able to flourish and

develop. I think we must aid and assist that kind of development across the country. We must also assist as much as possible Co-operative Implements Ltd.

• (1750)

I had a chance a few weeks ago to go to Co-op Implements annual meeting in the town of Preeceville, one of the regions in my riding which gave me an opportunity to understand their concern about the grim and bleak future for farm machinery.

We are an agricultural nation and we should be putting more emphasis on assisting machinery production and everything else that goes into the food and agricultural production for our own markets and for markets overseas and around the world.

Third, Mr. Speaker, there is the question of transportation. We are a big country that stretches for miles. Yet we see smaller countries in size, like the Japanese and the French, who are well able to develop a transportation system. My friend, the hon. member for Kootenay East-Revelstoke (Mr. Parker) is an ex-railroader and knows more about this than I do. They, the Japanese and French, have a transportation system where the trains travel at 200 kilometres an hour, they are very rapid trains. If those trains were put on our road beds, however, they could not go very far because we do not have the proper road beds. We have a trans-continental train that crawls across the country at a snail's pace in comparison with those high speed trains in other countries. Our trains seem to travel across Canada at only 19 or 20 miles an hour.

We want to keep this country together and develop our expertise. That will give us much knowledge and enable us to increase our exports later on. We should be putting more money and more emphasis on transportation, on rolling stock and on road beds. These things would help not only the prairie farmer but all people right across the country.

This morning I came back from Halifax, where I heard about the problems in SYSCO, a plant where they produce only one commodity, that is, steel for the CNR. If we were to improve our rail beds and our transportation system we could at the same time be putting people to work in Cape Breton Island in producing that steel. We could also be putting people to work in Trenton, Nova Scotia, producing rolling stock to haul our potash and our grain and other products. That would help depressed areas like Cape Breton and give some of those people some hope, and some good feeling about this country.

I have dealt with resources, with food and agriculture, and with transportation, and now I would like to deal with two subjects. One of them is communication. The minister mentioned that we have developed a lot of expertise in communications. I remember being with him in Brazil a few months ago. We were there with Spar, a company that was bidding on a communications payload for a couple of satellites down there in competition with the French. We have not only that company but many other companies, including some federal government Crown corporations and provincial government Crown corporations, such as Saskel in Saskatchewan. They have developed tremendous expertise in communications. We should build on that. Once again, we are a vast country and we have to develop communications. If we can do it for our market we can become leaders in the world and supply other markets in other continents far, far away.

I would give you one or two examples again . The Saskatchewan Telephone Company decided some time ago that they were going into fibre optics. These are laser beams communications through a little thin glass tube. It is a far more efficient and effective form of communications than the satellite. To get sound from a ground station to a satellite and back again takes about half a second. When you go through the fibre optics, it travels at the speed of light which is almost instantaneous. They decided they were going to develop this sector, and because of that they started shopping around for someone to produce fibre optics. They were able to say to a company like Northern Telecom: "You can get all the contracts for fibre optics in our province, if you come out to Saskatoon and establish a plant." That is what is being done. We have used that kind of leverage to get fibre optics into our province. They have already installed the first fibre optics, which happens to be in my constituency in a rural area, and it is working well. The hope of Saskatchewan Telephones is that after Saskatchewan has been supplied with fibre optics, the plant will become big enough and will be a world leader, because we are now in the forefront of the entire world in this area and we can become a major exporter of fibre optics to other countries around the world. Other countries have not thought of the idea yet, or are just in the embryonic stage of trying to develop fibre optics.

There is also the SED Industries in Saskatoon, a company that is owned half by the university, 25 per cent by the workers at SED, numbering about 300 employees, and 25 per cent by the provincial government. It is high technical industry and it is diversified and develops a lot of products. It produced part of the Canadarm, the space arm for the space shuttle Columbia a few weeks ago. We were able to do that in a small province, in the city of Saskatoon, with a bit of courage and vision and imagination. So I say to you, Mr. Speaker, that with national visage and a national dream, we can do things that are as great and much greater from coast to coast.

The last dimension I should like to mention, Mr. Speaker, is the whole area of high technology. I have referred already to the fact that we are moving into the computer generation, not just into the PacMans and the video games, but into the micro and the silicone chips. It is an area that is revolutionizing very rapidly, where the robots are doing more and more of the calls and where the computers are doing more and more of the work. Everything is going through that massive scientific revolution.

My suggestion is that we will have to put a lot more emphasis on making sure that we are in that race and that we use that technology for ourselves and for a better human life. That technology is going to come. If we do not develop it ourselves explicitly, it will arrive here implicitly through imports, with people demanding cheaper and cheaper imports because they

are done through technological change. It is important that we become a leader, it is important that we invest in that kind of future.

I think of a lot of the possibilities that are missed. A friend of mine said, for example, "Why does a province like Ontario, that uses thousands and thousands of word processors, not use some imagination and buy into a computer firm, along with the co-operatives or the unions or anyone else, and establish that firm in an area that has high unemployment and then channel the orders for word processors from departments and industries and the educational systems and the hospitals, to that firm and into that area, to create jobs and economic stimulation in the province of Ontario?" Ontario should do something like that, as Saskatchewan has done in the area of fibre optics and will be doing in fibre optics in the city of Saskatoon.

It is this kind of vision, this kind of future orientation, that we are going to need in terms of a national economic development policy, to keep Canada in the forefront of the twenty-first century.

In conclusion, I emphasize that there are these five areas: resources, food, transportation, communications and technology. I do not think you can deal with anything in isolation in this world. There must be an over-all vision of where we want to go. I suggest that the Export Development Corporation may not be the leader, it may not be able to play a major leadership role, but certainly it can play a player in developing that kind of policy for Canada in the years that lie ahead.

I see, Mr. Speaker, that it is six o'clock. I do not want to indulge the House any longer, except to say to the minister that we will be taking a very serious look in detail at the amendments that are before us, and asking him some questions between now and the final passage of this bill.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do not leave the Chair until eight o'clock p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, in my business career I have had the opportunity to deal with the Export Development Corporation, and that is what prompts me to speak tonight. At First Canadian Place in downtown Toronto a floor of space is devoted to this corporation. It has the finest boardroom I have seen. The boardroom table is three yards across, and the chairs are so comfortable one could fall asleep. Mr. Speaker, you would be very comfortable in one of those boardroom chairs.

The overhead of the Export Development Corporation is something else again, and it is about that I want to speak tonight.

The Export Development Corporation basically has two functions. The first is its insurance company function. The corporation is designed to insure Canadians who are exporting against the political and economic risks of selling their goods where they may have a difficult time collecting payment for those goods in a lawsuit.

People who export from Canada require some sort of insurance policy which enable them to insure their receivables. The insurance aspect is the first responsibility of the Canadian Export Development Corporation, and I suggest that is the most important responsibility of the corporation.

I am disappointed the minister is not here tonight. I see him coming in now. I am glad he is because I want to repeat that the most important thing the Export Development Corporation does is to provide insurance so that when an exporter sells his goods on commercial terms in a foreign country, he can have credit cleared for the foreign recipient of the goods, and he can be insured against political risks, economic risks, current currency exchange risks and all the risks implicit in selling goods in places where it might not be easy to collect because of political and legal systems. That is the first job of this corporation.

Last year the Export Development Corporation sold insurance for which it received a gross premium of $14.2 million. As any insurance company does, the EDC invested those premiums and earned investment income of $2.6 million for a total receipt of $16.8 million. It placed reserves against its total collection of $13.6 million, for a profit or a gross margin on its insurance operation of a little over $3 million. Out of its reserves the corporation paid $8.2 million in claims, which was probably the highest payout in history. I think the minister will confirm that. In any event, based on the premiums the corporation charged exporters and based on the income the corporation received from the interest, its gross margin was over $3 million, even allowing $13.6 million as a reserve against claims, and I point out to the House that the corporation paid only $8.2 million out of its reserves. That particular business of the corporation is essential to exports. The exporter has to be able to take his receivable and pledge it to his bank for working capital. Unless the receivable is guaranteed by some sort of insurance policy, the commercial banks in this country do not treat it as worth anything. If a company is involved in exporting, its major problem is being able to borrow against its receivables, so export insurance is probably the most valid thing that this corporation could offer.

• (2010)

For a moment I want to explore with the House the way this insurance corporation handles its concerns because I have been involved in this. I opened a new market in Australia for a company. The Export Development Corporation asked for the status of the people I proposed to sell to. I sent the Export Development Corporation a list of the companies and asked if, in their opinion, they were good credit risks. The corporation replied that it was not their concern to determine that as they

were only an insurance company, and it was up to me to determine that.

I was absolutely shocked, Mr. Speaker. The corporation took the position that the Canadian manufacturer should supply it with Dun & Bradstreet reports and with other evidence of the quality of the proposed customers. I did that. I went to the Department of Industry, Trade and Commerce in Sydney and gave it a list of the proposed customers and asked that they be checked. The department did so. It said, this one is pretty good, that one is not very good and so on. Of course I sold to the good ones.

Then I sent the Dun & Bradstreet reports in to the Export Development Corporation. It said, "You sold the goods to those people but you have not got credit approval. We don't like this one or that one, or that Dun & Bradstreet report is not good enough and this one has not got enough capital invested. We will not insure your sales and we want one per cent across the board for our fee, whether we insure them or not."

That particular corporation, which had signed up with the EDC, wound up going private, wound up having to go to Australia and discount Canadian receivables of the merchant bankers through Singapore because the Export Development Corporation, sponsored by the minister, refused to do anything, it was so bureaucratic.

This is the attitude expressed in Toronto in the beautiful boardroom with its nine foot long, three yards wide table and great big comfortable chairs, with its beautiful paintings on the wall—the kind that come from the National Art Gallery. They cannot be sold anywhere else so they are hung in First Canadian Place and people are hung out to dry in First Canadian Place too!

It is about time a bill came before the House that would allow the Standing Committee on Finance, Trade and Economic Affairs to review the Export Development Corporation, its bureaucracy, its incompetence and its inability to deal with people and make trade move for this country. The corporation is overloaded with people—people who have never met a payroll and who do not know what it is like to go out in the marketplace to try to sell a product. People are told that the Export Development Corporation cannot insure the customer because it has not given approval. The attitude is: cancel the sale or do not make the sale. The Canadian manufacturer has an order, but he must just take his chance. He must take the total political and commercial risk on his own behalf—if his bank will let him—or cancel the order. That is the kind of thing that happens with this corporation day after day after day, Mr. Speaker.

The financial statement of the corporation for this year shows that the gross amount it covered by insurance declined from 1980 to 1981 despite 12 per cent inflation.

I am happy that this bill is before the House, Mr. Speaker, because I want to hear the officers of the corporation and the minister explain why it cannot act sensibly and aggressively; why it cannot make things go for this country.

In its own statement the corporation declares that it has 1,429 people or different companies who have signed contracts for export insurance. The figures produced by the minister in his annual statement show that only some 830 people bothered taking export insurance this year. That is all. Why is that, Mr. Speaker, when export insurance is the most important type of insurance for people who are selling goods abroad? By and large, those goods are financed in the country of purchase and they are sold in the country of purchase. They are manufactured Canadian products sold for consumption in one form or another. Payment is three months or six months, that is all. Large loans are not required, but the Canadian producer needs insurance to make sure the receivable is worth something so that he can pledge it to his bank. He needs a guarantee against the foreign receivable. Without the guarantee he cannot borrow against it, and without borrowing he will not have the cash flow he needs to build the product in the first place. That is what this bill is all about and that is what this corporation is all about.

Saddled with a large bureaucracy and its failure to understand the nuts and bolts of exporting for small business, the corporation has failed badly.

• (2020)

Sir, I want to relate some figures to you. Talk about the Export Development Corporation being an insurance company! Royal Insurance Company took in $470 million in premiums last year. The smallest of the big ten insurance companies, the Fireman's Fund, took in $128 million. It took $14.2 million in premiums; that is where it stands. This is supposed to be a big exporting country, a world trader, and this world trader's insurance company did $14.2 million in premiums and that is all. It does not even rank with an insurance company doing ordinary household policies. Where is the go, the drive, the enthusiasm to sell? We are talking about a Crown corporation with $535 million in capital, $350 million subscribed and $185 million in earned surplus over many years. That is what we are talking about, a company which should be able to do a hell of a lot better—I put that bluntly—than it is doing.

It is only relatively recently, Mr. Speaker, that the company got into the loan business on the international market. That is the reason for the huge increase in authorized capital set out in this bill. It is going to be a big lender. Well, we can see some of the loans it is making and some of the countries it is lending to. Some really secure countries, the Algerias, the Polands. We are supposed to give a government stamp of guarantee on these countries. We should be pretty careful about using the credit of Canada to finance Algeria and Poland. But this minister does not seem to worry about it. No limits are placed on specific countries, the corporation can lend to anyone it wants to, at any time it wants to, up to $20 billion.

This corporation made a total of 115 new loans last year, and has a total of 543 loans outstanding. Strangely enough, the corporation also has 543 employees. Can you imagine, one employee per loan. Of the 115 new loans last year, 13 were to

the de Havilland Aircraft. I suppose they needed one employee per de Havilland loan. The minister did not explain that when he explained the bill, but at least he will do so before it gets through the committee stage. Perhaps the president of the EDC will be happy to explain how he can justify 543 employees per 543 loans.

Mr. Mazankowski: Small business.

Mr. Blenkarn: My colleague says it is a small business corporation. If you look at the loans, most of them are in packages. You come to Israel and you find there are five loans for computer equipment, all to one company, Control Data Limited. That company is in my riding. Great stuff for Mississauga, but there are five loans. Does it need five employees for five loans to one company? I am happy the EDC and the minister will have to come before the committee to explain why this company has so many employees. How many insurance companies doing $14.2 million in premiums would have 543 employees? How many companies with 543 loans would have 543 employees and offices in Vancouver, Toronto, Ottawa, Montreal and Halifax? They have nine foot wide boardroom tables, big comfy chairs, lots of paintings, and an inch and a half thick broadloom.

Mr. Irwin: Use metric.

Mr. Blenkarn: Mr. Speaker, we must promote the export of Canadian manufactured products and we must have insurance for those products in order to satisfy banking requirements. We must be prepared to lend the capital required to finance those exports from time to time. But we must do it sensibly and on the basis of value for money paid. The minister talks about the need to export and how essential it is for Canada to be a world trader. However, he must show us that it is being run effectively, efficiently and profitably. It should be run profitably, not in the sense of money at the bottom line necessarily, but profitably for the country. When you wind up with a company which has 543 loans outstanding and 543 employees, one begins to wonder where the efficiency is. Where is the concept of making the country grow and prosper? That is what it is all about. It is not a question of attacking the corporation or the idea, or the reason it might need more capital; it is a question of being concerned with whether we are getting value for money or whether we are being ripped off, as I see it, by ineffective and incompetent management and government which, considering the talent, facilities and money it has behind it, is not doing the kind of things which need to be done in Canada. It is a question of whether we are getting productivity or production for what we are paying; are we getting our money's worth? I say there is grave doubt as to whether this corporation is giving us its money's worth.

• (2030)

I want to point out a couple of things to you about the balance sheet of the company. This year the administration costs for this corporation amounted to $21.410 million. Last year these costs amounted to $15.995 million. The administration costs alone went up 25 per cent in one year. This minister was in charge for that year. Can the minister explain to the House why the administration charges of that corporation went up 25 per cent in one year? Can he explain that? The minister might want to say that the problem with the change in profit was interest rates. I want to point out to the minister, from his own statements and nowhere else, that last year, after paying interest on the loan portfolio, he had $39 million left. This year he had $20 million. He lost $19 million in the loan portfolio. When you get down to the bottom line, the profit this year was $2.2 million; last year it was $32 million and the year before it was $42 million. It makes one begin to wonder what has happened. This minister has been in charge of this corporation since 1980. He took over a corporation that showed a bottom line of $42 million. He ran it down to $32 million in one year, and the next year he ran it down to $2.2 million. At that rate he will run it into bankruptcy. Where is this minister's alleged business experience? Where is the bottom line? It is not in the interest differential. I say to you, sir, that it is in the administration costs. The overhead went up $5 million. That is the reason. Did the service to Canadians go up? It did not do so in the insurance portfolio. The gross amount covered by insurance went down. Did it go up in the lending area? Yes, it went up $500 million. That is all it went up, and that is gross assets, about 15 per cent.

One must look at this corporation and its profitability. One must look at whether this corporation is doing the work we have employed it to do. Has this minister, in managing this corporation, done what we have employed him to do? On second reading of this bill, I see there is serious concern whether this corporation is doing what it was engaged to do effectively and profitably. When we take a look at the total number of employees in the corporation, the increase in overhead, the massive decrease in profitability and the massive amount of taxpayers' money in this corporation, we can see that this corporation is not carrying its weight. That is what it is all about. That is why it is important that when this bill goes to committee the minister must be ready to explain in detail his management and his tenure in the office of Minister of State for International Trade. When we were in government, the corporation made a profit of $42 million. During the minister's tenure, he saw when we were in government this profit reduced to $2.2 million. The insurance operation has declined in value. The minister has made loans to the Algerians, the Poles, the Israelis and the Argentinians. What has he really done? He has financed 13 sales for deHavilland Canada Limited. That is a Crown corporation and it, too, is in the hole.

Let us get down to brass tacks. Are we selling Canadian goods? Are we financing Canadian trade? Are we making Canadian trade go? Are we messing around?

This minister knows that the greatest opportunity in trade for Canada is with South Africa and Taiwan. Yet he refuses to open offices in those countries. He refuses to promote trade because he somehow believes it is not politically advantageous for the government to do that. I might agree with his political affiliations if he were Secretary of State for External Affairs

(Mr. MacGuigan), but he is Minister of State for International Trade. I want to say to the minister that trade knows no boundaries. He had better get into the business of trading and selling for Canada instead of worrying about what the Secretary of State for External Affairs is going to say to the United Church of Canada. I say to the minister, "Let us get on with it." People are buying goods and we ought to be out there selling and winning deals. He has the agency. He has an insurance corporation and he has a finance corporation, and this bill gives him even more power to do that. But he has to get out and do the work. He has to make sure that it is done properly for Canadians. If he cannot do that, then he had better go back to Cornwall, or wherever. We have to make sure that we have somebody in Canada running things that will get trade going again, who will get things moving, who will explore new markets, who will say that Canadian producers and manufacturers are entitled to have sales where sales can be made.

If you want to influence people, you have to influence them by dealing with them. You do not influence people by refusing to deal. You do not influence people by being stupid in your transactions or by saying, "I am a boy scout and I will be fair in my dealings." You influence people by hardnosed dealing.

I say to you, Mr. Speaker, that there is a very strong feeling in this country that we have given away our potential. When my friend, the hon. member for Halton (Mr. Jelinek), talks about the unemployment in the automobile industry because of Japanese imports and when people talk about the lack of pork exports to Japan where they pay three times what they pay in Canada for pork, one wonders where the minister has been when it comes to trade. Has he been having a holiday? Has he been having a grand tour around the world? The minister has a lot to answer for regarding the validity of trade in Canada, as well as regarding what he is doing with what he has in the way of an armory to advance, protect, develop and finance new trade for Canadians. With what the minister has in his arsenal, he should be doing a great deal better than he has been doing.

• (2040)

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I am very pleased to participate in this debate as one who has had some experience with the current problems faced by the minister. We are looking at a very important area in the economic development of the country. Also it is a very important area when we look at the basic problems in the country today of high unemployment and slow economic growth.

The bill seems to make a number of technical changes as well as some very fundamental financial ones such as the amount of taxpayers' money which the corporation will invest on our behalf.

When I look at the Export Development Corporation, I realize that it is a very positive and important organization. As the hon. member for Mississauga South (Mr. Blenkarn) just said, it is important in the development of exports, both through insurance transactions and capital financing transactions.

Initially in my remarks I want to be quite specific, and then I want to move on to matters of broader concern regarding our over-all trade and economic development policy. In looking at the requests of the minister through these amendments, I must come to the conclusion that he is being irresponsible in the extent of his requests. He is quite aware of what he is doing here. In Clause 5 of the bill he is requesting an increase in the authorized capital from $1 billion to $2 billion or twice the amount of capital which the company has today. What is more important, the company is only using today about one third of its authorized capital or $350 million. He is asking for a blank cheque to go out and do all the things he would like to do without any control by or any further reference to Parliament as to how the funds will be spent. The $350 million supports borrowing of $3.5 billion, and the $2 billion worth of authorized capital supports $20 billion worth of borrowing, which is a full six times the current liabilities of the corporation.

The minister also knows that there is another limitation in the bill which calls for all liabilities of the corporation, for insurance, for capital financing and for other contingent liabilities to be a total of $10 billion. Again the minister is requesting a very substantial increase in the authority. He wants a free hand. I gather this was the minister's first speech as minister in this Parliament, but I do not think he has told the House sufficiently clearly what he wants to use the money for or what are his plans for developing exports for the Canadian marketplace.

We have seen ample evidence in the last couple of years—and more recently some very important mistakes have come to light—of mistakes by the government which have caused Canadian taxpayers a tremendous amount of grief. For example, there are the losses of the Consolidated Computer, a debacle which has seen $125 million written off because of mistakes and lack of control of the government in the operations of a company one step removed from the control of Parliament.

Also the hon. member for Mississauga South referred to the guarantees of a number of Crown corporations. We have seen the government requesting carte blanche authority for a number of Crown corporations. Currently we have before us its request to increase the authorized capital of Petro-Canada from $500 million to $5.5 billion, or ten times its current capital. Again insufficient information has been given to Parliament to allow it to judge whether it is an appropriate decision to make. There are billions of dollars outside the scrutiny of Parliament at the present time. Again referring to the Consolidated Computer mess, the Minister of Industry, Trade and Commerce (Mr. Gray) never asked during his entire period of time in office who caused the problems or which officials reporting to him were responsible for the mistakes or the lack of control that resulted in a $125 million loss. We tried to find out who it was, but the minister said, "No, I will not tell you". Then we said, "Did you ask? Do you know yourself who caused the problems or who was responsible?" No, he did not ask, that was the answer we obtained.

For that reason we must have a better understanding of the use of these moneys. We cannot forget that it is the money of taxpayers which is at risk here, not just money borrowed out of the air and spent on behalf of taxpayers by the minister and his officials. There will be no further recourse to Parliament. There is no further way to draw information out of the minister or to have some degree of control over the operations of the organization, because any increases will now be done by order in council—the same old way, by order in council. How many times have we heard that there is a rubber stamp from cabinet for the minister to go ahead and spend money?

I have referred to this because that $2 billion will now allow for a substantial increase in borrowings by the corporation to finance its operations. We also know that the corporation is an agent of Her Majesty, therefore the obligations of the Export Development Corporation are the obligations of the government and, therefore, direct obligations of the taxpayers. When we see this vast amount of money being authorized and also understand that there will be considerable financing received from the general public and from foreign investors, we realize that they are all direct obligations of Canadian taxpayers and that as parliamentarians we must take very seriously the authorization of this increase in capitalization.

Let me turn to another area of the operations of the Export Development Corporation which I raised with the minister in committee about two or three weeks ago. I am referring to the mandate of the EDC. What is its mandate? Is its mandate to make a profit? Is it to break even, or has some other fuzzier mandate been given to the corporation? With this vast increase in capitalization there are possibilities for a very substantial hidden subsidy, because as the corporation draws down capital funds from the government, if it does not make money and breaks even, people will say that it is good. If the corporation does not lose money or show a loss—and they know that with international competition it is tough to make a profit—people will say that EDC has done well. But we must not forget that the $1,650 million which will be drawn down in capital funds by the corporation must support an interest rate because the money is being borrowed from the markets by the Government of Canada. Thus, there is an indirect subsidy here.

I think the minister said in committee that he proposed to use an increasing proportion of equity capital funds to support the loan capital as a means of subsidizing indirectly or in a hidden way the exports of Canadians. As hon. members have heard me say on a number of prior occasions, I am in favour of increasing trade and I am in favour of the government doing whatever is reasonable to increase the exports of this country. I believe in trade. It is very important to our wellbeing, both economic and social. But, at the same time, it is essential that any subsidy provided to our exporters in this country is known to taxpayers and to parliamentarians. I do not think we will have nearly the same control if we follow the way proposed by the minister, because it will not be apparent, it will be a hidden subsidy. I can hear the minister now; he will come into this House and say, "We broke even despite the competition from the Japanese, the French, the English and the Germans, and that is good." He will not say for one minute that the vast amount of capital he has drawn down from the Consolidated Revenue Fund has not earned a penny. That $2 billion, earning no money, is equivalent to a $200 million a year subsidy at 10 per cent, and a $300 million subsidy at 15 per cent. The point I am making is that we do not have the proper control here.

• (2050)

Let me refer briefly to another element of the annual report which came out after the minister presented himself to the committee a few weeks ago. It concerns the whole question of rescheduled loans, loans which have effectively gone bad but which the government has taken steps to extend, through the Export Development Corporation, so that they do not show up as bad loans in the books. This year there has been an increase of $30 million in these loans, and there is a substantial increase in the provision for bad debts amounting to another $15 million. I think this acknowledges our difficulty in the international trading markets today. It is also a warning sign that because these problems are growing there is a greater degree of risk to the Export Development Corporation. Viewed from that standpoint, it is all the more reason we should not be asked to give carte blanche, a blank cheque, to the minister to go ahead and operate and, through him, to the Export Development Corporation to operate without parliamentary control, without the duty of having to come back to justify a further increase of capital. I must say to Your Honour that in the context of the problems with the Consolidated Computer Corporation, I am not convinced that we should allow ministers opposite the use of the taxpayers' funds in that way. When we were in office, we initiated some studies on the extension of the Export Development operations into the private sector, sharing the operations of EDC with the banking community and others in the private sector who also had expertise in international trading markets. I must say that I am disappointed that we have not seen any extension or any further work done on this privatization, if I can use that word in a broader sense than is normally given it. I believe there has been a considerable increase in the expertise of the private sector since EDC was formed and, prior to that, since the Export Credit Insurance Corporation was formed. These two organization were formed because there was a gap, a void, in the capabilities and in the interests of people in the financial sector to become involved in international trade. But now, in the past few years, there has been a considerable increase in expertise, and most of the loan packages put together by the EDC are put together in consultation and in co-operation with the private sector, so there is a private sector package and participation by the EDC.

I believe there are other ways, more than have been followed to date, of drawing in the expertise and financial resources of the private sector to increase our capacities as a trading nation. It is important that this government initiate a study to this effect, and I call on the minister to do this, to carry forward the work we had started, to discuss the situation with some of

the banks and other institutions which have an interest here and to consider ways in which they can become involved. I do not believe the small business community is as well served as it could be by the Export Development Corporation.

My colleague, the hon. member for Mississauga South has referred to the size of the EDC staff and the number of loans it has handled over the past year. However, when one looks at the size of these loans, one finds that it points out the nature of the involvement of EDC in that it is more concerned with huge projects. A number of huge projects are on the drawing boards and are being actively pursued by Canadian exporters in co-operation with the EDC and the banking community. However, more than likely, the EDC does not have the time, the staff, nor the interest to ensure that the small business community is as actively served as are the major corporations. It is probably human nature that if one has a $100 million here and a $10 million or a $1 million deal over here, one will spend more time with the $100 million deal.

It is for that reason that the government should try to co-opt the resources, the expertise and the day to day business contacts of the banking community to try to service that small business sector more efficiently and more effectively than has been the case to date. So I call on the minister to try to involve the private sector in the decision-making of the corporation to a greater extent and also to take that one step further so that a task force or some form of consultative body might be created with a specific mandate to increase the degree of activity that the private sector can take over from the operations of the Export Development Corporation.

I would like to address the balance of my remarks to a very important area of trade policy, that is, I would like to look behind trade policy to see what we are doing in our economic and industrial development policies. The minister is probably quite aware of the fact that if the proper economic development policies are not in place, he will be spinning his wheels more and more as time goes on. If we are not competitive as a nation, if our inflation rate continues at today's rate of 4 per cent, 5 per cent or 6 per cent, whatever is the proper ratio compared to that of the United States or of our other major competitors, and if our product development is not up to the current standard of technology, he will be spinning his wheels. He will be fighting an ongoing battle, which he is bound to lose.

Looking back over the past ten years, we can see that we have been losing that battle because we have seen our manufacturing trade deficit increase from about $3 billion ten years ago to a current level of about $21 billion or $22 billion. I am sure the minister will say that we still have a positive balance of trade. Last year I believe our trade balance was $5.8 billion. He is very proud of that. The important fact he has to recognize is that during that same year, the manufacturing trade deficit increased from $17 billion to $22 billion. We lost $5 billion in our balance of trade. This essentially means we exported probably 50,000 to 60,000 jobs to other markets in the United States, the Far East, Germany and so on.

• (2100)

Let us dwell for a minute on the importance of our economic development policies. Let me take one by one those policies that we in the Conservative Party feel are essential and must be the yardsticks which the government should build around in order to make the minister's job easier than it is today.

The first is training. If we do not develop the expertise and capability for our people in this country, it makes it very difficult to take advantage of the new technologies that will be coming forward over the next few years. We are not just looking at training of people who are already on the job, but also at training in the high schools, community colleges and universities. We must get the programs together to allow us to have the skilled people available to take advantage of the opportunities that will be ours in the future. That is why we have opposed so strenuously the cuts in post-secondary education funding. It is cutting our future at a time when we need it most.

We also have to look at a much greater degree of co-operation between the federal and provincial governments. I was very disappointed when the Minister of Employment and Immigration (Mr. Axworthy) announced his new policy. Right on the heels of that announcement, not one, not two, but ten provincial ministers spoke out strongly against the initiatives the federal government was taking. Surely something was wrong that there could not have been that degree of co-operation to allow for policies announced at the federal level to be warmly received by the provincial and municipal governments. If we cannot have that co-operation, we will continue to knock our heads against each other and not move ahead in co-operation to fight the problems of not just our Canadian domestic market, but the world market.

The next important point in any economic development strategy has to be research and development. My colleague, the hon. member for Scarborough East (Mr. Gilchrist), has spoken time and again and has been very specific in recent speeches in the House about moves we can make in this country to improve our capacity to develop our own products for our own markets rather than always buy from outside. We have lost the technological development. We do not get the advantage in terms of the expertise that we gain from developing things on our own. We lose a tremendous amount of profit which can be reinvested into development for further technology.

We have seen this country stumbling along in seventh place of all the industrialized summit nations in research and development over the past seven or eight years. Those figures are right out of the government's document "Economic Development for the Medium Term". From time to time we hear how sad it is to watch the way the Italians and the English struggle along with all their economic problems. Let us look at some figures drawn from that document. Our productivity improvement—

Mr. Mazankowski: What productivity?

Mr. Wilson: That is the point I am going to make. Our productivity improvement has been one seventh the productivity improvement of the United Kingdom and one eleventh of that of the Italians. The government says that we have a commitment, that 1 and one half per cent of our GNP will be invested in research and development. The government has been saying that for four years, yet we continue to stumble behind further and further. We are not reaching that goal because policies have not been put together to allow us to do so.

Time and again this government comes out with the right objectives, but it does not know how to get there. It does not understand the problems. The government does not know how to go about finding the ways to achieve those objectives. That is why I urge government members to listen to the speeches of my colleague from Scarborough East who has done considerable work in developing policies here.

I would like to say that we can wait until the next election when we can put in those policies ourselves as a government, but we do not have time. People are losing their jobs. We are losing ground day in and day out in the technology race. In the meantime I urge the government to listen to my colleague from Scarborough.

Let us look at some of the broader problems such as inflation. If we cannot get inflation under control in this country, we are going to lose our competitive position. In the mid-1970s when John Turner was at the helm, government spending ran at 26 per cent, 27 per cent and 28 per cent per annum. We had a runaway monetary policy and no control whatsoever over public sector collective bargaining. John Turner was saying at the time that his was the government of restraint, that that was to be the year they would control government spending. That was the year that government spending increased by 26 per cent.

The hon. member for Ottawa-Carleton (Mr. Pepin) saw that from the outside. He had to come back to pick up the pieces as chairman of the anti-inflation board. He understands the problem. Unfortunately, he is not having much impact with the man in the next seat to him who is inviting inflation. Therefore, it still continues to be a major problem, and we are not getting any action.

That is the same government that said this will be the policy of restraint. What happened last year? Government spending went up 22 per cent. What happened to our inflation rate? It went from 9 per cent to 12 per cent. It is no surprise that what happened caused inflation to g^{o} up.

As I said a minute ago, the government has all the right objectives, but it does not know how to get there. It does not know how to reach those goals. Let us look at another fairly broad program. That is the world product mandate approach to economic development. This is a policy that will be very important for this country to follow in the years ahead.

In this country we have many companies that are subsidiaries of multinationals. That is a fact of life. It is something that developed from loose policies of the Liberal Party in the fifties and sixties. It has developed contrary to statements made by that party, but we have that problem.

It is a fact that many foreign companies are represented here. What can we do, kick them all out or make the best use of them here? I say we have to make the best use of them here. One way to do that is to make them more independent from their parent companies, giving them such greater control over their product line and over the operations and development of their company so that we can improve the economy of the country over all. By giving them encouragement to develop the world product mandate, control of their product line from the research stage through production and marketing, having total control of that over-all cycle, we can develop our country better.

People talk about Canadianization. We have a much greater chance of getting more and more Canadian ownership of these companies if we allow that cycle to develop. Once those companies achieve a greater degree of stability and independence and less reliance on their parent company, at that point we will see many more of those companies going to market and being realistic investments for Canadian investors.

Let me move now to the whole question of dumping.

Mr. Blais: Did you read the Gillespie guidelines?

• (2110)

Mr. Wilson: I have read them. The minister asks, "Have I read the Gillespie guidelines?" I have also asked his colleague, the Minister of Regional Economic Expansion and Minister of Industry, Trade and Commerce about these Gillespie guidelines. He says yes, but he also has written that no one is paying any attention to them because the government does not pay attention to them themselves.

Mr. Blais: That is not so at all.

Mr. Wilson: When were the Gillespie guidelines discussed in this House last?

Mr. Blais: Last year.

Mr. Wilson: He says they were. I draw the minister's attention to the fact that the agenda of Parliament is controlled by the government, not by the opposition. Surely he has been around long enough to know that. These guidelines, if they are to be of any use, have to be implemented by the government.

Mr. Blais: They are being implemented.

Mr. Wilson: I have yet to hear of any serious attention being paid to them by the government, to the development of the world products, to the development of a greater degree of independence of the subsidiaries of foreign companies in Canada. The only thrust of that government is "kick 'em, get rid of the foreign subsidiaries, tell them to sell out," "get rid of the foreign investment from this country and take the jobs that go with them, too." That is the attitude of the government, and

it does not work. That is why there is one and a quarter million unemployed today.

Some hon. Members: Oh, oh!

Mr. Wilson: I think the minister has some experience with this. I would encourage him to flex his muscles a bit, if he has not been getting too flabby over the last little while. Let him flex those muscles a little and possibly show the people who are exporting to this country that we are not going to accept dumping here, that we are not going to accept the fact that they are using our markets as a way of supporting jobs back in Japan, jobs in Germany or jobs in Brazil. He should get tougher there and recognize that when a Japanese company sells something here at 10 per cent, 20 per cent, 30 per cent below the prices at home, there is not much we can do. Where can we buy that here? We are exporting jobs to Japan, we are making their life much easier for them and we are increasing our unemployment here.

I encourage the minister to discuss the whole question of dumping to a much greater extent with the people he is trying to fight with, in Japan, because if he says there will be no selling, no sales of electric generators or turbines or other products that we sell in this country, that would make for a much healthier economic and industrial climate.

Let me move to savings and investment, Mr. Speaker. The attitudes to savings and investments are one of the critical problems. We had a budget brought down last November which had the effect of totally undermining the attitudes of entrepreneurs, the attitudes of people who are investing money, of people who are saving money for their retirement. These were moneys that will be reinvested in the economy to provide the wherewithal for the various things I talked about in the last few minutes. The government must learn that you cannot fool around with how people regard their savings, savings that they have worked for years to develop, businesses that they have worked for years to develop, you cannot tamper with that. We have seen the direct result of that tampering in the past couple of years, with the energy program and the attitude toward foreign investment and the attitude towards broader intervention in the economy, and then the budget on top of that.

Last year we had an outflow of capital, domestic capital as well as foreign capital, from this country, totalling some $19 billion. That is a lot of money, Mr. Speaker. It represents one tar sands and half of the Cold Lake plan. It represents about one and a half times the total amount of money that we spend from coast to coast on housing. If that money had been invested in this country it would have created some 200,000 jobs. That is equivalent to all of the people who are unemployed in Toronto, in Hamilton, in London and in Windsor. That is why it is such a serious problem, and it is a serious problem because the government has ignored the impact of their policies on the investment attitude and the savings attitude of the people. People are scared, they are scared that they are going to lose their savings and lose their business, because of the attitudes and policies followed by this Minister of Finance (Mr. MacEachen) so they are shooting their money out of the country.

People have said, "Let us let the Canadian dollar drop, let the interest rates drop, and then the Canadian dollar will drop." That is okay. It will help the minister sell more exports. But that is a short-term palliative, it is a short-term relief for long-term grief, and it does not work. Once we get the dollar down, what is going to hold it at that level? We will have greater inflation, we will have higher interest rates, we will get the dollar down and have the same high interest rates as we have today. That is the wrong way. It is the wrong way to approach the problem. We have to get the basic economic development policies right.

I say to the minister, do not just throw money at the problem—as he is doing now with the Export Development Corporation, do not throw money at the problem—as he was talking of doing with the national trading corporation that, thank God, has now gone the way of the wild goose. Let us get the economic development policy right, because that is the way he will make his job easier. He has to speak to the Minister of Finance, the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Regional Economic Expansion and Minister of Industry, Trade and Commerce.

We have a great opportunity to build up this country but the policies that we have been following over the past ten years are a burden, and that burden is apparent in the huge increase in the manufacturing trade deficit.

We have to make some changes. That is the positive approach that I am trying to take in the debate tonight, to encourage the minister to take these ideas to his colleagues, to encourage the economic-development thinking of his party, so that we can attack the basic problems that are causing so many difficulties in the country today.

Some hon. Members: Hear, hear!

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I think the House has been well served tonight by the remarks of several members of the opposition. I am thinking of the member for Calgary South (Mr. Thomson) who put forward a policy of approach to the minister. Also, the member for Yorkton-Melville (Mr. Nystrom) laid down the priorities of trading in techniques of production. We had the member for Mississauga South (Mr. Blenkarn) bringing together his considerable experience in the actual question of efficiency of the corporation. We have heard from the member for Etobicoke Centre (Mr. Wilson) speaking about the credit responsibility of the corporation and also about the relationship to the economic growth of the nation.

The minister himself should be congratulated on bringing this bill in, with clause 1 in it, that I will speak on in a minute. Apart from that, he has paid the House great courtesy by coming in and listening. These speakers have been tough, but they have been constructive. The minister is to be congratulated for paying the courtesy of listening to this House, because the only thing he can do is to listen. This is a Parliament, a

talking place, and the talking has been of a very high standard tonight.

My remarks will be on one point in the bill and may include a little philosophy. It gives the minister a great opportunity to expand the services of the Export Development Corporation and do so in a way that does not put any extra great bonds on to the ways and means of the Minister of Finance (Mr. MacEachen). I am talking about the capital structure. This particular corporation is founded on a principle similar to the principle on which the Farm Credit Corporation was founded in 1959. The Farm Credit Corporation has a capital structure and, depending upon how much money is put into that capital, the Farm Credit Corporation can lend up to 25 times as much as that capital. It has one of the characteristics of a bank. The Export Development Corporation has a multiplier of only ten, but it has a bigger capital base. That base is now being raised to $2 billion, and if the multiplier is ten, that is a sizeable sum of money to have to play in the big poker game known as world trade.

• (2120)

What struck me as radical and what struck me as more than important was the amendment contained in Clause 6. I will read it into the record to make certain the record shows there is a consistency here which, for government, is rare indeed. Clause 6 says:

Section 12 of the said act is repealed and the following substituted therefor:

I have described the previous section in a general way. Under this amendment the new Section 12 would say:

The Corporation may, with the approval of the Minister of Finance, borrow money by any means, including issuing and selling bonds, debentures, notes and other evidences of indebtedness of the Corporation.

If with that one amendment an aggressive, intelligent group of people working under the minister—and according to the hon. member for Mississauga South there are 543 of them—

Mr. Mazankowski: One for every loan.

Mr. Hamilton (Qu'Appelle-Moose Mountain): —cannot put together a series of deals and ideas as to how to get money into the corporation much cheaper than they can get it by having to borrow from the Consolidated Revenue Fund, they are not worth their salt.

This same sort of amendment appeared in a previous bill of this session, Bill C-88, regarding the Farm Credit Corporation. I will not read it, but it is exactly the same, word for word, as the amendment we have in this bill.

What to me is so exciting about this is that if I were to put myself into a minister's position and try to do an aggressive, constructive job, I would like nothing better if someone gave me the key to the kingdom. Lawyers in the Department of Justice tell us that the words "by any means" mean what they say, and when I proposed an amendment to this section in the Farm Credit Corporation Act, it was turned down as being unnecessary. I wanted greater certainty, and I named some of the other techniques on the ground that the lawyers say that that clause "by any means" means exactly what it says.

What are those other means by which money can be put into the capital account—and therefore into the lending account—of this corporation? One technique which was put forward a year ago in the House by the Conservatives was that we could use the principle of the Small Business Development Bond. That does not mean that we have to call it the Small Business Development Bond. In plain English it means we could use the principle of the Small Business Development Bond, which is well established as a precedent in our financial history as well as in the financial histories of the United States and other countries. The principle is very simple. If an individual in Canada lends money for any worthwhile national or social purpose, that person does not have to pay tax on his income from that loan. At the time of the First World War we used it for bonds, but the Crosbie budget of 1979 laid it down as a principle to get money into the hands of small business, which included incorporated farms. That principle was a good principle because when the banks began to realize its potential, they began to lend money to small businesses and farmers across Canada at a little above half the normal interest rate. That principle is workable.

The administration or handling of this money could be put into an organization which is free from the difficulties of working with a civil service operation, and I suggest the minister should be asking the people of this corporation to be laying plans down now, long before the bill goes through committee. They should be making plans now to put before the Treasury Board, the Department of Finance and, eventually, the cabinet which will be acceptable to the Department of Finance.

The only argument I have heard against this approach by the Farm Credit Corporation, the Canada Mortgage and Housing Corporation and this export agency is that it may take an amendment to the Income Tax Act. This should be faced up to right away because if the Income Tax Act can be amended for the Small Business Development Bond, it should not be very difficult to get a similar amendment through for these other agencies. I suggest to the minister very seriously that he work in co-operation with the Minister of Agriculture (Mr. Whelan), who has the same clause in his legislation, and see if they cannot put together a proposal which would include this method of raising money cheaply. If they can raise money at half the going interest rate because of the exemption from federal tax, then they have a base for cheap money on which they can begin to build and expand by giving cheaper loans to borrowers. As the minister knows, this is very important in the great fight for markets. We are competing, really, for credit arrangements. We might have the best product in the world, such as the Candu; we might have the best farm machinery in the world, which we have; and we might have the best quality steel at the lowest price in the world, which we have; but we cannot sell unless we offer credit terms, because that is the base upon which we compete with other nations.

The minister well understands the other difficulty. The euphemistic phrase used for it is "marketing expenses", but I think I have made my point that we in this House in all parties—I am sure the government party—will do everything we can to help the minister improve the performance of the Export Development Corporation, and the first step is getting a supply of capital at the lowest possible price so that we can compete with other nations doing the same thing. With a bigger bank roll we have some chance of success. I suggest that the principle of the Small Business Development Bond is a sound one. If the minister wants, other members of my party will explain other techniques.

• (2130)

The budget got rid of all these incentives to save money that were built up over the last seven or eight years, but they can be restored under this clause by allowing people to lend money to the Farm Credit Corporation. The income-averaging annuity could be used to spread income over a number of years. Retirement plans could be set up under this clause, or anything else you want. The only limitation is the initiative and the imagination of the staff administering it. If they are not already in the department, they should be hired, but this opportunity should not be missed. Any number of these devices could be used.

I put these things forward because as an ordinary Member of Parliament I am very pleased to see evidence of ideas that were presented in this House at the request of the Prime Minister (Mr. Trudeau) and other ministers, put to use. A year ago we put forward some positive suggestions, and I am pleased to see them included in the budget and in this legislation. This proves that if one is patient and constant, sometimes one can manage to get certain items included in legislation.

In all humility, I say God bless the civil servant who sneaked this item into the bill. It gives the minister a chance to get around the budget which changed incentives into loopholes. It leaves room for cancelling the budget without loss of face.

The minister has an opportunity to let his imagination and initiative have free rein so that when the race is run he can say, "By jove, I got something done in spite of the system!" I should like to see the minister supported in that approach by all members of the House.

That is not the only way to get money, however. The minister must be aware that there is a lot of money around which is looking for investment. I am sure that officials in government are aware of this as well. I am referring particularly to Eurodollars and Petrodollars. The minister probably knows that there are people who are very anxious to get their money into the United States and into Canada. As far as I can establish it, if one were dealing with a Swiss bank today the effective rate would be about 11 per cent, and with Saudi Arabia it is probably about 10 per cent. Of course there is the risk of a change in value of the relative currencies when one borrows from such countries. There were some bad experiences seven years ago when a big change took place over a year and a half. However, these loans can be insured from any variation in the basic principal or in the rate of interest. A premium of 2 per cent is charged for this by most of the Swiss banks which would bring it up to 13 per cent interest, but there would be no risk of a change in the value of the Canadian dollar.

I put that forward as the second alternative for getting cheaper money. Certainly the Export Development Corporation does not want to borrow money from the Consolidated Revenue Fund at 17 per cent. First of all, it is not available and second, who wants to pay 17 per cent when it can be borrowed at 11 per cent plus 2 per cent? The Arab investment corporations would probably charge about 10 per cent plus 2 per cent.

These things should be looked at by the minister. These people are desperate to get their money invested and also, they do not want it back too soon.

The same methods cannot be used in dealings with the developing nations. In those cases a three way trade operation is best. We cannot lend them money because they do not have a credit rating and it would be bad for them and bad for us. But a relationship could be set up through a well qualified international trading agency which knows that in order for these countries to pay us back, they would have to sell some of their goods somewhere else. The EDC is not equipped to do that—in fact none of our agencies are, but some private international trading companies do a good job with three way trade. The financing of such a deal becomes very complicated.

I am not trying to read the minister a lecture here but am simply pointing out some of the difficulties to him. Today, with our growing industrial might and our potential productivity growth, an export technique has to be developed at a very high level. It is important to get good terms on interest rates, the payout period and the marketing expense. These techniques are sometimes handled by an experienced international trading corporation.

Another thing to be negotiated is mutual advantage. The old North American concept in the days of economic imperialism was that there was only one type of deal—to get the best of it. The new type of deal that works with the more sophisticated developing nations is one that offers mutual advantage on both sides. This can always be arrived at if both parties approach it in the right spirit. Of course, every nation is different; in Mexico it is oil versus the CANDU. In Japan, it is whether they really want access to our resources in the future. It is important not to be backed down by Japanese politeness and firmness. As long as one speaks politely to the Japanese one can be tough. In fact, that is how they gain respect. With Europe it is also access to resources. If Europe wants our coal and our iron it will have to split its tariff structures. I am sure the minister knows how effective this idea is in dealing government to governent. In the case of Poland and the Iron Curtain countries the key is food. We have it, but the question is how they will get the money to pay for it. The minister knows the answer—it is three way trade. That is why I always put in my notes, "No more than three years' credit."

I will not speak of the joint enterprise technique and I will not speak of the international trade companies in detail nor

will I talk of the relative position of the World Bank and the International Monetary Fund and so on.

I want to leave one thought with the House. This bill has given the minister an opportunity to put a credit base under the Export Development Corporation where he has a fighting chance to meet the competition from other industrialized nations engaged in the same business. It is a rough world out there. He has listened to my colleagues who have spoken of efficiency and how these things will be established, but I say that I wish the minister the best of luck in getting action immediately on this. We certainly need action immediately on our export business over the next few decades.

Some hon. Members: Hear, hear!

• (2140)

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I rise to speak in support of this bill subject to the reservations expressed by my colleagues, which have been expressed for some very good reasons. This company is a wholly-owned Crown corporation with broad powers including the power to borrow, lend, guarantee loans, enter into export and foreign investment insurance contracts, and issue guarantees in respect of export transactions. Hopefully, some of the points raised by my colleagues will be fully dealt with in committee.

While the Export Development Corporation has been a useful instrument for expanding Canada's world trade, I think we all recognize that our record in international trade is not all that impressive. One can only speculate about what might have been had we not had the EDC. The record shows that Canada's share of world trade has declined over the last ten years from 4.9 per cent to 3 per cent. In absolute terms, and compared with other western industrialized nations, our productivity has declined rather dramatically and continues to do so. One only has to look at the recent budget papers, specifically the document entitled "Current Economic Situation" to see that Canada's productivity percentage change over the last ten years was 0.2 per cent. In the U.S. it was 0.6 per cent; in the U.K., 1.5 per cent; in Germany, 3.1 per cent; in France, 2.7 per cent; in Italy, 2.2 per cent; and in Japan, 3.4 per cent. So out of those seven countries, Canada has the worst record of performance. Our manufacturing sector can be described in general as being inefficient. I think it is fair to say we produce far too many lines, and our economies of scale are such that we find it difficult to compete in the international marketplace. We are weak in research and development, we do not have an effective marketing system, and we seem to lack a degree of persistence and continuity in exploiting and maintaining our markets. In other words, there is a tendency to be in and out of the marketplace; when things get a little tough, we withdraw; when we have a surplus we try to get involved in a marketing situation. So the in and out nature of our marketing strategy hinders us.

Excluding the auto pact trade, Canada's exports of fully manufactured goods represents only one fifth of our total exports, well below the average of one half to three fifths of all major industrial nations. This of course contributes to two of our very pressing problems, that of the balance of payments, and unemployment. In the 32-year period from 1950 to 1981, on only four different occasions did Canada manage to achieve a surplus in its current account. To a large extent it is fair to say that that has been caused by the outflow of dividends and the cost of servicing our debt, but our deficit in manufactured products during the 1970s was some $88 billion, $60 billion of that in the last five years of the decade.

That deficit is worsening, Mr. Speaker, when we look at the 1980s. In 1980-81 the manufacturing trade deficit was close to $40 billion, with no indication the trend is going to reverse. We rely far too much on our resource industries which are capital intensive and light in labour content. I am pleased that the Minister of Transport (Mr. Pepin) is in the House today because he is grappling with the issue of railway capacity, particularly in western Canada. The demands on that capacity are largely in the natural resource sector, particularly coal, the west bound exports of which will increase from about 15 million tons in 1980 to about 59 million tons in 1990, an increase of about 350 per cent. Fertilizer components will increase by 78 per cent to 28 million tons, and raw forest products will increase by 65 per cent.

I guess, Mr. Speaker, that this is one of the arguments that western Canadian farmers placed before the minister, as they do before other politicians, when they say: we are being asked to share in the cost of increasing railway capacity, but what we are going to be doing is exporting a larger amount of our own real estate to other countries. That coal will probably come back to us in the form of a television set, refrigerator or automobile. On the other hand, the movement of grain will probably increase by maybe 40 per cent over the next ten years. So what we are doing in effect is aggravating the situation.

It is further aggravated by the fact that we are in a worldwide recession. The government continues to base its policy for economic recovery on resource megaprojects as outlined in the economic development strategy which accompanied the recent budget. That budget did nothing to enhance our manufacturing capability. As a matter of fact, it aggravates the situation as well, for example, the reduction in the capital cost allowance in the first year and the impact that has had on the automobile sector. In the leasing industry alone it will mean the loss of some 44,000 units during 1982. There are no incentives in the budget to encourage manufacturers to retool and improve their productivity. This whole question of reliance on resources and the failure to recognize our manufacturing potential is manifest in the fact we do not seem to have the resolve to increase our productivity, research and development, or to encourage retooling. These are all part of Canada's dismal performance record.

• (2150)

It is not very often that we have a bill of this nature to stimulate the kind of debate that I think has taken place here today. But when we really examine our own situation as a nation we find ourselves in a serious export crisis. I must

compliment the agricultural sector, particularly the grain and oil seed sector. Once again I am pleased to see that the Minister of Transport is here. I think he has recognized the importance of the grain and oil seed sector, particularly the importance to Canada in terms of its export potential because it does generate huge amounts of spin-off activity. I know the minister addresses that problem most seriously. While we have slipped somewhat over the last ten years, we have not really penetrated our market potential in the way we should have. Perhaps that is due in part to the unreliability of our transportation system. I am happy to note, and I give full credit to the minister, that this year we will probably establish an all-time record of 26 million tonnes, which was the target established.

I have always been one to believe in establishment of targets. I did so when I was minister. I think you have to have something to strive for. I am pleased the minister and his colleague, the minister responsible for the Wheat Board, established a very ambitious target of 26 million metric tons, which I think will be achieved. It charges the system to work, to function, to iron out the wrinkles and the deficiencies.

Ten years ago we participated to the extent of 26 per cent of the world's wheat trade. Last year we recorded only about 17 per cent of the world's wheat trade. It means that while in aggregate terms Canada's share is going up, in terms of our penetration of markets Canada's share is going down. Clearly, that is a challenge to all of us. Part of that challenge is to improve our transportation system. We must also sharpen up our marketing abilities. I firmly believe that Canada's producers will produce if they are challenged with that task. The export of grain and oil seeds in Canada will generate some $5 billion to $6 billion in foreign exchange this year. When you look at the tremendous spin-off that is generated throughout the country, I think it fair to say that for every dollar's worth of export trade in grain and oil seed products, we witness a multiplier effect of something in the order of $4 to $5 which generates activity right across the country from Vancouver to the Atlantic sea ports. That is most remarkable. One only has to visit a place such as St. Catharines to recognize that that community is very much attached to and involved with the grain growing centres of Saskatchewan, Alberta and Manitoba. Notwithstanding the fact that there has been a dramatic increase in the price of imputs and a rather substantial reduction in the price of the net product to the producer, our producers are still competing in the international marketplace.

Take for example this year. When you look at the increase in input costs and couple that with the decline in prices in the international marketplace, you will note a 25 per cent reduction in net income. Yet our producers are competing and penetrating that market. I merely make this point to indicate that given the will, the resources and the desire, we can compete and penetrate those international markets. I think the agriculture sector can be held up as a clear example of maintaining its prominence in ensuring we maintain the markets that have been established over the years. I hope we can improve. I am sure that we can improve because I believe our trade potential in agricultural products is greater than what we have achieved to date.

I am not sure whether Canagrex will make any major impact on our ability to improve. The bill dealing with Canagrex at present is hung up in committee. I think there are some real second thoughts about the ability of Canagrex to achieve what it was intended to do. Whatever happens to Canagrex, given the right climate, given the right kind of transportation facilities and the marketing mechanism, and given the credit arrangements that are required, our agricultural producers can produce. There is no question about that.

One of the problems that affect Canada's ability to penetrate world markets is the arrangements in which we are involved with respect to GATT. Someone has suggested that as far as Canada is concerned we are the boy scouts in the trading world. Whether it is correct or whether it is implied, the fact still remains that we do not fare very well in terms of dealing with our counterparts in terms of how we honour commitments to GATT and how other countries, our competitors, get around some of these things. We recognize that there are protective shields which some countries adopt to protect their own sectors. We know there are tariffs; we know there are non-tariff barriers, we know there is a lot of unequal treatment, and we know dumping goes on.

I have to point out that in the case of the megaprojects, and I refer to them once again, I think it is overlooked by many that out of the $440 billion worth of identified megaprojects, about 50 per cent relate to the electrical sector. When we look at what has happened in that sector we note that 10 per cent of those megaprojects are currently under way. We notice also that 80 per cent of the hardware for those megaprojects has been provided by offshore resources. While we are here talking about the need to penetrate our export market, we should also be talking about and recognizing the fact that we had better capture our own domestic markets. Dumping is crippling our basic manufacturing industry. That is clearly an area of government responsibility that should be addressed. There is no question that some nine hydro generator purchases in the last while have been supplied by offshore sources, essentially by Japan at 50 per cent below the prevailing price. These same markets are closed to foreign manufacturers. In other words, Canada cannot penetrate that market even if it wanted to.

As a matter of fact, when we look at specific prices, we note that in the case of one power transformer there was a differential of 35 per cent. That was the margin of dumping. In another case, the figure was 33 per cent. While we must stress the importance of export markets in penetrating markets and in achieving our potential, we have to make sure that our own market potential is not raped, that we have some protection for our own markets here in Canada.

In the area of agriculture and agricultural products, I am fully aware that the ECC and Japan have closed the door to many agricultural products, and agriculture is heavily subsidized. I could go on. I hope I will have the opportunity later on, either in committee or through further debate in this

House, to elaborate on some of the points that have to be made. I understand there is agreement to see that this bill moves on to committee. It is with that spirit of co-operation in the House that I will yield the floor. Speaking on behalf of our party, I believe, that we are prepared to see this bill move on to committee at this time.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

VETERANS AFFAIRS—REQUEST FOR ADJUSTMENT INCREASE IN PENSIONS. (B) INQUIRY RESPECTING DATE OF PRESENTATION OF LEGISLATIVE AMENDMENTS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I rise tonight because of a totally unacceptable answer which I received from the Minister of Veterans Affairs (Mr. Campbell) on May 12, 1982, to the question concerning increasing the basic rate of pension payment to disabled veterans. The minister's answer indicates to me that perhaps he has not done his homework as well as he might have. I asked the minister how he could justify allowing some 130,000 veterans to fall $900 behind the composite group of the public service in terms of pension payment. Also I asked the minister to introduce amendments to Section 58 of the Pension Act which would provide that pension increases reflect the principle of parity with the average wage of five unskilled categories of public servants or the increase in the consumer price index, whichever is greater, and that this principle be entrenched in the Pension Act. Such an amendment would guarantee veterans a fair and constant increase compared with increases in the public service.

The minister replied that he had not enough time to study the proposal which had been presented through my question and by national veterans' organizations of Canada in the Standing Committee on Veterans Affairs. The minister failed to realize in this admission that this very same recommendation had been put forward by veterans' organizations, by various governmental committees and by a 1972 study group established by and with representation from his own departmental officials. As far back as 1972, his department was recommending that, and I quote from the study group recommendations:

It would seem readily apparent to the study group that these disabled veterans should be permitted to join in the standard of living available to other Canadians, and should not be restricted to relating future increases in pension to the cost of living today. By their service and sacrifice they have earned the right to enjoy the standards which working Canadians have as a matter of course.

The recommendations of the study group continued:

Pensions should be adjusted annually on a fixed day in accordance with changes in the average wage rates for the public service groups selected and taking into account income tax deductions in effect on that fixed date.

If the minister and his department need more than ten years to study and implement such a simple amendment to the Pension Act, it is no wonder that more complicated problems like pension application processing delays have been with us since the advent of the veterans' benefits system. Ten years is simply too long for any person to have to wait for a simple decision, yet the minister says that he needs more time to review the proposal. Meanwhile, veterans' organizations must come hat in hand to plead on behalf of their members for pension increases on a yearly basis just so veterans can survive.

There have been a number of encouraging improvements made to the management and operation levels of the department, but there is no reason this healthy trend should not continue here tonight by the minister agreeing to the cancellation of this grovelling which veterans must do just to keep up with the cost of living.

I am especially pleased that the minister recently stated in the Standing Committee on Veterans Affairs that he had no objection to a six-month time limit on pension processing and the appeal process, except for the possibility that the retrieval of medical records would be hard to accomplish. Surely, with the introduction of the computer system on which the department's newspaper has reported so glowingly, the retrieval of medical documentation from one end of the country to the other will be accomplished well within three months, thus leaving three months for appeal procedures.

In response to my questions tonight, I know the minister will reply that it has only been recently that veterans have actually fallen behind. Still, he cannot justify making them come back year after year to beg for increases just to keep up with the cost of living. This is a completely unnecessary complication both for veterans' organizations and for the department. If it is true that such amendments would not cost the department unaffordable sums of money, what sense does it make not to have the system regularized by having annual automatic increases?

The amendment to the Pension Act which has now been recommended by almost every veterans' association in Canada, by the Senate Committee on Health, Welfare and Science, by officials within the Department of Veterans Affairs, and by the Conservative Party can no longer be ignored on the basis that it is under review. I hope the minister will stand up tonight to accede to the many proponents of this proposal and that he will tell us that legislation will be forthcoming before the summer recess. He could be sure of all-party support and quick passage if this were the case. Disabled veterans across Canada will be very interested in the minister's reply tonight.

• (2205)

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Mr. Speaker, as the hon. member knows, in 1973 the basic rate of disability pension was set so that a pensioner without dependants, whose disability or disabilities were assessed at 100 per cent, would receive a pension equivalent to the composite average salary of five selected categories of unskilled public servants, after income tax had been deducted, as if the public servant lived in the province with the lowest tax rate. Of course, we all realize that income tax is not payable on pensions paid by the Canadian Pension Commission.

As of January 1, 1982, the average annual salary of the five categories of public servants was $10,371. This meant that there was a difference of $554.52 per annum between the average annual salary after taxes in favour of the 100 per cent unmarried disability pensioner who receives $10,925.52 per annum following a 12.2 per cent increase, in line with the consumer price index.

Following recent wage adjustments in certain of the civil service categories used in computing the composite average salary, as of April 1, 1982, the salary after tax of the average of the five selected categories of single public servants is $988.91 a month, or $11,867 per annum, while a 100 per cent unmarried disability pensioner receives $910.46 per month, or $10,925.52 per annum, for a difference of $78.45 per month or $941.48 per year in favour of the composite public servant. A married 100 per cent disability pensioner with no dependent children receives $13,656.96 per annum, whereas the married average public servant will receive $12,613.00 per year after tax for a difference of $1,043.96 per annum in favour of the disability pensioner.

It should be noted that approximately 76 per cent of disability pensioners are married, and therefore most pensioners receive substantially more than the composite public servant who, as we all realize, receives nothing extra for being married.

The Royal Canadian Legion and the National Council of Veteran Associations have indicated their concern with the present rate of pension, and I wish to assure hon. members that I have this subject under very active consideration.

THE ECONOMY—LEVEL OF INTEREST RATES. (B) REQUEST THAT NEW BUDGET BE INTRODUCED

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on Thursday last, I raised a question with the Prime Minister (Mr. Trudeau) because of the change of interest rates in Canada on Thursday. Your Honour will recall that interest rates in Canada rose a quarter of 1 per cent, or 25 basis points, on Thursday. At the same time, interest rates in the United States declined 40 basis points, increasing the separation between Canadian and American interest rates to very close to 3 per cent per annum.

Your Honour will recall that the government has blamed the Americans for our interest rate problems in Canada, but the fact is that the basis of the treasury bills is that interest rates in Canada are very close to 3 per cent above those in the United States. Commercial paper is about 2 per cent above that in the United States, and it is a little better than that on long-term Canada bonds. The effect is that we have a high interest rate policy in this country. We presumably have it to maintain the value of the Canadian dollar. The Prime Minister was concerned that I was trying to advocate a lower dollar, in his opinion. That is not the case. The Prime Minister knew perfectly that we had 35 hours of debate the previous week with respect to the economic problems of this country, initiated because of the failure of the Alsands project. In that debate we made a number of references to what needs to be done in this country to turn around the economic conditions of Canada and reduce interest rates.

• (2210)

We have said time and again that the budget of November 12 must be dumped. It has almost been dumped, but it has to go completely in order to cut down the uncertainty and lack of confidence in Canada.

We said that we have to reverse the National Energy Program which has driven capital out of the country. In fact, lately there has been a flood of capital out of the country. In order to balance that capital, we have to pay higher and higher interest rates in order to attract hot money from the rest of the world to this country.

We said that we must take a very serious look at the Foreign Investment Review Agency. The government refuses to do that. It brings in legislation that discriminates against foreign capital. It gives Canadians generally the attitude that their capital might be expropriated.

We have said to the government it must change its penchant for creating a series of grant and loan programs. We have almost a Campbell's alphabet soup of initials for various programs, enterprise development-oriented programs, housing programs, or whatever. We have a whole series of programs involved in grants which Canadians are supposed to look at as a benefit from government. We said that should be reversed. Instead, we should have incentives in the tax system to encourage Canadians to invest and make Canada a place where they can stand and grow.

We have told the Prime Minister time and again that if he really wanted to make this country grow, he would look seriously at the capital gains tax structure in this country. If he did that, he would see that most of the capital gains tax the government collects is as a result of inflation. True gains should be indexed. In fact, we would be better off without the whole concept.

Time and again we have said the government should get its costs under control. It must reduce government overhead to below the rate of inflation, not above as it has been for the last year, this year 16½ per cent of the budget and 22 per cent the year before, far above the rate of inflation. Time and again we have said it must control costs, but the government has yet to do that.

We have said time after time that the government should look at the various departments of government and at such things as Consolidated Computers. We spoke tonight about the Enterprise Development Corporation and corporations such as Canadair which have benefited from all sorts of loans, grants and programs. Money is funded into unprofitable and very marginally profitable operations at enormous costs. The Prime Minister refuses to look at these. No wonder the Canadian dollar drops. No wonder interest rates go up higher and higher in Canada. This government refuses to look at remedies proposed by the opposition and by Canadians generally. With blinders on, it continues its high interest rate policy designed to ensure that our recession will become a massive depression.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am surprised to hear such a hodge-podge of fuzzy economic thinking from the hon. member for Mississauga South (Mr. Blenkarn) who usually presents himself as knowledgeable on economic matters. He approached an important topic, the question of interest rates and inflation in Canada. He presented a long list of what he sees as sins by the government as the cause for high interest rates. I am surprised that in the list of those sins he did not give even a token acknowledgement of the fact that he was acting as a spokesman for a very reasonably small group of privileged people. He was attacking some very important programs that happened to help a broad spectrum of business, industry, labour and ordinary people in this country.

• (2215)

The hon. member's claim that we can drop interest rates is a direct lead-in to several important economic consequences. He does not want to tell us that his claim to drop interest rates will lead to a devalued dollar, that it will push up prices enormously for ordinary Canadians. He does not want to tell us that this higher inflation, which will result from his policies, will end up eroding the savings of ordinary people, especially the pensioners in his riding who depend very much on their savings. He does not want to tell us that the kind of thinking he has given us leads to the sort of panic and despondency, the kind of bad psychology, that he wants to lay at the government's door.

These are the logical consequences of the kind of attack and the kind of policies that he has presented. I am surprised to hear him make the claim that we can arbitrarily drop interest rates. It sounds to me that once again the hon. member is cozying up with the NDP and its kind of magical economic thinking. Usually he tries to present himself as something more Conservative than that. He knows full well that the real way to get rid of high interest rates is threefold. First, it is for all of us to dedicate ourselves to some kind of fight against inflation, some kind of restraint that will get inflation down. Second, we need to encourage areas of genuine growth, genuine strength. Third, we need in the course of this activity to find the people who are suffering from the recession and to provide them with specific and well-deserved help to help them bridge these difficult times. That is what this government is involved in, Mr. Speaker. We are not involved in negative thinking, negative attack or magical answers.

EMPLOYMENT—VOLUNTARY AFFIRMATIVE ACTION PROGRAM—REPORTED CONTENTS OF MEMORANDUM. (B) REQUEST FOR INTRODUCTION OF MANDATORY PROGRAM

Mr. Cyril Keeper (Winnipeg-St. James): Thank you, Mr. Speaker. I rise this evening because the response to the question that I put to the Minister of Employment and Immigration (Mr. Axworthy) on May 14 of this year was totally inadequate. My question was with regard to the affirmative action program, and I want to spend a couple of minutes indicating why that question was important.

I must say, Mr. Speaker, that basically what we are dealing with here is a program that attempts to help disadvantaged people, native people, women, and the handicapped. The facts that lead to the creation of such a program are that, for example, 60 per cent of all women in the labour force end up working in jobs which are classified as clerical, sales or service. There is nothing wrong with these jobs in and of themselves, but when 60 per cent of all women work in these kinds of jobs only, rather than in senior management, for example, or in professional employment, these jobs in themselves become job ghettoes. These low-paying jobs, dead-end jobs, mean that women today earn only 60 per cent of what men earn. That is, for every dollar that a man earns, a woman who is working full time will be earning 60 cents.

The reason that I asked the question with regard to affirmative action is that affirmative action in other jurisdictions has proven to be a good, effective way to bring about greater equality in the incomes and working conditions of men and women.

In my question to the minister I began by focusing upon Manitoba in which over a period of seven years of a supposed affirmative action program, no agreement has been signed between the government and the private sector to establish these affirmative action programs. The fact that there has been no agreement has been well known to everybody, including the minister, and therefore was clear evidence that nothing was happening in the area of affirmative action, that there were no results coming out of the government's activity. To underline the fact that the government was not getting any results, a memo came to public light over the last week or so. I would like to quote from that memo directed to affirmative action consultants, those civil servants whose job it is to go out into the community to meet with companies in the private sector to encourage them to establish affirmative action programs. These consultants received the following directions in a written memo:

• (2220)

—you will not promote Affirmative Action nor visit employers in this regard. In addition, you will not conduct any seminars or disseminate any information to the field to explain or promote Affirmative Action.

That memo in and of itself is shocking and disgraceful, and I must say it was not surprising that when this came to the

attention of the minister, he ordered an investigation. I have only one comment about the investigation, which the minister describes as a full investigation: the investigation is an internal departmental investigation. I think the public would have more confidence in this investigation if it were a public, open investigation in which everyone could see that justice were done rather than being an internal departmental investigation, in other words, the department investigating itself.

However, be that as it may, there is an investigation, and perhaps some good will come of it. I certainly hope it does because if there is any way to put a little energy behind the affirmative action program in Manitoba, perhaps it will be found in that investigation.

What strikes me most deeply about the memo is the fact that it raises the whole question of what level of commitment to affirmative action the government has. Just how much energy is the government putting into affirmative action? The memo raises this question because it seems to me that only in government which has no real and firm commitment to an affirmative action program could any civil servant even conceive of writing such a memo to employees whose job or mandate it is to promote such a program. I think what the government has to deal with is the whole question of its level of commitment to affirmative action.

The minister responded to me by saying that the government is deeply committed to affirmative action and citing the "very major" success of the affirmative action program in the public sector. I want to put on the record a few facts about the program in the public sector, which the minister describes as a very major success and as evidence that the government is deeply committed to affirmative action. The annual report of the Public Service Commission for 1981 gives statistics in relation to affirmative action in the public sector, and I will put some of those on the record here tonight. Only 4.3 per cent of the management category in the public service are women, and 81.6 per cent of the administrative support category are women, so at the top end of the public service there are mostly men and at the bottom end of the public service there are mostly women. With regard to salary levels, 67 per cent of public servants earning less than $10,000 were women, while 97 per cent of those earning over $50,000 were men.

I see an indication that I should be winding up very quickly. I just want to say that the statistics I have quoted—and many more could be quoted—demonstrate that the results of affirmative action are as bleak in the public service as they are in the private sector.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, before discussing the specific question let me provide for the hon. member some background information about the affirmative action program.

Affirmative action is a process undertaken by an employer to identify and eliminate systematic discrimination and to redress the imbalances in the work force caused by past discrimination. Affirmative action was first enunciated as commission policy in 1979 and became operational in the 1979-80 fiscal year.

There are presently 16 affirmative action consultants located in the major centres across the country. For example, there are two such affirmative action consultants in Winnipeg. It is true that affirmative action has not enjoyed a great deal of success in signing agreements with employers in the past few years. Many employers have a negative perception of affirmative action based upon the American experience. Some employers, in addition, fear that by signing an agreement they will be admitting that there is presently something wrong with their hiring practices. This attitude neither helps the employer nor target group members who are being excluded from jobs. Finally, there is a group of employers who simply feel that any government intervention in business is unacceptable. For these and many other reasons, affirmative action has had a difficult introductory period.

The hon. member has asked if we should not now consider a mandatory affirmative action program utilizing the contract compliance mechanism. In response, let me say that the minister is not happy with the voluntary program because it does not seem to meet the needs of disadvantaged workers nor the needs of the employer community. He is, therefore, determined to make changes in the approach being used, and it is for this reason that they are presently reviewing the affirmative action strategy and are considering various options. They will, of course, continue to consult with business and labour before taking a final decision in order to ensure that any new policy option will be workable.

With regard to the specific situation which has risen in Manitoba, the minister has now seen the memos. Mr. Lussier, Chairman of the Canada Employment and Immigration Commission has been asked to investigate the situation and to provide the minister with a detailed report at the earliest possible time. If, in fact, the report shows that our officials were operating contrary to commission policy, the situation will be immediately rectified.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

At 10.27 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 18, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

IMPOSITION OF BUDGET TAX PROVISIONS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Minister of Finance (Mr. MacEachen) is taxing the people of Canada on items contained in the November 12 budget on the strength of a non-debatable Ways and Means motion, the necessary preliminary to the imposition of a new tax or the extension of an existing tax, etc., and before a law is passed by the House of Commons and Senate. Without a law being passed, the government issued a leaflet telling the people who may be affected to fill in their income tax forms on the basis of the information in the leaflet. Therefore I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That this House condemns this totalitarian act which is completely contrary to the Magna Carta and in addition undermines the justice system in Canada.

Should not Canada have an impeachment law to protect the people in such cases?

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

DELAYS IN PROCESSING APPLICATIONS FOR BENEFITS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, unemployment rates have reached an all-time high, and this has caused an extraordinary burden on staff in unemployment offices as they are literally unable to keep up with the huge increase in applications for benefits. This inefficiency has caused a real hardship on those whose survival depends on these cheques. I therefore move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That the minister responsible for employment immediately transfer person-years to offices experiencing more than a 40 per cent increase in applications.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

JAMES BAY AGREEMENT—IMPLEMENTATION OF TAIT REPORT RECOMMENDATIONS—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, on February 23, at a special meeting called by the Minister of Indian Affairs and Northern Development (Mr. Munro), members of the Standing Committee on Indian Affairs and Northern Development were assured by the minister that the Tait report on the implementation of the James Bay and Northern Quebec Agreement would be brought before cabinet for a decision within three weeks. Twelve weeks have now passed since that meeting and still nothing has happened. In 1980 a number of Cree children died of gastroenteritis, a condition predisposed by deplorable sanitary conditions in Cree villages. In view of the fact that health officials have warned that a repeat of the 1980 outbreak has every chance of occurring this summer, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Minister of Indian Affairs and Northern Development and his cabinet colleagues recognize the urgency of this situation and act immediately on the recommendations of the Tait report.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE HUMANITIES

ANNOUNCEMENT OF GOVERNOR GENERAL'S AWARDS FOR WRITING—MOTION UNDER S.O. 43

Hon. Edward Broadbent (Oshawa): Madam Speaker, yesterday the Governor General's awards were announced in the important field of writing.

S.O. 43

[*Translation*]

In view of the fact that the degree of civilization of a nation depends not only on its social justice, but also on its creativity—

[*English*]

—I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That the House congratulate this year's winners of the Governor General's awards for distinguished writing and thank them for their enriching the lives of Canadians and of those who live beyond our shores.

Madam Speaker: If the House wishes to applaud these writers, it is free to do so.

Some hon. Members: Hear, hear!

* * *

EDUCATION

PROVISION OF FEDERAL FUNDING—MOTION UNDER S.O. 43

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, every thinking Canadian knows that technological upgrading of Canadian manufacturing processes and products is the necessary prerequisite to economic recovery, sustained growth and Canadian jobs, but these jobs call for educated and trained people. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Finance renounce immediately the ill-considered cutbacks in financial aid to Canada's community colleges and universities so that talented Canadian young people can receive the teaching, and the training which is their right and which will provide Canada with the skills it desperately needs to counteract 15 years of Liberal shortsightedness in buying from other nations those things which could be produced by educated and trained Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

CRITICISM OF GOVERNMENT POLICIES BY TEN LIBERAL MEMBERS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, ten Members of Parliament from Montreal, including two senior cabinet ministers, have decided that the economic policies produced by the government are so inept that they are intending to call public hearings into what might be done to solve the increasing unemployment problems. I therefore move, seconded by the hon. member for York North (Mr. Gamble):

That this House does congratulate Members of Parliament from Montreal and does demand that the Minister of National Health and Welfare and the minister of whatever it is from Hochelaga-Maisonneuve who bear responsibility as cabinet ministers for the actions of the government to come clear with their constituents and with the people of Canada and resign their cabinet positions so that the public hearings that they will be conducting and the criticism that might be levied will appear honest and forthright.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

NEGOTIATIONS WITH PEGUIS INDIAN BAND IN MANITOBA—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, whereas the Peguis Indian Band in Manitoba suffers from a housing backlog of 120 units and now faces a cutback of more than 50 per cent in its 1982-83 housing allocation, whereas the Winnipeg regional director-general of Indian Affairs, Mr. Brian Veinot, has refused to negotiate in good faith with the band, even threatening to cut off housing grants entirely unless the band, with an unemployment rate of 90 per cent, seeks loans for reserve housing, and whereas the band has been forced to mount an ongoing demonstration outside the Indian Affairs offices to pressure Mr. Veinot to negotiate in good faith, I move, seconded by the hon. member for Churchill (Mr. Murphy):

That the Minister of Indian Affairs and Northern Development direct Mr. Veinot to come out from under the rug and negotiate in good faith to solve the Peguis housing crisis and that the minister and the Standing Committee on Indian Affairs and Northern Development launch a full investigation of the operation of the regional office of the Department of Indian Affairs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE ECONOMY

REQUEST THAT GOVERNMENT SUPPORT RECOMMENDATIONS MADE BY QUEBEC MEMBERS—MOTION UNDER S.O. 43

Hon. Roch La Salle (Joliette): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. The House will probably recall that two months ago, ten government members, including two ministers, had the audacity to ask, in a joint letter to the Minister of Finance (Mr. MacEachen), that additional efforts be made to stimulate the housing sector. The House will also recall that the Right Hon. Prime Minister (Mr. Trudeau), speaking for the government to those unfortunate members, said that next time he would only accept a letter of resignation. Now a few days ago, more or less the same group started to meet with

Quebecers and Quebec organizations to find out what the situation was and, you will agree, better late than never. In the circumstances, in order to confer a degree of credibility on this action taken on behalf of Quebecers, I move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the House unanimously urge the Prime Minister to give Quebecers the assurance that this time, recommendations made by the group of Members of Parliament will not only be considered but also implemented, if the members ever have the courage to make the recommendations public.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

[*English*]

PUBLIC WORKS

CALL FOR REVOCATION OF ARCHITECTURAL CONTRACT FOR NEW EMBASSY IN WASHINGTON, D.C.—MOTION UNDER S.O. 43

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that Mr. Edgar Ritchie has stated that Arthur Erickson was not recommended to design the new Canadian embassy in Washington because "his project did not measure up to others," and in view of the fact that the government cannot answer such questions as how ethical it is to establish a selection committee that will have no real role, or to ask for costly submissions from architects for a project they cannot win, or for Erickson to accept the project that the panel has decided he is not the best qualified to design, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That Erickson's commission be revoked by the Prime Minister and the recommended firm of Zeidler Roberts be appointed so that, as the *Edmonton Journal* has observed, we will not have an embassy that looks like a pork barrel.

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CANADA ELECTIONS ACT (NO. 2)

DEMAND FOR WITHDRAWAL OF PROPOSED LEGISLATION—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise under the provisions of Standing Order 43. Liberal and Conservative attempts to disenfranchise Canadians—

Some hon. Members: Oh, oh!

Mr. Miller: —have been exposed by the introduction of Bill C-113. A 5.30 p.m. or 6.30 p.m. poll closure in western Canada will prevent fair access to the polls for working parents, organized and unorganized labour, farmers, and people working in small businesses. Therefore I move, seconded by the hon. member for Kootenay West (Mr. Kristiansen):

That Bill C-113 be withdrawn so the government can consult Canadians from coast to coast to consider alternatives to restrictive polling hours, alternatives such as stricter black-out provisions and penalties, withholding count results, delayed counting, or other propositions that could meet electoral needs and still not discriminate against voters in any region.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

PROVISION OF FEDERAL FUNDS—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, when Peguis Indians protested inadequate housing on their reserve, with as many as 15 people crammed into one house, the Manitoba Regional Director of Indian Affairs said, "I can do nothing about your housing; conditions on the Peguis are no different from many other reserves in Canada." The regional director for British Columbia admits that his budget falls $30 million short of the identified needs of the Indian people. Indian people in New Brunswick tell of cutbacks in community development programs, education programs and recreation programs. The James Bay Cree continue to live in substandard conditions. I move, seconded by the hon. member for Churchill (Mr. Murphy):

That this House demand that the Minister of Indian Affairs and Northern Development go back to Treasury Board and obtain adequate funds so that he can meet his commitments to the Indian people.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

HEALTH

SIXTIETH ANNIVERSARY OF DISCOVERY OF INSULIN—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I, too, rise under the provisions of Standing Order 43. In view of the fact that diabetes is a major health problem and is ranked as the fifth leading cause of death in Canada, and it has been estimated that there are some 130 million victims of diabetes world-wide, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That since Canada and Canadians are justly proud that two Canadians, Doctors Frederick Banting and Charles Best, discovered insulin as an effective means of controlling diabetes, this House proclaims 1982, which is the 50th anniversary of this miracle discovery, as "The Diamond Jubilee of the Use of Insulin on Human Beings."

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

FREEDOM OF INFORMATION

GOVERNMENT INTENTIONS RESPECTING BILL C-43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Prime Minister. On May 13, the President of the Privy Council stated that the government would be in a position to tell the House its intentions with respect to Bill C-43 on freedom of information. Would the Prime Minister now advise the House of his government's intention respecting that bill and the principle of freedom of information, and is his government now prepared to proceed with the bill, or is it the intention of the government to allow it to die on the Order Paper?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on behalf of the President of the Privy Council I want to repeat his assurance to the House that it is our intention to present that bill before the end of this session, and to express the hope that we will get more co-operation from the opposition parties in getting it passed expeditiously than we did the previous time around.

OPPOSITION COMMITMENT TO SPEEDY PASSAGE—REQUEST THAT COMMITTEE STUDY BE COMPLETED

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, if the Prime Minister has consulted his Minister of Communications, he knows that an undertaking has been given by our party that the bill could proceed speedily through the committee and could be dealt with at report stage and third reading stage in the House in one day. Having been given that commitment, will the Prime Minister instruct the Minister of Communications to go forthwith to the committee to have that bill completed at the committee stage, and will he instruct the government House leader to schedule that bill for completion in this House forthwith—in fact, within the next two weeks?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the House leader of the opposition would be prepared to turn that into a House order on which there could be agreement by all parties—that after the bill emerged from the committee it would be dealt with at all stages in one day—I can assure him that the government would be prepared to do that. I do not necessarily say in two weeks, but I say before the end of June.

REQUEST FOR CONSULTATION ON TIMETABLE WITH NEW DEMOCRATIC PARTY

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I consulted with the House leader and the members of my party prior to today's sitting of the House. The Prime Minister has that commitment. With that commitment from us, will the Prime Minister undertake to consult with members of the New Democratic Party to see whether they agree in the same way?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Thank you very much. It is not often I get applause from the other side, Madam Speaker.

An hon. Member: On this one you deserve it.

Mr. Trudeau: I am happy hon. members think I deserve applause. I will continue to try to do better every day. Now if we could hear from the members of the New Democratic Party, we would know if we could give them a bit of applause.

Some hon. Members: Agreed.

Mr. Benjamin: No problem.

REQUEST FOR REVOCATION OF SECTION 41(2) OF FEDERAL COURT ACT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the silent Minister of Communications who, ostensibly, has some responsibility in connection with freedom of information. As the minister will know, this is the most secretive, manipulative government in the history of our country. Its action are the antithesis of openness, particularly with respect to Section 41(2) of the Federal Court Act. The government has been using this device to obstruct justice and not to allow accused persons to have access to information which would afford them proper defences and fair trials. With respect to the package to be brought before the House I want to ask the minister whether he is now prepared to commit his government to including a revocation of Section 41(2). If he is

not able to make a commitment to get this bill through and if he cannot handle his job, will he do the honourable thing and resign?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I thank the hon. question for his—

Some hon. Members: Oh, oh!

Mr. Fox: That was obviously a slip of the tongue, Madam Speaker. What we need is better members so that we are not asked silly questions.

The question of Section 41(2) is indeed part of the bill on access to information. There is a number of amendments to Section 41(2) proposed in the bill which is presently before the House. As the Prime Minister indicated, and as the House leader indicated last week, we expect to be in a position to take a final decision on whether we will be bringing amendments back to the House when the bill is brought back from the committee, and the hon. member will be able to see at that time exactly what is the status of the new Section 36.1.

• (1420)

OBSERVANCE OF SPIRIT OF LEGISLATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my supplementary question is directed to the Prime Minister. Earlier in this part of his tenure he issued a directive to all government departments, all public servants and all ministers, that notwithstanding the fact that the freedom of information bill had not been passed, the spirit of the legislation was to be followed.

In view of the fact that yesterday the Solicitor General indicated in the House that because the freedom of information bill had not been passed—and that was the only reason—he felt obliged to invoke Section 41(2) of the Federal Court Act, whereas if the legislation had been in place—Madam Speaker, the Prime Minister is consulting with his today, if you do not mind. Would the Prime Minister indicate whether that directive stands, and will he direct the Solicitor General to release documents for the fair defence of accused persons in the province of Quebec, in the spirit of the freedom of information bill? The Solicitor General is apparently reluctant to do so as the bill has not been passed.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would want to defer to the Solicitor General to know to what document the hon. member is referring. If they are documents which are not intended—for instance cabinet minutes—to be produced to the court, the answer would have to be no. I would have to know to what documents he is referring. Perhaps he could pose a supplementary question to the Solicitor General.

REQUEST FOR DISCLOSURE OF DOCUMENTS IN TRIAL OF ROYAL CANADIAN MOUNTED POLICE OFFICERS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, may I put a supplementary question to the Solicitor General. Yesterday the minister gave us the insane proposition that if the freedom of information bill had been passed he would have released the documents with respect to the RCMP officers on trial and hung out to dry by this government in the province of Quebec. In view of the fact that the Prime Minister indicates there is a directive, will he now reverse his decision and allow those documents to be produced for the RCMP officers in question?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the Prime Minister wrote to me, as he did to all other ministers, asking us to be guided by the access to information legislation as if it were in effect. The difficulty in dealing with the documents that I had before me was that the access to information law provides new machinery which I would rely upon if it were law, but upon which I cannot rely until it is enacted by the House. I am governed by the access to information law as far as I can be.

The presence of a bill does not create machinery for going to a court, such as the access to information bill would provide, to weigh considerations of public interest of disclosure or non-disclosure. If the access to information law were in place it would have machinery which I would be able to follow. But it is not in place, so while I follow the policy of access to information law I cannot use the machinery that that law would create if it were in effect.

Madam Speaker: The hon. member for Oshawa.

Mr. Broadbent: Madam Speaker, first of all, in response to the question raised by the Prime Minister I should like to say that we join completely with the official opposition in offering assurances that there would be most speedy debate on the freedom of information bill if the government would only bring it forward.

An hon. Member: One day?

Mr. Broadbent: There would be a one-day debate if the government would produce that bill.

* * *

NATIONAL ENERGY BOARD

CHANGE IN NATURAL GAS SUPPLY FORMULA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I should like to put a question to the Minister of Energy, Mines and Resources. Yesterday I asked him a question about the new formula to be used in determining natural gas supplies in Canada. He is aware that the present formula refers only to present reserves, that is to say, reserves known to exist. The National Energy Board recklessly wants to change that formula by including unproven reserves in its calculations. Considering that this will really put into jeopardy the energy future of Canada by relying on guesstimates about our gas supplies, will the minister give unequivocal assurances to the

House that he will not agree to the change proposed by the NEB?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have already agreed to the change made by the NEB.

REASONS FOR ACCEPTANCE OF CHANGE IN FORMULA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I should like to ask the following supplementary question. A previous Liberal government in the early 1970s, which was also under pressure by the oil businesses to increase exports, relied on a formula that then included unproven reserves, and fantasized about having a 900 year supply of gas, which turned out to be completely false. I want to ask the minister what the government's motive is in now changing its formula, particularly when the National Energy Board said in a report issued last fall that we do not have sufficient supplies of gas to increase natural gas exports.

• (1425)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the National Energy Board has recommended taking into account not only established reserves but also what is known as trend gas, which is—

Some hon. Members: Unknown!

Mr. Lalonde: If the Leader of the New Democratic Party will hold his horses, he will get the answer he is looking for. We are taking into account not only established reserves but what is known as trend gas. This change in the formula will allow the NEB to establish the potential surplus. That having been done, the NEB is now going to hold hearings on the various export applications before it, and also on whether or not there is a surplus which can be exported. At the present time there is no conclusion that there should be more export licences approved, or that there is—

Mr. Broadbent: That is why they changed the formula.

Mr. Lalonde: —a definite surplus to be exported. My hon. friend will have to wait for the result of the next two phases of the NEB hearings. After that we will know whether there is a large surplus which can be exported, and who the successful applicants are. For the time being the Board has made a change in the formula which, in the view of the Board, takes into account in a more realistic way the reserves which are available in Canada.

EXPORT OF LOW-COST GAS

Hon. Edward Broadbent (Oshawa): Madam Speaker, the minister knows this is extremely serious; it goes to the heart of the energy future of the country. He also knows that under the existing formula the NEB itself has said we do not have a surplus, therefore it is changing the formula. Will the minister admit that, under the proposed formula he has sanctioned, Canadians could end up in the years ahead, having sold off our low-cost gas on the hypothetical possibility that some reserves will materialize in the future, having gotten rid of our low-cost gas and having replaced it with very high-cost gas, or possibly no gas at all in the future? Is that what the minister is committing himself to?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): No, Madam Speaker.

Some hon. Members: Oh, oh!

* * *

THE ECONOMY

HEARINGS CONDUCTED IN MONTREAL BY GOVERNMENT MINISTERS AND SUPPORTERS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of State, the hon. member for Hochelaga-Maisonneuve. Would the Minister of State—

Mr. Crosbie: For nothing.

Mr. Blenkarn: —advise this House whether the public hearings that he and his colleagues from Montreal are holding are conducted by him in his capacity as Minister of State?

Madam Speaker: Order, please. I am afraid that question cannot be answered by the hon. minister since it does not pertain to his ministerial duties.

Mr. Andre: What are they?

Mr. Crosbie: What are his responsibilities?

Mr. Blenkarn: Madam Speaker, I accept your ruling, but I am asking him a question with respect to his capacity as Minister of State. If that is not permitted, may I ask a question of the Prime Minister?

Madam Speaker: That is fine.

Mr. Blenkarn: Madam Speaker, will the Prime Minister advise whether members of Parliament from Montreal, including the Minister of State and the Minister of National Health and Welfare, are conducting public hearings on government business, as members of the government, as to concerns with respect to unemployment and economic matters affecting people throughout Canada? Are these government inquiries, or are they private ventures by the members on their own?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member knows that in our system of government the members of the executive are also members of Parliament, and they can and do act in both capacities.

Mr. Andre: In which capacity are they acting?

RESPONSIBILITY FOR GOVERNMENT POLICY

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in view of the fact that members of the government in our system are collectively responsible for government policy and direction, is it the Prime Minister's view of democracy and our parliamentary system that Members of the government are entitled to act differently than members of Parliament and say things to some people in their private capacity, and different things to some people in their ministerial capacity? How do we differentiate between a member of the government and a member of Parliament, in his government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, obviously in their statements of policy any minister has to respect the policy of the government. However, the ministers mentioned by the hon. member are involved in consultation. We believe in consultation, and I encourage my ministers to continue with it.

* * *

• (1430)

[*Translation*]

THE ECONOMY

REQUEST THAT GOVERNMENT SUPPORT RECOMMENDATIONS MADE BY QUEBEC MEMBERS

Hon. Roch La Salle (Joliette): Madam Speaker, to continue in the same vein, I also wish to direct my question to the Right Hon. Prime Minister. I imagine he is well aware that the same, or more or less the same, group of ten which signed a letter that was thrown out by decision of the Prime Minister, that the same group which includes two ministers who are receiving representations from Quebec organizations and private citizens to the effect that the present policy followed by the Minister of Finance is unacceptable. In the circumstances, to confer some credibility on this group, could the Prime Minister give Quebecers the assurance that he is willing not only to receive but also to implement recommendations the group may make if it ever has the courage to make these recommendations publicly?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am really surprised at this kind of question. The ministers are involved in a consultation process, which is nothing new, and these two ministers are certainly not the first to do so. Since I became Prime Minister, the Minister of Finance, myself and other ministers have been accustomed to consulting the people and to receiving briefs and representations from individuals, which are then passed on to the government through caucus or directly discussed in cabinet. This is continuing, and although the party opposite may claim to receive its knowledge from a divine source, we do not. We prefer to consult the prople, and we will continue to do so.

INQUIRY WHETHER GOVERNMENT WILL SUPPORT RECOMMENDATIONS MADE BY THREE UNION LEADERS

Hon. Roch La Salle (Joliette): Madam Speaker, the Canadian people know perfectly well how the recommendation for stimulating the housing sector that was made by two ministers and ten Members of Parliament was received. In view of that experience, the people of Quebec have every reason to be concerned about the value of the exercise. I merely wish to ask the Prime Minister, to give Quebecers some comfort—lest they think this is another smokescreen like the previous exercise—whether or not he is willing, at least out of respect for Quebecers and the group of ten, to give them the assurance that he will consider the proposals resulting from this exercise and will also implement the recommendations made by three union leaders and endorsed by the head of the Liberal caucus?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when we consult the people, and political suggestions are made, either by union leaders or the general public, it is the duty of Members of Parliament to make such representations known in caucus. In cabinet, ministers have a duty to indicate they have received certain representations and to discuss these. I can assure the hon. member and the public that this is done, and what the opposition criticized in the action taken by the ten a few months ago was that they made such representations publicly in a letter addressed to the government. So—

Mr. La Salle: You were criticized for not meeting a basic need, although this was requested by your own members. The answer should not be that difficult.

Madam Speaker: Order, please.

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[*English*]

SCIENCE AND TECHNOLOGY

GOVERNMENT PLANS FOR DEVELOPMENT

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Right Hon. Prime Minister. The question I would like to put to him is an informational one. This morning Dr. Stuart Smith, chairman of the Science Council of Canada, released a rather striking report called "Planning Now For an Information Society. Tomorrow is too Late". In this report Dr. Smith states that we are falling far behind in the modern technologies, and many sectors of our manufacturing industries soon will become obsolete if we do not move and plan. By 1985 in computers alone we will have a trade deficit of billions of dollars.

In light of this report, can the Prime Minister tell the House what the government is planning in order to meet these new technologies? What kind of development does the Prime Minister envisage for the future? Are we going to rely on

branch plant economy, or is the government going to rely on importing these new technologies from abroad?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the House has heard the Minister of State for Science and Technology indicate many times in past months the policy of the government in the area of research and development. He knows that we are increasing funds to be spent in that area at a considerable rate. He knows also that there have been many policy statements by the minister. In so far as Dr. Smith's publication this morning is concerned, I have not had time to take notice of it. However, I am sure the minister will be in the House presently and will be prepared to deal with it.

PUBLIC FUNDING

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, this is a question of over-all government policy. What Dr. Smith is saying in the report is that, despite a few moves, Canada is falling far behind Japan, France, the United Kingdom and the United States. Because these other countries are investing a lot of public money and there is a lot of public intervention in the economy in these fields, is the Prime Minister prepared to say today whether or not our government is prepared for significant public intervention and public investment to guarantee there is a future for Canada in these new industries so that goods are produced here in Canada and not imported from abroad?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is asking for a declaration of intentions. It should be clear, from what I understand the report itself says, that Canada until now has been doing very well in certain fields of high technology. For instance, in communication satellites we are among the best in the world. In transmission of high voltage electricity we are among the best in the world. In many areas of computer technology we are the best in the world. We will continue being the best in the world under the aegis of this government.

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FISHERIES

BANNING OF SEAL PRODUCTS BY EUROPEAN ECONOMIC COMMUNITY—PROTECTION FOR CANADIAN FISHERMEN

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Minister of Fisheries and Oceans. He will be aware of the surprising decision that was taken by the European Parliament some months ago with respect to banning Canadian seal products in the European Economic Community. Can the minister inform the House what action or position the government will be taking with respect to protecting the position of Atlantic Canadians concerning these products?

Mr. Parent: Good question.

Some hon. Members: Oh, oh!

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, we became convinced that the European vote was very much the result of misinformation and misunderstanding. We offered to open the issue of the EEC on the basis that the population of seals was not in danger and that a scientific committee of a reputable international organization would look into the question. We have also told the Commission that if they want to send reputable scientists, pathologists and others to have a look at the method used to kill seals, we are perfectly open to that proposal. We believe that good information will solve this matter, and not emotion and photography.

Some hon. Members: Hear, hear!

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EDUCATION

PROVISION OF FEDERAL FUNDING

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, my question is for the Minister of Finance. Every knowledgeable Canadian knows that product and process research precedes and leads to increased sales of goods and increased jobs in the country which does the research. Research is done by people, trained people, people whose skills are developed in our community colleges and universities. Why has the minister undermined the very future of Canada by drastically cutting support for the education of young Canadians in his disastrous budget, and will he reverse his ill-considered cutback immediately?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I thank the hon. member for the first part of his question which was very informative. I wish the second part had been up to the same standard, especially when the hon. member said that we had made cutbacks to the support of post-secondary education in the provinces. We have not made any such cutbacks. We debated that issue very fully in the House of Commons. That bill has been enacted and is now the law in the land.

Mr. Gilchrist: That is one of the minister's black is white answers, Madam Speaker.

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SCIENCE AND TECHNOLOGY

ADVICE GIVEN BY CHAIRMAN OF SCIENCE COUNCIL

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, I want to follow up on the questions asked by the hon. member for Yorkton-Melville concerning Dr. Stuart Smith, the new chairman of the Science Council of Canada. Dr. Smith is proving to be more a thinking Canadian than a Liberal and has called for a commitment to technological

development instead of "pitching the boat to and fro" by dabbling with monetary policy. Dr. Smith contends that 100,000 jobs would be created and that the $21 billion deficit in manufactured goods this year could be cut in half. Will the Minister of Finance, therefore, take this good advice and restore vitally needed educational support for young Canadians so that these 100,000 jobs will be filled by trained Canadians, not by people from foreign lands?

• (1440)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I appreciate the comments made by Dr. Smith. I would refer the hon. member and Dr. Smith to the document tabled at the time of the budget entitled, "Economic Development for Canada in the 1980s"—in which was outlined very clearly the approach of the government to research and technology in Canada. Probably both Dr. Smith and my hon. friend would be further inspired by reading that very interesting paper.

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REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK PROVINCIAL OFFICE

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is directed to the Minister of Regional Economic Expansion. I should like to ask the minister to clear up speculation that the provincial office of DREE is being moved out of the provincial capital of New Brunswick. Any move to place distance between a multi-purpose development body like DREE, or its successor, and the New Brunswick government would appear to downgrade the co-operative role DREE has always played and for which it has always justly been given great credit in New Brunswick. Will the minister tell the House whether or not it is his intention to move the provincial office of DREE out of the provincial capital of New Brunswick? Is he considering such a move, or a reduction in staff at this office?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in the course of developing ideas for the most effective integration of Regional Economic Expansion and Industry, Trade and Commerce, officials have been looking at a number of options. I will be reviewing them shortly, but no final decisions have been taken on them. However, I can assure my hon. friend that the new department will be a very vigorous, active and supportive presence in the province of New Brunswick in future, as it is now and as it has been in the past.

Mr. Howie: Madam Speaker, the minister's clarification is just as clear as muddy water. The minister will appreciate the apprehension of the people of New Brunswick because he will recall that the gutting of the rail passenger service followed rumours and studies like this, and that the people were denied any meaningful input.

POSSIBLE EFFECTS OF RELOCATION

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, will the minister be specific and tell the House exactly how many people employed by the DREE office in Fredericton may be required to move, forced to sell their homes and to try to buy new ones when mortgage interest rates are at an all-time high? Is he prepared to sacrifice the efficiency of DREE and provincial co-operation to fulfil a bureaucratic nightmare?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, no final decisions have been taken with respect to the location of offices in the province. I will certainly keep the concerns of my hon. friend in mind.

* * *

INDIAN AFFAIRS

JAMES BAY AGREEMENT—GOVERNMENT POSITION ON TAIT REPORT RECOMMENDATIONS

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. It concerns the implementation of the James Bay and Northern Quebec Agreement. Last week, in answer to a question by the hon. member for Cochrane-Superior, the minister said that the decision on the Tait report which was before cabinet would come down in a reasonable amount of time. That report has been before cabinet for 12 weeks. We were assured in committee by the Cree this morning that their situation is desperate. Could the minister give us a very firm commitment today on when we might hear the cabinet's decision on the Tait report?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker, soon; very soon.

SAFETY OF WATER SUPPLY

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, in a letter dated March 19, 1982, to the chief of the Paint Hills Band, the minister stated that the water supply for that village was now safe because of measures taken by his department last summer, but on March 9 staff from the Quebec ministry of the environment found that the water was heavily contaminated, so contaminated that it must be boiled for washing clothes. Could the minister tell us what measures he took last summer to make the water safe? I want to remind the Minister that in that village four children died in the summer of 1980 from gastroenteritis caused by the same type of contamination that is in the water right now. What will the minister do about this deplorable situation?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member

should be aware that I personally visited that particular village.

Some hon. Members: Oh, oh!

Mr. Munro (Hamilton East): I saw the director general and we built funds into the budget and insisted that he get our offices to look at that particular project. Allocation was made to correct the situation. The hon. member said that it has not been corrected. I will check into the matter and report back to him.

* * *

AGRICULTURE

SHORTAGE OF VETERINARIANS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Agriculture. As he will know, Canada desperately needs more veterinarians right across the country, especially in the Atlantic provinces which have no veterinary college. Now the only English-speaking veterinary college east of Saskatoon, Ontario's veterinary college in Guelph, is starved for funds and consequently risks losing its accreditation because of plunging standards. Given the supreme importance of veterinary medicine to the agricultural and fisheries industries, what will the federal government do to respond to the crisis in this important area of national concern?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that we have the same concern as he has that we have proper educational facilities for people to train to be veterinarians and to study marine biology. Several years ago we proposed the sharing of that kind of a program in the maritimes. They selected an independent commission to select a site. The independent commissioners selected a site in Prince Edward Island, and then the provinces could not agree among themselves where the school should be, so I had to withdraw the funds from the appropriations of my department because they were not being spent. At that time there was not the shortage they said. The veterinarians association of Canada indicated that there was not the shortage which we foresaw when we proposed the building of the school. We participated in the OAC, in funding the school at Guelph and also the school at Saskatoon. We provided the same provisions for the school to be built some place in the Atlantic region, but it is up to them to make that decision.

DISAGREEMENT ON LOCATION OF NEW VETERINARY COLLEGE IN ATLANTIC PROVINCES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is also directed to the Minister of Agriculture. In view of the failure of the four Atlantic provinces to agree on a site for the proposed Atlantic regional veterinary college, how does the federal government intend to break the stalemate? Does it consider it important to break the stalemate which has caused this long-awaited project to flounder? For example, is the federal government actively pursuing the possibility of private investment funding of the college, to get it off the ground?

Hon E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the hon. member knows very well that we met a group from his province who were making that proposal. They will be making a written submission to us in the very near future. I understand that it is finished or is about to be finished, and that they want to arrange another meeting as soon as they can. But I think the tragic thing is that in the Atlantic provinces every province is under Tory administration and they cannot agree among themselves where it should be; I think that is the tragic part of it.

* * *

[*Translation*]

ENERGY

INQUIRY WHETHER PROVINCIAL LEGISLATION WILL PREVAIL OVER NEW POWERS GIVEN TO NATIONAL ENERGY BOARD

Mr. Louis Duclos (Montmorency-Orléans): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. The Quebec Minister of Energy, who was in Ottawa yesterday, stated that with the passing of Bill C-108, the powers of the National Energy Board with respect to foreign exports of hydroelectric power will be increased. He added that decisions by the National Energy Board will constitutionally take precedence over provincial legislation relating to farmland and the environment. Can the minister give the House the assurance that when Bill C-108 is adopted, the powers of the National Energy Board with respect to the issuing of foreign export licences for hydroelectric power will remain as they are now and that, as the minister stated himself during the debate on second reading, provincial legislation shall prevail over the new powers conferred on the National Energy Board?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member will recall that in the debate in the House on this subject, I indicated that the powers to be conferred under this bill on the National Energy Board relate directly to the authority of Parliament over matters concerning interprovincial and international trade, and that the powers the National Energy Board would be obtaining are the equivalent of, or actually fewer than, those the Board already has with respect to oil and gas pipelines. Therefore, the National Energy Board will have powers that are equivalent to existing ones relating to oil and gas.

As for the second part of the hon. member's question, he will also recall that I mentioned the same practice now being followed for oil and gas pipelines would also apply to the transmission of hydroelectric power. The point is that we must

have equivalent and fair procedures applying to various forms of energy, whether electricity, natural gas or oil.

* * *

• (1450)

[*English*]

PUBLIC SERVICE

BUSINESS COUNCIL'S CALL FOR WAGE CONTROLS

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is for the Prime Minister. Yesterday nine members of the Business Council on National Issues publically urged the Prime Minister to impose wage and salary guidelines on public employees, of less than seven per cent. Given the fact that if this principle were applied to all Canadians, and that the salary of one of the members of that delegation which made the proposal, the chairman of Bell Canada, last year was $626,000, his increase would be more than the total income of two typical public sector employees. That demonstrates the hypocrisy of these proposals. How does the Prime Minister rationalize his call for the same kind of restraint on the salaries of public servants?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot give a rationale for the statement to which the hon. member refers because I have not read it, although I was notified that such a statement was made. I would point out to the hon. member that the government has expressed the view that if we all try to get settlements at the same rate as inflation, inflation is not likely to come down. That is why I proposed a scheme to the provinces in February whereby we would not give 7 per cent but perhaps freeze entirely those in the upper brackets, and give more than 7 per cent, perhaps something like CPI, to those in the lower brackets.

I repeat that the proposal did not make much headway with the provinces or, I believe, with the NDP. But I do think there is much to be said for government's giving an example of restraint and making the argument with the Canadian people that if we all expect to keep up with inflation, inflation will never come down and interest rates, therefore, will never come down.

Some hon. Members: Hear, hear!

Mr. Orlikow: We had the same kind of argument from the Prime Minister in 1975 when he imposed the so-called wage and price controls. In that period when we had the wage and price controls, unemployment rose from 6.9 per cent in 1975 to almost 8.5 per cent in 1978, and at the end of the control period inflation was back to what it was when the Prime Minister imposed the controls.

EFFECT OF WAGE CONTROLS ON INFLATION

Mr. David Orlikow (Winnipeg North): Madam Speaker, given the fact that inflation at the present time is running at 11.6 per cent, why does the Prime Minister hope that he will achieve better results if we adopt the present proposal than we achieved last time when they were such a failure?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think it is correct to say that they were a failure. The member will recall when controls were brought in, and I would remind him that it was the ten provincial premiers who were meeting for two summers in a row who were begging the federal government to do something exceptional about inflation.

When the controls were brought in, wage settlements were running in the area of 12 per cent for the federal sector, 14 per cent for the private sector, I believe 18 per cent for the provincial sector, and something like 25 or 26 per cent for the municipal sector. When we emerged from controls, settlements were considerably below that. They were, as the hon. member said, around 8 per cent or 9 per cent.

* * *

NATIONAL RESOURCES

REPORTED REFERENCE TO SUPREME COURT ON OWNERSHIP OF OFFSHORE RESOURCES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is to the Prime Minister and the Minister of Justice who will know that there are news reports today indicating that the federal government is considering a unilateral reference on offshore resource ownership to the Supreme Court of Canada, and is considering doing that as early as this week. Is that the case?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, if the government does make a decision to that effect, it will be announced as soon as it has been made. No decision has been made at this time.

[*English*]

REASONS FOR POSSIBLE REFERENCE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, we have a situation here where that matter has already been referred to the Supreme Court of Newfoundland as long ago as February. Is the Minister of Justice telling us that the Government of Canada does not want to give the Supreme Court of Newfoundland the opportunity to be heard? Is he telling us that the Government of Canada is actively considering a reference which will, in effect, be a direct insult to the Supreme Court and the people of Newfoundland? Is that what he is saying?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I do not believe I have any comment to make to the hon. Leader of the

Opposition. He is just speculating, and I cannot argue on speculation.

Miss MacDonald: Deny it, then.

GOVERNMENT POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, does the Minister of Justice deny that the Government of Canada is considering a unilateral reference of the offshore resource question to the Supreme Court of Canada?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, when the right hon. member says "unilateral reference to the Supreme Court", I remember some months ago when the Leader of the Opposition was urging us to refer directly to the Supreme Court of Canada. Why would it be bad today when a year ago he was arguing that we should go to the Supreme Court?

Some hon. Members: Hear, hear!

QUERY RESPECTING GOVERNMENT CONSIDERATION OF REFERENCE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the Minister of Justice and the Government of Canada considering a direct unilateral reference of the offshore question to the Supreme Court of Canada? It is a simple question. Yes or no?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I said that there has been no decision made by the government at this time on that question. The question that the right hon. member is asking me today is a very surprising one. He used to tell us that the best thing to do in difficult circumstances was go to the Supreme Court. Now, if I decide to take his advice for once, I hope he will applaud me.

Mr. Nielsen: Are you?

* * *

AGRICULTURE

INCREASE IN BANKRUPTCIES—REQUEST FOR ASSISTANCE TO FARMERS

Hon. John Wise (Elgin): Madam Speaker, my question is for the Minister of Agriculture. Citing the government's own figures, the indication is that farm bankruptcies have increased by 70 per cent during the same term this year compared to the same term last year. I am certain that the minister should know that Canadian agriculture faces the worst financial crisis since Confederation. It is obvious that existing programs are not appropriate. FCC funds have been exhausted, and the banks are not issuing any small business bonds. In view of this situation, what new programs is the minister considering bringing forth shortly and, if there is no assistance forthcoming, perhaps the minister might provide some information as to what we might tell some of these young farmers who are going down the tube?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member states that nothing was done. He knows full well that it took some time to amend the Farm Credit Act. His party was responsible for ringing the bells for three weeks so that legislation could not have third reading and could not move ahead with that legislation. He now indicates a sign of urgency that something should be done. I agree that there is a need. The Farm Credit Corporation gave me a report yesterday. They are moving rapidly in that area where many members want them to head, to raise funds to loan money. The hon. member does know that some of the markets have improved rapidly over the last couple of weeks. Prices have improved for them in many areas, especially in the red meat industry.

When he says that all agriculture is in worse condition than it was before, he knows full well that bankruptcies in agriculture, if he wants to compare them to any other sector, such as small business, are not as great. There is hurt out there, and we are doing something about it.

TAXES ON FUEL USED IN PRODUCTION OF FOOD

Hon. Don Mazankowski (Vegreville): Madam Speaker, since the Minister of Agriculture knows that one of the major components contributing to this agricultural massacre is the high level of fuel prices caused by the high level of federal government taxes, what specific representations has he made on behalf of the farmers of Canada to his colleague, the Minister of Finance, to encourage him to reduce this massive rip-off at the expense of the producers of food in Canada?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member makes representations about the high energy costs.

Mr. Mazankowski: Taxes.

Mr. Whelan: We have made a study of this. We have made surveys of the crops being planted this spring. In the areas where farmers are already planting there is hardly an acre that is left unplanted. We are planting crops as much as we ever have. We also have had discussions about what we can do to reduce energy costs to the producers of foodstuffs in Canada.

● (1500)

GOVERNMENT ORDERS

[*Translation*]

AN ACT TO AMEND THE STATUTE LAW RELATING TO CERTAIN TAXES

MEASURE TO AMEND

The House resumed from Thursday, May 13, consideration of the motion of Mr. Bussières that Bill C-112, to amend the statute law relating to certain taxes, be read the second time and referred to a Committee of the Whole.

Madam Speaker: It being three o'clock in the afternoon, the House, pursuant to the provisions of the order of Thursday, May 13, 1982, will now proceed with the deferred recorded division on a motion for second reading and referral to a Committee of the Whole of Bill C-113, to amend the statute law relating to certain taxes.

Call in the members.

● (1510)

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

(*Division No. 175*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Baker (Gander-Twillingate)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Gauthier
Gendron
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
LeBlanc
Leduc
Lefebvre
Lumley
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Trudeau
Turner
Weatherhead
Whelan
Yanakis—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crouse
Dantzer
Darling
de Jong
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Fretz
Friesen
Gamble
Gilchrist
Greenaway
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hnatyshyn
Howie
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
Korchinski
Kristiansen
Kushner
La Salle
Lawrence
Lewis
MacDonald (Miss)
Manly
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Paproski
Parker
Patterson
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young—104.

Madam Speaker: The motion is carried. Therefore, the bill is referred to a Committee of the Whole.

Motion agreed to, bill read the second time and referred to Committee of the Whole.

● (1530)

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. BEATTY—OPPOSITION TO PACE OF METRICATION POLICY

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have the duty to present a petition on behalf of over

300 residents of Ontario, most of them constituents in the riding of Wellington-Dufferin-Simcoe. The purpose of the petition is to indicate to the House of Commons the opposition of these residents to the pace of the federal government's metrication policy. The petitioners hope the federal government will reconsider its policy and slow down its forced march to metric.

MR. NIELSEN—RATE INCREASES FOR ELECTRICITY IN THE NORTH

Hon. Erik Nielsen (Yukon): Madam Speaker, I have the duty to present a petition on behalf of my constituents. The purpose of this petition, signed by 4,313 Yukon workers, is to indicate to the government that unreasonable rate increases for electricity have been inflicted upon them.

The nature of the petition is to demand that these unreasonable rate increases for electricity in the north be alleviated. These rate increases are caused solely by the flumbing, bumbling and gross mismanagement of the Ottawa-controlled NCPC. These rate increases could be alleviated by concurring in the report of the subcommittee on the NCPC of the Standing Committee on Indian Affairs and Northern Development.

The petitioners hope, Madam Speaker, that in your examination of their petition you will find the petition to be in order, sense the urgency and desperation of their plea and that you might use the discretionary powers vested in your office to allow discussion and referral to committee at the earliest possible moment.

MR. DARLING—OPPOSITION TO GUN CONTROL LEGISLATION

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I have the duty to present the following petition:

The PETITION of the undersigned of the Town of Bracebridge in the Province of Ontario who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefor provide a remedy.

HUMBLY SHEWETH

THAT the Private Member's Bill, C-451, regarding gun control legislation which deals with the number of firearms in circulation in this country and to control the number of firearms in Canada,

WHEREFORE the undersigned, your Petitioners humbly pray and call upon Parliament to oppose this legislation and deal directly with the present gun laws which are cumbersome, expensive to administer, and ineffective except to harass law abiding people.

AND as in duty bound your petitioners will ever pray.

* * *

PRIVILEGE

MR. BLENKARN—SCOPE OF QUESTIONS PUT TO MR. JOYAL IN HIS CAPACITY AS MINISTER

Mr. Don Blenkarn (Mississauga South): Madam Speaker I rise on a question of privilege. The question arises out of the question period. I do not raise this question of privilege to interfere in any way with the ruling Your Honour made during the question period but to seek some clarification.

Your Honour will recall that in the question period I put the question to the Minister of State (Mr. Joyal), who represents the riding of Hochelaga-Maisonneuve, about public hearings the minister is apparently conducting in the Montreal area of the province of Quebec. We have no indication as to what exactly are the duties of this minister, but presumably his duties relate to the province of Quebec and matters of government concern in that province and, indeed, in the whole country. If the minister is conducting public hearings—according to the information we have the Minister of State is involved in those hearings—presumably he has been directed by the government to hold those hearings. My question to the minister was about what seems to be his responsibility.

Your Honour will appreciate that we have no House order or any direction as to what the minister really is doing, and my concern is about what we can ask the minister. He is conducting hearings. Presumably they are Crown hearings because the minister is a minister of the Crown, and my question was to inquire as to the nature of the hearings the government—

Madam Speaker: Order. I must quote to the hon. member Beauchesne's Citation 361:

A question may not be asked of a Minister in another capacity, such as being responsible for a province, or part of a province, or as spokesman for a racial or religious group.

The hon. member does not have the basis of a question of privilege. He received answers to his questions from the Prime Minister (Mr. Trudeau). I do not know whether those answers satisfied him, but that is not for me to judge. I was only applying the practices of this House in not allowing the question to be addressed to that particular minister. I allowed it to be directed to another minister, in this case the Prime Minister, and I think that should satisfy the hon. member entirely.

Mr. Hnatyshyn: On a point of order, Madam Speaker—

Madam Speaker: No. That is the ruling. That is it.

Mr. Blenkarn: On a question of clarification, Madam Speaker—

Madam Speaker: No. I am sorry. That is it. I am sure I am applying the practices of this House exactly. In answer to the hon. member's question of privilege, that is my decision.

Mr. Hnatyshyn: Madam Speaker, I rise on a point of order. I just want to make absolutely certain I understand the nature of your ruling.

Mr. Pinard: Order.

Mr. Hnatyshyn: I think it is fair, Madam Speaker, and I am not being argumentative, but I think it is important for the House to know the exact nature of the ruling.

The Prime Minister (Mr. Trudeau) has made a statement in the House of Commons that this minister has particular responsibility for the province of Quebec. This was not a question we directed, for example, to the Minister of Veterans Affairs (Mr. Campbell) about any responsibility he may have in Prince Edward Island. If in fact the responsibilities of the Minister of State (Mr. Joyal), as stated by the Prime Minister, are for the province of Quebec, does that not of itself allow us to ask questions respecting the performance of that minister vis-à-vis the province of Quebec? That is the only clarification I would like to get.

Madam Speaker: I think what I just quoted is quite clear, and I will read it again for the hon. member. Citation 361 reads:

A question may not be asked of a Minister in another capacity, such as being responsible for a province, or part of a province, or as spokesman for a racial or religious group.

That is quite clear. I do not think I can make it any clearer.

Mr. Nowlan: What is his capacity?

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I also rise on a point of clarification respecting your ruling.

Madam Speaker: No, no. Order. I cannot—

Mr. Munro (Esquimalt-Saanich): But if there are public funds involved, Madam Speaker, how do we determine—

Madam Speaker: It is quite easy to determine. In this particular case I interrupted the hon. member for Mississauga South (Mr. Blenkarn) and did not allow him to ask a particular question of a particular minister. That is quite clear, so I do not think hon. members need further clarification. If another situation presents itself in the House, we will rule on that one.

Mr. Munro (Esquimalt-Saanich): Is the minister unquestionable?

Mr. Nowlan: Take away his ministerial pay, then.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,819, 2,840, 2,858, 2,867, 2,892, 2,893, 2,894, 2,910, 2,915, 2,925, 2,926, 2,935, 2,948, 2,963, 2,978, 3,130, 3,132, 4,152 and 4,210.

[*Text*]

DEPARTMENT OF FINANCE—EDUCATION LEAVE COSTS

Question No. 2,819—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Finance at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $187,834 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Pierre Bussières (Minister of State (Finance)): 1. (a) and (b) Treasury Board Policy: Chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions Governing Education, Training and Development, including Subsidization.

2. Nil.

3. (a) and (b) Nil. (c) 100 per cent.

4. Nil.

DOT—EDUCATION LEAVE COSTS

Question No. 2,840—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of Transport at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $115,844 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. (a) Sound needs identification by managers, plus the use of career review boards and training committees, are the major vehicles used to establish education leave for employees. The selection process is governed by Transport Canada's policy on Education Leave, PM3-2(13) and by its policy on Training and Development PM5-2, Part II(4). The administration of costs of such leave is governed by Treasury Board's Personnel Management Manual Chapter 110, sub-

chapter 5 (PMM 110-5) on Human Resources Education, Training and Development.

(i) PMM 110-5 (3), (4), (11)
(ii) PMM 110-5 (11)
(iii) PMM 110-5 (11)

(b) The guidelines contained in PM3-2(13) and PM5-2, part II(4) are used to determine whether the skills to be acquired are needed on a permanent basis.

2. None.

3. (a), (b) and (c) None.

4. It is 8.3 per cent.

PUBLIC SERVICE COMMISSION—HOSPITALITY SERVICES

Question No. 2,858—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Secretary of State for the Public Service Commission at page 32.33, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $11,448 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. Gerald Regan (Secretary of State): (a) The Public Service Commission has not in fiscal year 1979-80, concluded any Hospitality contract of a value more than $2,000.

(b) The Public Service Commission is using the Treasury Board directive on hospitality (Chapter 360 of the Administrative Policy Manual) and Chapter 3.11 of the P.S.C. Financial Administration Manual, to determine when a payment for hospitality is to be made.

(c) Of the $11,448 paid for hospitality as reported in 1979-80 Public Accounts of Canada, the percentages by category are as follows:

(i)	Foreign visitors	4.29
(ii)	Canadian businessman	19.62
(iii)	Provincial public servants	10.32
(iv)	Federal public servants	60.03
(v)	Ministerial exempt staff	information not available
(vi)	Members of Parliament	.97
(vii)	Members of Provincial Parliament, Legislation assemblies and the National assembly	included in category (iii)
(viii)	Canadian dignitaries, such as the Governor General and Lieutenant Governors General	Nil
(ix)	Federal Crown corporation executives	included in category (iv)
(x)	Provincial Crown corporation executives	included in category (iii)
(xi)	Members of federal commissions, boards and councils	4.77
(xii)	Any other categories	Nil
		100.00

DEPARTMENT OF EXTERNAL AFFAIRS—HOSPITALITY SERVICES

Question No. 2,867—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of External Affairs at page 32.10, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (b) of the $4,350,250 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories (c) what percentage of the $4,350,250 was used for hospitality (i) inside (ii) outside Canada?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) Yes. With respect to hospitality extended within Canada, the Department of External Affairs follows directives and guidelines set out in chapter 360 of Administrative Policy Manual. Hospitality extended outside of Canada is governed by directives and guidelines set out in two Treasury Board Directives: (A) Head of Post Directive, T.B. Minute 692275, October 1, 1968. (B) Foreign Service Official Hospitality Directive, T.B. Minute 694890 February 12, 1970.

(b) The department does not maintain precise statistics on the occupational background of individuals invited to official functions. As a general rule the department tries to ensure that, for any particular function, 40 per cent of the guests are foreign dignitaries, no more than 30 per cent are federal civil servants and 30 per cent are Canadians who are not federal civil servants.

(c)(i) 92 per cent, (ii) 8 per cent.

DPW—MARINE PROGRAM

Question No. 2,892—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the marine program—capital at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference

to other types of services (a) how does the department explain the 343 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accouts	1978-79	1979-80
Other types of services	$ 3,410	$15,103
Printing services	12,587	8,120*
Photographic services	1,281*	1,276*
Professional fees	—	4,958*
Sundries	1,092*	749*
Secretarial services	1,037*	—
	$15,997	$15,103

* Included above in other types of services

The comparable figure for 1978-79 is $15,997 which reflects a decrease of $894 in 1979-80.

(c) One payment was made in excess of $2,000 to Dominion Blue Print and Reprographics, Vancouver, British Columbia, for printing services in the amount of $3,000.

DPW—MARINE PROGRAM—OPERATIONS AND MAINTENANCE

Question No. 2,893—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the marine program—Operations and Maintenance at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the Department explain the 2,531 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The seeming increase in other types of services in 1979-80 is a result of different reporting methods.

Reported in Public Accounts	1978-79	1979-80
Other types of services	$ 2,389	$62,865
Architectural services	14,273	14,088*
Caretaking services	16,278	17,361*
Data processing services	12,218	—
Exhibits design consultant services	8,769	—
Garbage removal services	4,452	3,687*
Legal services	6,892	894*
Photographic services	2,302	2,434*
Printing services	8,201	3,349*
Snow removal services	4,361	3,409*
Training education services	4,345	3,274*
Secretarial and clerical services	1,914*	13,378*
Sundries	475*	991*
	$84,480	$62,865

* Included above in other types of services

The comparable figure for 1978-79 is $84,480 as compared to $62,865 in 1979-80 which represents a decrease of $21,615 in 1979-80.

(c) Payments over $2,000 were as follows: Robert Létourneau, Lauzon Quebec—snow removal, $2,208; Star Cleaners Ltd., New Westminster, British Columbia—laundry & dry cleaning, $3,973; Johnson, Sustronik, Weinstein and Associates Ltd., Toronto, Ontario—architectural fees, $14,018.

DPW—PROFESSIONAL AND TECHNICAL SERVICES

Question No. 2,894—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Professional and Technical Services Program at page 32.27, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 654 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accounts	1978-79	1979-80
Other types of services	$ 3,240	$24,446
Hospitality services	4,846	957*
Motion picture services	53,972	6,124*
Registration fees	15,018	16,581*
Sundries	3,240*	784*
	$77,076	$24,446

* Included above in other types of services

The comparable figure for 1978-79 is $77,076 as compared to $24,446 in 1979-80 which represents a decrease of $52,630 in 1979-80.

(c) The only payment over $2,000 was to the National Film Board of Canada, Ottawa, Ontario, for motion picture services—$2,765.

DOT—ASSESSORS FEES

Question No. 2,910—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Marine Transportation Program at page

32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to assessors fees (a) how does the department explain the 354 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) The increase in expenditures was due to an increase in the number of formal investigations into shipping casualties over the previous year. The following formal investigations were held in 1979-80, pursuant to Section 552 of the Canada Shipping Act:

(1) George Davies, Robert C. H. Reed and Pierre A. Boisseau were appointed by the minister as assessors for the formal investigation into the circumstances surrounding the fire aboard the Canadian vessel *Cartiercliffe Hall* in Lake Superior on June 5, 1979.

(2) G. Rousseau and D. R. Jones were appointed by the minister as assessors for the formal investigation into the collision between the vessels *Cielo Bianco*, *Algobay* and *Pointe Marguerite* in the Bay of Sept-Îles, Quebec on November 14, 1978.

(3) David J. Fraser, R. T. Dodge and T. H. Goodyear were appointed by the minister as assessors for the formal investigation into the disappearance of the f.v. *Barracudina* and crew in the Gulf of St. Lawrence on or about November 26, 1978.

(b) Pierre A. Boisseau, $7,923; George H. Davies, $10,600; Thomas R. Dodge, $9,200; David J. Fraser, $5,600; David J. Fraser in trust for Maritime Marine Consultants Ltd., $3,400; Gas Turbine Corporation, $5,562; Thomas H. Goodyear, $8,800; Public Works, $2,500; D. R. Jones, $11,400; Laboratoire B-Sol Ltée, $5,116; Robert C. H. Reed, $9,600; Gaston Rousseau, $10,200.

DOT—MARINE TRANSPORTATION SERVICES

Question No. 2,915—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Marine Transportation Services Program at page 32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photography services (a) how does the department explain the 113 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) The increase in the cost of photography services in 1979-80 was due to the increase in formal investigations into shipping casualties, the grounding of the oil tanker *Kurdistan*, and the associated requirement for additional pictures.

(b) Operations-oriented photographic services only. Due to an error in the classification of an expenditure, an amount of $23,755 paid to Sullivan Construction for the rental of heavy equipment required for the *Kurdistan* incident was included in the amount reported for photography services. Therefore the 1979-80 public accounts should have shown only $46,453 which represents an increase of 41 per cent over 1978-79.

(c) Canadian Government Photo Centre, $8,302.

DIAND—OTHER TYPES OF SERVICES

Question No. 2,925—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development at page 32.15, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department account for the 8,716 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The expenditures under the "other services" classification increased because of the amendments to the reporting requirements for professional and special services as specified by the Public Accounts Instructions Manual. Previously, aggregate payments for a particular service classification equal to or exceeding $2,000 were listed separately. The Public Accounts Instruction Manual now requires that if the aggregate payments for a particular service classification are not equal to or more than $25,000, the payments will be included in the "other services" classification. Also, under the "other services" classification, only recipients of payments equal to or exceeding $25,000 are now listed, whereas previously, this was required for recipients of $2,000 or more.

(b) Other services include expenditures for the following: engineering services $9,522, training educational services $68,191, scientific services $2,654, laundry dry cleaning and related services $322, motion picture production and distribution $1,466, photo service except motion pictures $50,722, storage and warehousing $360, hospitality $9,951 and membership fees $2,027 for a total of $145,215. Due to an administrative oversight, educational services and photo service except motion pictures were not reported separately. In light of the small amount involved as compared to the total expenditures of $131,000,000 on professional and special services for the department, it would not appear significant that these services were not highlighted in this statement.

(c) Since the Public Accounts Instruction Manual requires that a list be maintained of all individuals or organizations whose aggregate payments meet or exceed $25,000, a list of each contract of a value more than $2,000 is not readily available. The requested information would have to be requested from our regional offices, and the cost in time and money is not warranted in light of the specified requirements for public accounts.

DIAND—PROFESSIONAL AND SPECIAL SERVICES

Question No. 2,926—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development at page 32.15, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other services (a) how does the department account for the 3960 per cent increase in expenditure for the item over that for 1978-79 (b) what services does this entail (c) what is a list of each contract of a value more than $2,000?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) The expenditures under the "other services" classification increased because of the amendments to the reporting requirements for professional and special services as specified by the Public Accounts Instructions Manual. Previously, aggregate payments for a particular service classification equal to or exceeding $2,000 were listed separately. The Public Accounts Instruction Manual now requires that if the aggregate payments for a particular service classification are not equal to or more than $25,000, the payments will be included in the "other services" classification. Also, under the "other services" classification, only recipients of payments equal to or exceeding $25,000 are now listed, whereas previously, this was required for recipients of $2,000 or more.

(b) Other services include expenditures for the following: hospital services $14,905, storage and warehousing $19,019, hospitality $22,054 and memberships fees $5,599 for a total of $61,577.

(c) Since the Public Accounts Instruction Manual requires that a list be maintained of all individuals or organizations whose aggregate payments meet or exceed $25,000, a list of each contract of a value more than $2,000 is not readily available. This information would have to be requested from our regional offices and the cost in time and money does not warrant it, in light of the specified requirements for public accounts.

DOT—REPRODUCING AND PRINTING SERVICES

Question No. 2,935—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport at page 32.38, volume II of the 1979-80 Public Accounts of Canada, with particular reference to reproducing and printing services (a) how does the department explain the 690 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (d) for what reason did the Department require these services?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) As of April, 1978, a program was undertaken to convert to the French language all didactical instruments utilized at the Transport Canada Training Institute currently located at Cornwall, Ontario. The program for the conversion of work instruments, which was allotted a budget of approximately $800 thousand a year for three years, was responsible for the substantial increase in the cost of reproducing and printing services in the departmental administration program during the 1979-80 fiscal year.

(b), (c) and (d)

Contractor	Amount $	Nature of Contract
Type of Service: Reproducing and Printing Services		
Data Crown Ltd.	2,264	Microfilm services
Government of Canada National Film Board	33,640	Bilingual conversion of didactical film for air traffic control
Public Archives	7,982	Microfilm services
Secretary of State	2,528	Translation of work instruments
Supply and Services	29,546	Production of graphics
Intel Consultants Ltd.	6,314	Editing and rewriting of technical material for conversion of work instruments
Marc Productions	14,084	Transposition of Morse code to French
Mediabec Inc.	130,857	—Conversion of course in applied mathematics for mechanics in the Canadian Coast Guard—Laurentian Region. —Production of catalogue of world-wide didactical material.
Offline Support Inc.	4,114	Xerox 1200 computer printing

HEALTH PROTECTION PROGRAM—PHOTOGRAPHY SERVICES

Question No. 2,948—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the Health Protection Program at page 32.22, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photography services (a) what services does this entail (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): (a) Photography services consists of the production of slides and the development and/or printing of photographs, slides and pictures for health education and information.

(b) The following services were provided: (1) development and/or printing, which includes film processing, enlargements and duplicating; and (2) production of slides, which includes their scripting and assembly.

(c) The following amounts were paid for each type of service: (1) development and/or printing, $11,781, (2) production of slides, $9,526.

A total of $9,526 was paid to the National Film Board Canada. No other payments in excess of $2,000 were made.

PUBLIC ARCHIVES—UNINSURED LOSSES

Question No. 2,963—**Mr. Clarke:**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of the Secretary of State for the Public Archives of Canada in footnote No. 18 at page 13.4, volume I of the 1979-80 Public Accounts of Canada, under what circumstances was the two-way radio lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the department undertake steps to ensure that such a loss does not recur and, if so, what were they?

2. What use does the department make of the two-way radio?

Mr. Jack Masters (Parliamentary Secretary to Minister of Communications): I am informed by the Public Archives as follows:

1. On January 29, 1980, the commissionaire at the post used the radio on a patrol at 1015 hours and did not have occasion

to use the radio again during his shift as he became busy at the dock area. It was not until 1645 hours, same date, that the radio was missed from its place in the cubicle.

(a) During the intervening period (1015 hours—1645 hours) there were many persons in the area or passing through the dock area who could have removed the radio while the commissionaire was busily engaged elsewhere in the area. The theft was reported to the Ottawa City Police but an investigation into the loss over the succeeding two days failed to reveal the identity of the person(s) responsible for the illegal removal of the radio. To date no trace of the radio has been found.

(b) Not applicable.

(c) See (a) above.

(d) Yes.

(e) Procedures now require the commissionaire to carry the radio with him whenever he is out of his cubicle on duties within the shipping/receiving dock area.

2. The radio is used to maintain contact with the main post during the security and fire patrol of the building.

DEPARTMENT OF LABOUR—PROFESSIONAL AND SPECIAL SERVICES

Question No. 2,978—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Labour under the departmental program at page 32.18, volume II of the 1979-80 Public Accounts of Canada, with particular reference to motion picture production and distribution (a) what was the title and total cost of each film produced in the fiscal year 1979-80 (b) at what audience was each film aimed (c) what cost recovery is anticipated from the distribution of all the films?

Hon. Chas. L. Caccia (Minister of Labour): (a) Costs were for the purchase of various prints of films, filmstrips, plus the charges for the booking and distribution of films for the Industrial Relations Film Library administered jointly by the National Film Board and Labour Canada.

(b) Various audiences; bookings arranged through National Film Board.

(c) None.

ATLANTIC PILOTAGE AUTHORITY

Question No. 3,130—**Mr. Clarke:**

With reference to the statement of operations of the Atlantic Pilotage Authority for the year ended December 31, 1979 at page 10, volume III of the 1979-80 Public Accounts of Canada, which notes that the authority had a net operating loss of $124,613 during the year and that the stated objective of the authority was "to operate and maintain a safe and efficient pilotage service" (a) how does the authority explain the fact that it has operated at a significant loss in each of the past three years, since this is contrary to the objective of operating an efficient service (b) since the level of the deficit has been diminishing, on what date does the Authority anticipate becoming a net contributor to the Equity of Canada (c) is the Authority taking measures to ensure that it will be operating at a profit as soon as possible and, if so, what are the measures?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Atlantic Pilotage Authority advises as follows:

(a) The Atlantic Pilotage Authority has operated at a loss in each of the past three years (1977, 1978, 1979) because the tariff increases which were instituted in 1976, 1977 and 1979 were not sufficient to recoup expenditures in 1977, 1978 and 1979. The tariff increases levied in those years were felt to be fair and reasonable and therefore within the objectives of the authority.

The level of expenditures experienced in the three-year period are also considered reasonable: 1977 as compared to 1976 indicates a 3 per cent decrease; 1978 as compared to 1977 an 8 per cent increase; 1979 as compared to 1978 a 6 per cent increase.

The pilotage tariffs in the Atlantic region were historically low for a number of years and in order to bring about economic self-sufficiency it was felt reasonable to levy gradual increases over an extended period of time rather than large increases over a short period of time.

(b) The authority has not relied on government monetary support since the 1979-80 fiscal year and does not anticipate receiving contributions from the government in the future.

(c) The authority is taking measures to ensure it will be operating at a profit as soon as possible. A profit of $115,358 is budgeted for 1981.

The measures being taken are: (1) continual monitoring of pilotage activity as it relates to pilots' workload and the number of pilots on strength; (2) planned contracting out of pilot boat service in order to increase efficiency; (3) a new tariff, to be published soon, and to become effective January 1, 1982; (4) these measures will ensure the Authority continues to operate in an efficient manner and without financial assistance from the government of Canada.

AIR CANADA

Question No. 3,132—**Mr. Clarke:**

1. With reference to item 6 of the notes to financial statements of Air Canada for the year ended December 31, 1979 at page 8, volume III of the 1979-80 Public Accounts of Canada, which states " . . . the cost of shares purchased exceeds the underlying net book value of Nordair Ltd.'s assets by $5 million at the date of purchase" (a) was an appraisal made of Nordair's aircraft to support the payment of $5 million more than the share value in Nordair's books (b) on what date will the amortization of the $5 million commence and how will the amortization be treated in the accounts of Air Canada?

2. Did Air Canada integrate the operations of Nordair Ltd. into its own operations and, if not, is there a duplication of such operations?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows:

1. (a) Yes. The appraisals were made by independent third parties and were corroborated by studies carried out by Air Canada specialists.

(b) The amortization of the $5 million commenced on the date of acquisition and is reflected as a reduction of Air Canada's share of Nordair's profit under the equity accounting method.

2. Air Canada did not integrate the operations of Nordair into its own because of the different nature of regional operations. Duplication has resulted in direct competition on the Montreal-Rouyn, Montreal-Toronto, and segments of the Toronto-Winnipeg routes.

PROPANE VEHICLE GRANT PROGRAM

Question No. 4,152—**Mr. Mazankowski:**

Under the Propane Vehicle Grant Program (a) how many applications were received and how many grants were awarded (b) what amount was dispensed (c) how many applications were rejected and for what reasons?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

(a) 4,208 vehicles applied for grants and 2,645 grants were awarded, (b) $1,053,600. (c) Twenty applications have been rejected due to the fact that applications were submitted for ineligible vehicles (i.e., off-road vehicles, such as forklifts, or in cases of dual fuel conversions) or duplicate claims were submitted for the same vehicle.

WINNIPEG INTERNATIONAL AIRPORT

Question No. 4,210—**Mr. McKenzie:**

Did the government enter into any negotiations through the International Air Transport Association in an attempt to establish Winnipeg International Airport as a base for transpolar commercial air travel between North America and Europe and (a) if so (i) at what location and on what dates were the meetings held (ii) what were any agreements reached (b) if not (i) for what reason (ii) are there any other negotiations planned or in progress?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Transport Canada advises as follows: No. (a) Not applicable. (b)(i) and (ii) The International Air Transport Association (IATA) is an industry organization of the world's schedule airlines, and as such, the Government of Canada does not enter into any negotiations with the association. There are no inter-governmental negotiations planned or in progress involving the establishment of Winnipeg International Airport as a base for transpolar commercial air travel between North America and Europe.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PETRO-CANADA ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-101, to amend the Petro-Canada Act, as reported (without amendment) from the Standing Committee on Energy Legislation.

Madam Speaker: When shall the bill be read the third time, by leave now?

• (1540)

Mr. Nielsen: Madam Speaker, I have a point of order. The hon. member for Calgary West (Mr. Hawkes) was on his feet to speak at report stage so I wonder if the Chair might recognize him now.

Madam Speaker: The hon. member for Calgary West.

Mr. Jim Hawkes (Calgary West): Madam Speaker, I believe that I have the concurrence of House leaders and members of the House to move four amendments. I would assume that they would then be discussed at report stage *ad seriatim.*

Madam Speaker: I understand that the hon. member wants to waive the normal notice that he would give and is asking for unanimous consent so that these motions could be presented to the House now. Does the House give unanimous consent?

Some hon. Members: Agreed.

Mr. Hawkes: Merci, Madam Speaker.

I move:

Motion No. 1

That on page 2, line 2, clause 1, the word "four" be deleted and replaced by the word "two".

Motion No. 2

That in clause 1, page 1, line 14, the word "thousand" be deleted, and in line 15 the word "hundred" be inserted immediately following the word "six".

Motion No. 3

That on page 1, line 19, clause 1, the word "shall" be deleted and replaced by the word "may".

Motion No. 4

That on page 2, line 10, clause 2, the words "and Parliament" be inserted immediately following the word "Finance".

Madam Speaker: Does the hon. member for Calgary West want to debate one motion at a time?

Mr. Hawkes: Yes, Madam Speaker. The first motion reads as follows:

That on page 2, line 2, clause 1, the word "four" be deleted and replaced by the word "two".

Unless members have the bill before them, Mr. Speaker, they may have difficulty in assessing the impact that this would have. In Bill C-101 the government has proposed that in addition to the $600 million which has been given to Petro-

Canada for the purpose of capitalization, another $4,900 million of taxpayers' money be given to its board of directors in the form of capitalization. From evidence given in committee it is clear that Petro-Canada needs an infusion of capital. If it is to continue with the mandate granted to it by Parliament it needs something in the order of $2,000 million as quickly as possible. The projections which the president of the Crown corporation laid before the committee showed that it would need additional capital in the years ahead.

This is a public policy issue which has been before this chamber on several occasions over several years. The question is whether the capital required by Petro-Canada should always come from the pockets of the taxpayers or whether a portion of that capital requirement should be freely given by Canadians who would like to invest in the corporation. I think the nature of that choice is exemplified by this amendment.

Sooner or later independent, elected members of this chamber will have to recognize, when they want to spend $5,500 million for the purchase of business assets, including service stations, that the taxpayers of the country do not have unlimited amounts of money. If we in this chamber choose to spend money on buying service stations, then we have to give up the opportunity to purchase hospital beds.

I wonder how many of us have consulted our constituents asking them, do you want to pay taxes to your government so that it can buy service stations, or do you want to pay taxes to your government so that it can help senior citizens who are in need? Do you want to pay taxes to your government to buy service stations, or do you want to pay taxes to your government so that it can provide better medical care? Do you want to pay taxes to your government so that it can provide jobs, or would you rather pay taxes to your government so that it can buy service stations?

We are not dealing with a small amount of money here, Mr. Speaker. What the bill seeks is that the taxpayers of the country give the Minister of Energy, Mines and Resources (Mr. Lalonde) permission to take $5,500 million out of their pockets and not spend it on pensions, not spend it on tax cuts, not spend it on job creation, not spend it on hospital beds but instead, give it to the board of directors of Petro-Canada. With this money they can go down the street in Ottawa, in Oshawa, in Toronto or in Halifax and say to someone who owns a service station, "We have lots of taxpayers' dollars, so if you want to sell your service station we will take those taxpayers' dollars and buy it." The next thing is that they will use taxpayers' money to drive the Canadian who owns a service station across the street, out of business.

Petro-Canada has an unlimited amount in its hip pocket because elected Members of Parliament choose to provide the board of directors with that kind of money. In committee we heard testimony to the effect that Petro-Canada is doing just that. This crown corporation, using taxpayers' money, is cutting prices on some corners and driving Canadian-owned service stations out of business. People who have put ten or twenty or thirty years of their lives into a small business cannot compete with a Crown corporation that has unlimited resources because it has access to the taxpayers' purse.

It is interesting that members of this House have historically voted to create the Crown corporation, Petro-Canada, partly because it was to be a window on the industry and a source of advice to the government of the day. If we were to look at the Order Paper and Notices today, we would find a series of energy bills that have been reported from committee to the House. That committee has worked a lot of hard hours in bringing witnesses before it to hear testimony.

• (1550)

The bill we are looking at today, Mr. Speaker, affects PetroCan in a direct way. The amazing thing about the bill is that the government chose not to amend so much as a single comma in that legislation. If you look at the other bills on the Order Paper you will find the government is moving amendments. I was on the committee and witnesses told us there were things wrong with each piece of legislation, including this bill. But the government is not proposing any amendments to the bill regardless of the testimony of witnesses.

I spoke about a window, Mr. Speaker. If you read the transcripts of the committee hearings, what we have here is a very powerful body of appointed people on the PetroCan board of directors who advise the government on energy policy. A remarkable characteristic of each and every piece of energy legislation before us is that PetroCan will benefit. It will benefit more than the majority of other companies in the energy field. We have a window, Mr. Speaker, but when you stand back and look at how it is used, it should be clear that it is a biased window, one which is distorting Canadian energy policy so that a single corporation called PetroCan can supposedly get bigger and become healthier. Does it matter if that energy policy is hurting all those other companies? Does it really matter to the board of directors of PetroCan that there are several thousand Canadians out of work today because the advice those directors have been giving the government has been followed? Does it matter to them that in towns like Brooks, Alberta, or Kindersley, Saskatchewan, Canadians who have struggled for many years and built themselves a small welding shop and employed two or three people, have gone bankrupt and closed their doors? Is that the responsibility of those appointed people in PetroCan? I suggest to you, Mr. Speaker, that in part it is. But they do not have the responsibility of caring about that. They might as individuals, but it is the elected members of the House of Commons who have the responsibility to examine the impact of this proposed legislation, both direct and indirect.

In the last election, Mr. Speaker, the Liberals and the NDP successfully sold the Canadian people on the view that this party was against the expansion of a company called Petro-Can. I think most members of the NDP and the Liberal Party believed that; they certainly said it a lot. Their energy critic, now the Minister of Energy, Mines and Resources, certainly told them that. But the reality was that that was a lie. It had nothing to do with reality. In its brief period in government the

Conservative Party proposed that legislation should be passed which would encourage Canadians to voluntarily, through share offerings, provide the capital to PetroCan in order to make it the biggest in the country, as fast as the national will would allow. If we think about that, what would be the difference today? Do Canadians realize that every gallon of heating oil which goes into their house costs a little bit more because the government is giving it to PetroCan? Do Canadians really understand that every gallon of gasoline which goes into their car costs a little bit more because the government is giving it to PetroCan?

Mr. Kristiansen: And Gulf, Shell and Esso.

Mr. Hawkes: Do Canadians really understand that everything which travels by truck, such as the food they eat and the furniture they buy, everything which travels by rail, such as the wheat which makes our bread, and everything that travels by plane or by water costs them a little bit more because the Liberals and the NDP want to give more money to PetroCan? They want to take it out of the pockets of Canadians, but as they do they make everything we consume more expensive. Would that be true if private investors, pension plans—and individual Canadians were providing the money as equity for PetroCan?

Mr. Kristiansen: You had better believe it.

Mr. Hawkes: It would not be true. Well, the NDP says "you had better believe it". Canadians are paying this money through taxes. We are collecting it from the senior citizen who is struggling in this time of inflation to hang on to his home. We are making the cost of heating that home more expensive so we can give the money to PetroCan, when in fact right from day one there was never any need for taxpayers to pay that bill. Individual Canadians would pay that bill and the members over there would have the money to start creating jobs in their ridings, or increase pensions. Members opposite should look at my amendment. Essentially it says that the taxpayers of this country shall be saved the expenditure of $2 billion. That is two thousand million dollars! If you pay 20 per cent interest on that—and a lot of home owners are—that is $400 million a year. That money could be available to cut taxes a little bit. That money could be available to put into our health care system, or it could be available to put into pensions. But the NDP does not really believe in pensions. The NDP does not really believe in health care systems. The NDP believes that governments should be collecting money from the pockets of taxpayers to buy service stations and to compete with other service station operators, the little people of this country who own the small businesses. That is what the NDP believes in.

• (1600)

The money has already been borrowed and it is already costing Canadian taxpayers hundreds of millions of dollars per year. But do you know where that money goes, Mr. Speaker? It goes to Germany, the Arab states, Switzerland and New York. It goes right out of this country in the form of interest payments, payments which do not have to be made. If the Liberal government had not borrowed the money, the government would not have to make the interest payments and the taxpayers would not have to pick up the cost. That mentality of the Liberal government is allowed to continue.

When I was elected to this chamber, 17 cents out of every tax dollar collected went to pay that interest, large portions of it went right out of the country. Less than three years later, 22 cents out of every tax dollar goes to pay interest, again a large proportion leaves the country. What does that process do? It causes the value of the dollar to drop. That is just one of the things that happens. If our dollar is worth only 81 cents or 82 cents, then everything we import is more expensive. Our dollar is so weak that the government tells us we have to keep interest rates high to protect it. These interest rates are 18 per cent or 19 per cent. What do you think these high interest rates do to our economy, Mr. Speaker? When the corner grocery store has to borrow money to put groceries on the shelf and has to pay 18 per cent or 19 per cent interest, that corner grocery store has to charge more for its groceries. The same thing happens with the car dealer around the corner. When he brings cars to his lot, he has to finance them and he has to charge more for his automobiles. What about the furniture dealer? The furniture dealer has to put furniture in his shop and he has to pay interest on his goods. You, the consumer, has to pay more for the piece of furniture or the dishwasher or whatever.

The government is running a deficit this year which people estimate to be in the order of $15 billion. The amount of money this government wants to give to Petro-Canada is one third of that amount. Interest at the rate of 20 per cent on $15 billion amounts to $3 billion. Those amounts are so huge that people cannot comprehend them.

The Minister of National Health and Welfare (Miss Bégin) has said in this chamber and in committee that she would like the Minister of Finance (Mr. MacEachen) to find $700 million more so that pensioners, our senior citizens, those who are really hurting, could be helped. But that is just one quarter of the amount of increased interest payments. Just think about it, it is only one quarter of the increased interest payments.

We should have a government with the courage to make a choice by deciding what is the best way to spend taxpayers' dollars. We should have a government that knows you cannot have everything. Faced with a choice, how many Liberal members opposite, for instance with $100 million to spend, would choose one of the following on which to spend it: pensions, medical care, a reduction in taxes or the buying of service stations? Are there any members opposite who would pick as their first choice the buying of service stations? I ask members opposite or members of the NDP, is that the social priority in Canada today, to buy service stations? Is the buying of service stations more important than the creation of jobs? Is the buying of service stations more important than the provision of education to our young people? That is what this bill is all about.

Members of Parliament in the New Democratic Party and in the Liberal Party of Canada are determined to make the public policy choice that the buying of service stations is more

important than the health of home owners, because that is what this bill is all about. I see the minister responsible for housing is in the chamber. We will probably have the Minister of National Health and Welfare voting for this bill once more. We will probably see her standing up during the voting process and, in effect, saying, "Yes, the expenditure of tax funds to buy service stations is more important than the expenditure of tax funds to provide better quality medical care." Each Liberal member opposite later today will be asked by this whip and his House leader to support the Minister of Energy, Mines and Resources in his personal public policy choice that the buying of service stations is more important than health, more important than job creation and more important than pensions. Given past performance, members of the Liberal Party, including 74 from the province of Quebec, will stand up and say, "Yes, the minister of energy is right. Buying service stations is more important than health care or pensions."

Interestingly enough, members of the New Democratic Party have consistently through their speeches—and if we hear one of them later today speaking on this bill, we will hear the same thing again—tried to cover up the fact that the choice is service stations or pensions; service stations or health; service stations or education. You cannot have it both ways, Mr. Speaker.

Members of the Liberal Party stood in this House five or six weeks ago and in effect said, "We will cut transfers to the provinces to the tune of $5.7 billion." Just a few days later, they stand up and support this bill to take $5.5 billion—an almost identical amount—which is to be given to the board of directors of Petro-Canada. It is being taken away from health care, social services, adolescents in trouble and from services to senior citizens. It will be taken away from all of those potential recipients and it will be given to the board of directors of Petro-Canada so they can go out and buy more service stations. That has happened within the space of a week. It is a graphic example of the will of the Liberal Party of Canada. That party has progressed over a period of years to the point where its willingness to support a bad idea simply to maintain a particularly bad cabinet minister in office causes its members to take leave of their common sense. It is interesting to meet them in the halls and to speak with them individually. I ask hon. members opposite whether they would choose to purchase service stations or to give more money to senior citizens? I ask the Minister of Public Works (Mr. Cosgrove) whether he is content with purchasing service stations rather than providing relief to the victims of UFFI? Will he rise later in the House and vote to give that money to the service stations rather than for other purposes? Has he clearly identified for himself that that is the public policy choice?

• (1610)

When the House votes for this particular piece of legislation, it guarantees that for the next three years, and perhaps longer, every consumer commodity in the country will cost more than it needs to cost. Every piece of food that we consume, everything involving heat and every plastic product made with petroleum, will cost each and every Canadian more money than they would have cost if this bill were defeated and not passed. This is the issue which lies behind the bill. Because of the financial circumstances of the government, it will have to borrow that money. The bill will provide the corporation with the mandate to expand, but the government and Canadian taxpayers will have to borrow more money. This may cause interest rates to remain higher than they would normally which, in turn, will affect the cost of everything we use. That money will have to be borrowed abroad, which will have some impact on the value of the Canadian dollar and will make everything we import more expensive. Those are the consequences of standing in the House of Commons today and voting for this bill.

Sometimes we have to vote for pieces of legislation which increase expenses, but if there is one crystal clear example which has come to our attention in the last 12 months that we do not have to borrow that money and take it out of the pockets of taxpayers, surely it is this one. There are pension funds and individual Canadians who would welcome the opportunity to invest in Petro-Canada, to invest in that maple leaf which flies on its service stations. All we have to do is to allow the corporation to seek some or all of the capital it requires in the money markets. It is a well-endowed corporation; its potential is enormous. It could easily become the biggest oil company in the country, but we do not have to do it with the money of taxpayers, we do not have to do it with the borrowings of taxpayers, we do not have to drive up the cost of everything we use. We must simply allow people to put some of their savings into the growth of Petro-Canada.

This was our vision in 1979. It is a vision which wears well. It is probably more true today as a necessity than it was in 1979. The financial situation of the government was better in 1979 than it is in 1982. We are on the wrong path whenever we have the choice of allowing people to accomplish voluntarily a desirable objective and we compel them to do so. I would choose to make it voluntary, but in this particular instance there are individual Canadians, pension funds and small Canadian companies that, given the opportunity to become shareholders in Petro-Canada, would do so. Surely hon. members opposite could bring some pressure to bear on the Minister of Energy, Mines and Resources to allow at least part of the growth of that company to occur in that way, to save Canadian taxpayers that amount of money, and to free up money for pensions and health care rather than to purchase service stations.

There is now a public record of advice and information which has been gathered by the special committee on energy. Nowhere in the record is there an indication that what I have suggested to the House at this time could not be done or would not be a good idea. We are the victims of the stubbornness of a single vision of a single man. We cannot escape from fulfilling the obligation which we assumed when we ran for public office—to act on behalf of our constituents in the public good. That is our obligation, that is our responsibility. We do not have to support one man who is on a bad track. We can bring him to his senses and we can bring cabinet to its senses. Then

we can start to make the kinds of choices which I believe brought most of us to the chamber—some sense of responsibility for the economic health of the nation and for the less advantaged people in the nation. We could start to help those who need help. Surely our electorate did not send us here to make the choice that their dollars should be used on a priority basis for the purchase of service stations rather than for the provision of education, health care or pensions. Surely we did not come here with that in mind and we do not run campaigns on that basis.

Then why should we feel any sense of compulsion to stand in the chamber today and support the Minister of Energy, Mines and Resources in his determination to use the dollars of taxpayers on a priority basis to purchase things that we do not need as a nation rather than to use tax dollars to purchase and to provide things which are really necessary in the nation?

The Conservative Party rang the bells of the House for 16 days for several reasons, but the primary one was to split Bill C-94, and it was split into eight parts. Once that split had occurred, we could call witnesses before a committee to help us know what was right and what was wrong with each of these eight pieces of legislation. The government acknowledges that there is a great deal wrong with Bill C-102 and Bill C-104. The House will get to those bills before much longer, but the government is proposing massive changes to the two pieces of legislation.

• (1620)

In the case of Bill C-101, the government, the Minister of Energy, Mines and Resources and the officials of Petro-Canada have ignored every piece of advice which was given to the committee. This legislation will become law in exactly the same manner as it was originally worded, unless the members in this Chamber decide collectively that it should not become law.

I moved a series of four amendments, but the first one, the replacement of the word "four" by the word "two", is the significant amendment in regard to saving the consumers of Canada some money and in restoring a philosophy of public expenditures which puts people ahead of pride. It is a philosophy which puts people ahead of the minister, and I urge members of this Chamber to vote for this amendment. I look forward to the opportunity of bringing the three remaining amendments to the attention of the House.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the amendment please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

I declare the amendment defeated on division.

The question is now on amendment No. 2.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I will be brief. What Bill C-101 says is that the equity capital for Canada shall be issued in the form of shares, each of which is worth $100,000. I would hope that members of the House would see the day where, in the best interest of the taxpayers of Canada, they would want to sell some of those shares to Canadians to get back some of the invested money and use it for other purposes. The effect of my amendment would simply be to change the par value of those shares from $100,000 each to $100.00 each. This would be an amount that many Canadians could afford. Some day in the future, instead of the government owning all those shares, if we wanted individual Canadians to own part of that company, we could sell them those shares at $100.00 par value, rather than restrict the sale to large corporations which can afford to pay $100,000.

Perhaps there is a member of the Liberal Party who could afford one share at $100,000, but I could not afford it and I do not believe most of the members of my caucus could either. I know that most of my constituents and, in fact, very few Canadians could afford that amount.

All we are asking for in this amendment, which I hope all hon. members will agree with, is to provide an opportunity for every Canadian to participate in Petro-Canada at some future date. This amendment does not change the total amount; it just makes the issuance of the shares worth $100.00 each instead of $100,00 each. That would provide an opportunity for the average Canadian to participate in Petro-Canada instead of just the big multinationals or large corporations.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the amendment please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

I declare the amendment defeated on division.

The question is now on amendment No. 3.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, this amendment is simply to help the Minister of Energy, Mines and Resources. It is very brief. The way in which the clause is now worded requires the Minister of Energy, Mines and Resources to do something with which he may not agree. All that we on this side of the House are attempting to do is to allow the Minister of Energy, Mines and Resources to have some option by replacing the word "shall", which in legal terms is a requirement, with the word "may", which would provide a

future minister of energy, mines and resources with some flexibility and not require him to do something with which he may disagree. That is the purpose of this amendment.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the amendment please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

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

I declare the amendment defeated on division.

The question is now on amendment No. 4.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, to really understand the implication of the clause it must be carefully read. The clause with which we are concerned, as it appears in this bill, allows a small group of appointed people—the board of directors of Petro-Canada and a couple of appointed ministers of the Crown—the ability to borrow money.

An hon. Member: Just like a corporation.

Mr. Hawkes: I heard a member from the NDP say, "The same as a private corporation." Perhaps he should check with his party's energy critic, because it is not the same. We moved a motion to restrict the borrowing of the corporation to the limits of its assets.. That is the discipline of a private corporation. Money is lent to private corporations up to the amount of its assets, but what is provided for in this particular piece of legislation—which is quite disturbing and should be disturbing to every member in the House—is that there is a small group of appointed people who can borrow an unlimited amount of money.

Earlier, the House expressed its opinion that $5,500 million of taxpayers' money should be given in the form of equity to Petro-Canada. If we do not change this clause, that same board of directors, with the concurrence of a couple of appointed Cabinet ministers, will be able to borrow $20 billion, $40 billion or $100 billion more. Do the members opposite realize that it is the Crown—

An hon. Member: The customers.

Mr. Hawkes: It is the taxpayers of the nation whose money is being put at risk, and no elected body has the power to stop that action. If there is one fundamental element to our system of government, it is that people who are to be taxed have the right to choose who shall do the taxing. They have the right to vote for one person rather than another in the expectation that the elected person has been given by them the power to tax. However, in the clause as it is in this bill, appointed people shall determine what taxes shall be paid in the future, and elected people will have no power, no responsibility and no authority to say whether they are right or wrong.

• (1630)

We on this side of the House in the Conservative Party of Canada think that that is dead wrong. Our kind of democracy exists and hopefully flourishes because one of its principles is that we have the power to elect those who will have the power to take things away from us, such as our freedom, in the sense of criminal law, and our money, in the sense of taxation law. Then, if the people we elect take our freedom or our money away from us, we can get rid of them at the next election and choose people who approach the world with a little more sensitivity and sense.

In Bill C-101 with regard to Petro-Canada, the government is seeking to give appointed people the authority to tax us in the future, because today the government borrows money without checking with us, the elected people, and makes us responsible for paying it back in the future, and we never have a say as to whether borrowing it was a good or a bad idea. If hon. members of the New Democratic Party think that appointed people should be able to tax Canadians, then let them have the courage to put it out in a pamphlet. Let them have the courage to go to the electorate and say, "Elected people should not have any responsibility for determining taxes. Hand it over to appointed people and let them decide what taxes we shall pay." If we leave this piece of legislation alone, that will be the principle to which we agree.

All I am seeking to do in my amendment is to assert that that matter concerning this large amount of money which is to be borrowed today and paid back tomorrow by the taxpayers of this country should be brought to this chamber, to the Parliament of Canada, to the elected body, and be approved or rejected by the people who were elected to come here to approve or reject taxation.

Mr. Smith: That is what we are doing today.

Mr. Hawkes: The parliamentary secretary to the Liberal House leader shouts, "That is what we are doing today." Well, if one believes that elected people are the only ones who should be allowed to tax, then one must vote for the amendment that I have proposed. If one shouts, "Nay", then one is asserting that appointed people should be able to put the taxpayers at risk and should, in effect, be able to tax Canadians in the future. That is what a "Nay" means. A "Yea" means that this is a democracy and that elected people should be the only ones allowed to tax. A "Nay" means that elected people should be given power to tax. I urge every hon. member in this chamber to vote "Yea" for this amendment for that reason.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Agreed.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Some hon. Members: Oh, oh!

Mr. Kempling: On division!

Mr. Deputy Speaker: I declare the amendment defeated on division.

Hon. Paul J. Cosgrove (for Mr. Lalonde) moved that the bill be concurred in.

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

Some hon. Members: Agreed.

Mr. Kempling: On division.

An hon. Member: Mr. Speaker—

Mr. Deputy Speaker: Order. This is report stage and no debate is permitted at this stage.

Some hon. Members: No, no!

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it. I declare the motion carried on division.

Motion agreed to.

Hon. Paul J. Cosgrove (for Mr. Lalonde) moved that the bill be read the third time and do pass.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I listened with a great deal of pain to the hon. member for—

Some hon. Members: Oh, oh!

Mr. Blaikie: —is it Calgary South or Calgary West? I forget just where—

Some hon. Members: Everywhere.

Mr. Blaikie: —because I do not think there is anyone in this House who can match the capacity of the hon. member from Calgary for a kind of oozing, shrill, self-righteousness concerning the position of other parties. I can only say how relieved I am that we have come to the part in the debate where he is no longer speaking because it was difficult, I am sure, for anyone with any intelligence to listen to him go on about the nature of borrowing in the private sector as if the customers of Imperial Oil, Gulf or Shell never paid at the pumps or anywhere else for the borrowing by those private corporations and as if it were only when it came to Petro-Canada that such was the case. He demonstrated what many Conservative members demonstrate from time to time, that is, a complete blindness to the way in which the private sector operates and to the way in which its costs are passed on to the consumers. However, they only manage to notice that when and if it is true of Crown corporations.

The hon. member went on at great, self-righteous length concerning the fact that the Conservative Party would like to spend more money on health care and would not want to spend all this money on Petro-Canada. He said that the Conservative Party would not want to spend all this money to increase the borrowing authority of Crown corporations, but would rather spend it on health care. We certainly have not seen any evidence of that from the provincial Progressive Conservative governments across this land. I do not see any inclination on their part to spend more money on health care. I did not see the hon. member standing up to object to the $6.5 billion which this government will give to private oil companies under the Petroleum Incentives Program Act, and I did not see him standing up to say, "Do not give that money away. Spend it on health care." We did not hear anything about that. It is absolutely sickening, Mr. Speaker.

We are here to discuss Petro-Canada this afternoon. We will not spend any more time on the obvious inadequacies of the hon. member from Calgary West or South, or wherever. He is obviously from Calgary. He might better be described as the member for the oil companies.

Some hon. Members: Shame!

Mr. Blaikie: It is a matter of public record that Petro-Canada was first formed as a result of pressure put on the Liberals by the New Democratic Party during the minority Parliament of 1972-74. The NDP put pressure on the Liberals to begin setting up a coherent energy policy for Canada, an energy policy which would see the interests of Canadians served rather than the interests of the private oil companies and the interests of the United States of America. Unfortunately, the Liberals have managed to set up Petro-Canada but have not yet developed a coherent energy policy which serves Canadian interests. They have failed to set up a coherent energy policy because all they have done was to insert Petro-Canada into an otherwise unchanged policy on energy economics and on the role of resource development in the Canadian economy.

This is true in a number of ways.

Basically, Petro-Canada is not the threat to private industry that my Progressive Conservative colleagues have tried to make it out to be. Their position on Petro-Canada is an ideological position. It is sometimes hard to sort out. They have two to three positions on Petro-Canada. We will deal with that later. However, the people of Canada passed their judgment on the Conservative position on Petro-Canada in the federal election campaign of 1980.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Talk about Saskatchewan now!

Mr. Blaikie: The people made a judgment on the ideological position of the Conservatives rather than on their practical ones. It is quite all right to have ideological positions, but I just wish the Progressive Conservative Party would have the guts to carry on the debate with regard to Petro-Canada at that level instead of trying to mix the issues. It does not like to do that because it knows it is out of touch with the Canadian people on this issue, not to mention a whole lot of others. The Liberals, in spite of Tory rhetoric, have really not departed from an energy policy which favours private interests over the interests of the public. In fact, it could be argued that PetroCan is the best friend the multinationals ever had. It is a ready source of capital through joint venture in high-risk exploration while the private companies have seen their traditional monopoly over easily extracted resource reserves left untouched. What is happening? The people of Canada will pay for all the risk exploration, getting only a small amount of equity in return. The private oil companies, the great risk takers and entrepreneurs that the Progressive Conservatives are always fantasizing about, will have the cushion of government money at the beginning of exploration and the cushion of the profits which will be theirs alone after.

• (1640)

We argue that PetroCan should be the number one oil company in Canada, and that the Liberal national energy policy is really a political charade by which Canadians are given to understand that the Liberal Party is actually doing something to recover control over a crucial area of our economic life, our energy resources, a control shamefully and cynically given away over the years by the same Liberal Party.

The only credibility which the Liberals have in this so-called move to the left comes from the Conservative Party. The Conservatives, in their usual politically stupid way, are giving the Liberals far more credit than they deserve. They rant and rave about socialism, public ownership and all this kind of thing, which is exactly what the Liberals want them to do. They want the Canadian people to believe that is what they are actually doing. Their best allies are the myopic speeches given time after time by Progressive Conservative members in this House.

The real truth of the matter is that the Liberals are no different than they ever were. We witnessed just in the last 24 hours that they are still willing to mindlessly and shortsightedly sell off our energy reserves on the basis of unproved reserves. This is a mistake they made once before. My leader pointed this out two days in a row in question period. It is a mistake they are preparing to make again.

They talk about surpluses. When it comes to a non-renewable energy resource, in the long run there is no such thing as a surplus. Only an idiot would get up and talk about a surplus after all the literature regarding the limits to growth which has appeared in the last 10 to 15 years. It is evident that it is ridiculous to talk about surpluses. In the long run, there is no surplus of a finite resource. Our resources have to be managed accordingly.

I said the Liberals were no different than they ever were. They were sucked in by the Americans two years ago, just like the Tories, because the Tories believe what the Liberals believe when it comes to megaprojects. They were sucked into believing that the pre-build of the southern portion of the Alaska gas pipeline would be a pre-build. That is to say that the construction of the whole pipeline would follow, that there would be a post-build. It now appears that was the height of gullibility on the part of the Liberal government.

The Liberals are no different than they ever were in that PetroCan represents no change from the energy economics and developmental model followed so long by the multinationals in Canada. Instead of irresponsible drilling in the Beaufort Sea and across the Arctic by multinationals alone, we now have to bear the pain of watching our own corporation doing that kind of irresponsible energy development. This is what I meant earlier when I said that all the Liberals have done is to insert PetroCan into an otherwise unchanged energy policy. For those of us in the New Democratic Party, this is the tragedy of PetroCan. We do not see PetroCan as simply another big oil company, only publicly owned, imitating private oil companies in everything it does. We want PetroCan to take on the job of beginning to manage our energy resources in a more responsible, democratic and farsighted way, a way which sees the political task in this area as one of stewardship rather than quick exploitation.

We want PetroCan to embody a new ideal of what it means to be involved in energy development, developing our resources in an efficient and life-affirming ways. Resource development should be managed in such a way as to encourage conservation rather than taking advantage of ever-increasing commercial promotion of energy-consuming devices. Resource development should have as its priority the development of resources that are renewable, that can be extracted and used in an environmentally safe way. Resource development should be geared to take into account the long and the short-term real, economic, environmental and social costs of extraction, production and marketing and also the cost of replacing the energy being developed and used. A resource development policy in this country ought to take into account the fact that we live not just on the North American continent, but on the planet earth. We need to develop our resource policy in such a way to take account of our ethical responsibility to make sure that what resources are needed for the development of human life on the whole planet are taken into account. This PetroCan does not do in the same way as the multinationals. We want to see that kind of energy development embodied in PetroCan. We want to see PetroCan able to do that as the number one energy company in this country.

I often hear that I am not being realistic, that realistic is the bottom line, that realistic is two years from now. Let me tell hon. members that realism is getting about the business of having a sane and ethically responsible energy policy now.

That is the realistic program. Idealism, in the negative sense of idealism, means illusion, and in that sense the idealists are those, like many on my right and indeed many across the way, who think we can go on as we are doing now. They are the ones who are not being realistic.

We in the New Democratic Party would like to see Petro-Can, and for that matter all Crown corporations, set up differently. The present PetroCan board of directors should be replaced with a board of directors selected equally from the north, from environmental organizations, from business, labour, religious groups, consumer groups and other public interest groups. Perhaps the board of directors could be renamed the board of stewards as a way of saying what we want PetroCan to become.

PetroCan and other Crown corporations should be more responsible and accountable to Parliament. Instead we find the Liberals moving even more toward bureaucratic authoritarianism of these issues by wanting to give themselves power to set up new energy corporations without parliamentary approval. In Bill C-102, they want to set up new energy corporations without even coming to Parliament, with no parliamentary debate. We have seen too much of this here. The Progressive Conservatives yelp a lot about it. But in 1980 it was the New Democratic Party which took the Liberals to task for doing something for which it did not have parliamentary approval. That was to build the southern portion of the Alaska gas pipeline. The NDP stood up to the Liberals. The Progressive Conservatives voted with them to do that for which they did not have parliamentary approval. They should think about that the next time they get up and start waxing self-righteous about what the Liberals are doing to Parliament.

Mr. Taylor: Who supported them in property rights?

Mr. Blaikie: The hon. member for Bow River (Mr. Taylor) mentions property rights. That is another way the Progressive Conservatives have of telling only half the truth all the time. They talk about the NDP opposition, including property rights, in the Constitution. They do not talk about all the Progressive Conservative premiers who did not want property rights in the Constitution. You will never, as long as you live, hear that coming out of the mouth of the hon. member for Bow River. He just likes to stick to the portion of the truth that suits his fantasies.

Mr. Taylor: Who took it out of the charter?

Mr. Blaikie: Having noted the division between the hon. member for Bow River and the Progressive Conservative premiers in this country, maybe it is time to say a bit more about the idealogical chaos in the Progressive Conservative Party. This is something which bears on the debate this afternoon. I would like to know who speaks for the Progressive Conservative Party on some of these issues.

• (1650)

Mr. Taylor: We all do.

Mr. Broadbent: Right on!

Mr. Blaikie: That is the problem, Mr. Speaker. They all do. It is the greatest cacophony and confusion one could imagine because we have, on the one hand, Robert Stanfield saying, "Do not forget the old Tory tradition of the appropriate, positive role of government in the economy," and then we have the member for York-Peel (Mr. Stevens) thinking that anything that smacks of having at least one Crown corporation exist, still existing, that this is part of the creeping communist conspiracy. Who is speaking for the Conservative Party? Is it Mr. Stanfield or is it the member for York-Peel?

Mr. Broadbent: "We all do."

Mr. Blaikie: Has the Conservative Party been so infiltrated by American neo-conservatives that they cannot even see the value of Crown corporations any more?

Some hon. Members: Hear, hear!

Mr. Blaikie: It is a terrible thing to see them go down the tube like this. Who speaks for the Progressive Conservative Party on foreign affairs?

Mr. Kempling: What about Saskatchewan?

Mr. Broadbent: What about Manitoba?

Mr. Taylor: Where is Allan Blakeney today?

Mr. Deputy Speaker: Order. The debate is hardly dealing with foreign affairs at this stage. The hon. member might stay with the subject matter of the debate.

Mr. Blaikie: I was trying to address what I consider to be a general malaise within the Progressive Conservative Party, and which I think bears on their approach to PetroCan. There are many people, at least I like to think there are, who are not as against Petro-Canada as some of their more right wing ideological friends try to make the party out to be. At least we hope that is the case. We have no indication of it, because they have two or three different positions on PetroCan. Why do they not have the guts to come out and say they do not like PetroCan? Why they do not go right across the country and say that? Of course, they did, Mr. Speaker, and they lost the election. That is what happened.

I was speaking about the ideological malaise within my colleagues to the right. I mentioned foreign affairs only as an analogy to what I am talking about when it comes to Petro-Can, and therefore I think it relevant, Mr. Speaker.

We have two different factions speaking for the Progressive Conservative Party all the time. Who speaks for them on foreign affairs? Is it the hon. member for Waterloo (Mr. McLean), or is the hon. member for York-Peel, or is it the hon. member for Kingston and the Islands (Miss MacDonald)? What is going on here? Who speaks on foreign affairs?

Mr. Broadbent: They all do.

Mr. Blaikie: How many bases do they want to touch at one time?

An hon. Member: One hundred bases.

Mr. Kempling: Taking it out of the cookie jar again.

Mr. Blaidie: They take the hon. member for Edmonton South (Mr. Roche) off the subcommittee on foreign affairs and they put on the hon. member for York-Peel, who gets his view of Central America from reading journals from the United Fruit Company in 1955.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is what he is reading.

Mr. Kempling: At the cookie jar again.

Mr. Blaikie: I do not want to spend too much time, Mr. Speaker, on the right-wing element of the Progressive Conservative Party which seeks to destroy its leader—and will destroy its party, if it is allowed to continue. So I say, continue, continue, go right ahead, keep on, continue and take over your party. It is the best thing that could happen.

Mr. Taylor: Wishful thinking.

Mr. Blaikie: I was speaking about Crown corporations, that they ought to be more accountable to Parliament. We find a good example in Norway of how Crown corporations can be made accountable to parliament. Statoil in Norway has to make annual reports to parliament; it has to lay its five-year plan before the parliament of Norway. These are the kinds of things we would like to see. We do not want Crown corporations to be alienated, bureaucratic institutions, any more than anyone else. We want to see them become part of the community, part of our economic life, where people will have more say in what they do where people see them not as distant organizations but as part of the decision-making process and economic life of the community.

When we vote for the expansion of Petro-Canada and for the opportunities that this bill makes possible, we are voting for the idea of PetroCan that we have, because we hope that the day will yet come when we have a government that will make PetroCan the kind of energy corporation that will do a service to the notion of public ownership, rather than the kind of disservice the Liberals have rendered us over the past few years.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. In accordance with Standing Order 40, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Petro-Canada—Acquisition of Petrofina—collection of tax; (b) Canadian ownership charge; the hon. member for York North (Mr. Gamble)—Finance—Projected budget deficit; (b) Foreign aid expenditures—request for referral to committee; the hon. member for New Westminster-Coquitlam (Miss Jewett)—External Affairs—Namibia—selection of electoral system; (b) Position taken by South Africa and United States.

GOVERNMENT ORDERS

[*English*]

PETRO-CANADA ACT

MEASURE TO AMEND

The House resumed consideration of Mr. Cosgrove (for Mr. Lalonde) that Bill C-101, to amend the Petro-Canada Act, be read the third time and do pass.

Mr. Jim Hawkes (Calgary West): We had a rather full debate this afternoon, Mr. Speaker, and I will not take much of the time of the House. It is important for Canadian taxpayers and for people who have been viewing us today, or perhaps anyone who has been listening or any member of the press who has been in the gallery, to take a close look at what the member for Winnipeg-Birds Hill (Mr. Blaikie) said. Anyone who takes a look at it will see a speech written by a researcher in which the researcher laid out the wish of the New Democratic Party for Petro-Canada. There was one real specific wish, that it have a different board of directors, with people from the north on it and with people from labour on it.

Look at the transcript of today's debate, Mr. Speaker. The report reading stage is the time to move amendments. It is the time for a party to indicate clearly to the Canadian people and to members of this Chamber what is wrong with the piece of legislation. It is the time to indicate to the Canada people what you would like to have. What do we get, Mr. Speaker? We got a speech, but we did not get an amendment to vote on. How credible is a political party that says it wants change in legislation but does not have the courage to move amendments that would change that piece of legislation in the direction it claims it wants?

Mr. Taylor: Right on!

Mr. Hawkes: What kind of political courage does it take to stand up and read a researcher speech and say all kinds of pious, wonderful things that are not followed by action? We find as we get a little older—maybe when we were younger we were swayed more easily by words—that one of the characteristics of getting a little older is that you start to look at what people do, not just what they say.

Mr. Kristiansen: You are learning.

Mr. Hawkes: There is the test. What do they do? In the case of the New Democratic Party, I suggest that the whole speech we have heard, of what they would like, is immediately suspect because they did nothing, they moved no amendments.

Mr. Kristiansen: What did the Tories do?

Mr. Hawkes: The NDP moved no amendments, they did not try to change the legislation, so how can they say they want it changed? They did not move for a change. Then you look at the speech of the hon. member and find that he ascribes to the Conservative Party of Canada, and to me in particular, all kinds of things which I supposedly believe in. But look at what I said, Mr. Speaker. Look at what I did, with amendments. You will find that those things ascribed to me are not things I said, they are not things I did, they are simply figments of the imagination of the member for Winnipeg-Birds Hill. When a person says one thing and does another and when he says his opponents said something when they did not, I think one might be well advised to conclude that in the future one should not waste one's time even listening, because someone is trying to do a con job.

• (1700)

Let me repeat in summary for the hon. member for Winnipeg-Birds Hill why I think his party and Liberal backbenchers should vote against this legislation at third reading. The decision to run for public office carries with it the responsibility to stand and speak out and vote on issues. Frequently they are difficult, but surely we must have the courage to tell Canadians what we believe reality to be and to act in a fashion consistent with our view of reality.

Those who vote for this piece of legislation are voting to increase the costs of everything Canadians use. Every bit of food coming into their homes, every piece of furniture and every trip Canadians take will cost more if this legislation passes, and the money will be used to buy existing businesses, including service stations. This does not have to be. We are not increasing costs to provide more money for education, health care or other things for which many of us came to this chamber to work. We are not making things cost more so that we can create more jobs. We are simply handing money over to a group of appointed people so that they can go around and buy things like service stations. That is the hard public choice. It can be covered in any way we like, but the reality is there.

What else do we accomplish when we increase those costs? I suggest that every single member of the New Democratic Party and the members of the Liberal Party obtain copies of the transcript of the hearings held in the Standing Committee on Energy Legislation this morning because what they will find is that the combination of energy policies of this government, including this Petro-Canada bill, have increased the cost of transportation fuels through taxation. The increase has not been in the real cost of gasoline but in taxation. As a result, our fuel costs are higher than those in the United States of America. We are a big nation with very few people in it, and transportation is very important to our economy. When we want to sell our wheat, our lumber or our manufactured products to other nations, we have to transport them, and in Canada that costs more than it does in the United States because of taxation on fuel. We are losing customers for our wheat, our lumber, products from our mines and our manufactured goods because we have a federal government which taxes fuel oils so heavily that our transportation costs are greater than they are in the United States.

Any Canadian who makes a trip to the United States in the near future can ask someone there about gasoline and heating oil costs, and the truth can be found. Two thirds of the price of transportation fuels and home heating oils in Canada is taxation. Only one third is the cost of the commodity. Two thirds is taxation, and that is a choice the Liberal government is making and the New Democratic Party is supporting. They are saying it is all right that our transportation costs are higher than those of our competitors. When people will not buy our lumber, the products of our mines or our manufactured goods, Canadians will be out of work, and they are out of work now.

We may have difficulty seeing the relationship between $5.5 billion for Petro-Canada and people being laid off at a mine in northern Ontario or northern Quebec, but there is that relationship. That relationship is caused by the policy of the Minister of Energy, Mines and Resources (Mr. Lalonde). It is a relationship supported by the backbenchers of the Liberal Party and by the members of the New Democratic Party. They might laugh at the fact that the Conservative Party of Canada, at its policy convention and in its caucus, goes out of its way to encourage individual members to speak up and to share ideas, facts and information, but in a free society people of good will who work together and share good information are much more likely to reach good decisions.

To play "follow the leader" blindly and myopically without examining the facts is to invite disaster. I suggest that the entire package of energy legislation is a matter of playing "follow the leader" blindly, It is a disaster for this country, and the first building block is an idiotic proposal to increase the cost of everything we consume for the purpose of buying service stations rather than delivering services to people. I urge every member of this chamber to vote against this piece of legislation.

Mr. Roche: Mr. Speaker, I rise on a point of order. A few moments ago the hon. member for Winnipeg-Birds Hill (Mr. Blaikie), in a rather spirited oration, got himself into the field of foreign affairs, at which time he said I was replaced by the Tories in the subcommittee on Latin America. I would like to tell the hon. member for Winnipeg-Birds Hill, and I ask him to

accept my word as a gentleman—I know he is—that I voluntarily withdrew from that subcommittee on Latin America in order to spend my time on the United Nations disarmament question. I would like that to be clear.

Mr. Deputy Speaker: The hon. member has made his point.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I appreciate this opportunity to participate in this debate. I will be closing off the third reading debate on this particular piece of legislation, and I will say at the outset that I will be extremely brief.

I was somewhat concerned that the hon. member for Calgary West (Mr. Hawkes) should suggest that the Government of Canada is providing too much money for the operation of Petro-Canada. The hon. member for Winnipeg-Birds Hill (Mr. Blaikie) mentioned that members of the Conservative Party have not stood in the House of Commons or, indeed, in the Standing Committee on Energy Legislation and said they were against money being offered under the Petroleum Incentives Program. If the hon. member for Calgary West is so clear and so certain of his policies as they relate to Petro-Canada, then I cannot understand why he and his colleagues would not have placed a resolution before that party's policies convention which was recently held in Toronto. He did not take that step, and therefore I have to agree with others who have said that the Conservative Party's position on Petro-Canada is seven different positions, depending upon the day.

• (1710)

Mr. Paproski: You will find out after the next election.

Mr. Dingwall: When private sector companies purchase other companies, members of the Conservative Party refer to these transactions as sound economic business decisions and good investments, but when Petro-Canada takes over another company somehow that is regarded as wrong and not good business. I do not understand the rationale of that. It is important for Petro-Canada to increase its authorized capital so that it will continue to do the work we all want it to do.

The legislation before the House is an extremely important part of the government National Energy Program. During the 1980 election campaign the Liberal Party promised to strengthen and expand Petro-Canada as an instrument of energy policy. The government is committed to delivering on that promise which was formally repeated in the Speech from the Throne, and the importance of Petro-Canada was also mentioned in the National Energy Program. Bill C-101 will give effect to this particular promise, Mr. Speaker.

The bill was the subject of thorough and extensive examination in the Standing Committee on Energy Legislation. Many witnesses appeared before the committee, including officials of Petro-Canada, the committee to Canadianize the petroleum industry, Canertech, Petro Canada International Assistance Corporation and the Canadian Federation of Independent Petroleum Marketers. The committee recommended no amendments to the bill.

I hope that members on all sides of the House will support the bill, Mr. Speaker.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Cosgrove for Mr. Lalonde) which was agreed to on the following division.

• (1720)

(*Division No. 176*)

YEAS

Messrs.

Allmand
Althouse
Anguish
Appolloni (Mrs.)
Axworthy
Baker (Gander-Twillingate)
Benjamin
Berger
Blackburn
Blaikie
Blais
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
de Jong
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Gauthier
Gendron
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Laniel

Messrs.

Lapierre	Murphy	Rooney
Lapointe	Nicholson	Rose
(Charlevoix)	(Miss)	Rossi
Leduc	Nystrom	Roy
Lefebvre	Olivier	Sargeant
Lumley	Orlikow	Savard
MacBain	Ostiguy	Schroder
MacEachen	Ouellet	Simmons
Mackasey	Parent	Skelly
MacLaren	Parker	Smith
MacLellan	Pelletier	Tardif
Malépart	Penner	Tessier
Maltais	Pepin	Tobin
Manly	Peterson	Tousignant
Marceau	Pinard	Trudeau
Massé	Prud'homme	Turner
Masters	Regan	Waddell
McRae	Reid	Watson
Miller	(Kenora-Rainy River)	Weatherhead
Mitchell	Riis	Whelan
(Mrs.)	Robinson	Yanakis
Munro	(Burnaby)	Young—148.
(Hamilton East)	Robinson	
	(Etobicoke-Lakeshore)	

NAYS

Messrs.

Andre	Gilchrist	McKinnon
Baker	Greenaway	McKnight
(Nepean-Carleton)	Halliday	McLean
Beatty	Hamilton	McMillan
Blenkarn	(Qu'Appelle-Moose	Munro
Bosley	Mountain)	(Esquimalt-Saanich)
Bradley	Hargrave	Murta
Cardiff	Hawkes	Neil
Carney (Miss)	Hees	Nickerson
Clark	Hnatyshyn	Nielsen
(Yellowhead)	Howie	Oberle
Clarke	Huntington	Paproski
(Vancouver Quadra)	Jarvis	Patterson
Cooper	Jelinek	Reid
Corbett	Kempling	(St. Catharines)
Crosbie	King	Roche
(St. John's West)	Korchinski	Scott
Crouse	Kushner	(Hamilton-Wentworth)
Dantzer	La Salle	Scott
Darling	Lawrence	(Victoria-Haliburton)
Dick	Lewis	Shields
Dinsdale	MacDonald	Stevens
Domm	(Miss)	Stewart
Ellis	Mazankowski	Taylor
Elzinga	McCain	Towers
Epp	McCuish	Vankoughnet
Fennell	McDermid	Wilson
Fretz	McGrath	Wise
Friesen	McKenzie	Wright—77.
Gamble		

[*Translation*]

Madam Speaker: I declare the motion carried.

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

Mr. Prud'homme: Madam Speaker, on a question of privilege.

Madam Speaker: The hon. member for Saint-Denis (Mr. Prud'homme), on a question of privilege.

Mr. Prud'homme: Thank you, madam Speaker, for recognizing me on a question of privilege. Bombardier Limited—

[*English*]

—Bombardier Limité has just been awarded the largest export manufacturing contract in Canadian history. Could the Minister of State for International Trade (Mr. Lumley) confirm this?

Some hon. Members: Order.

Madam Speaker: Order, please.

* * *

ENERGY MONITORING ACT

MEASURE TO ESTABLISH PETROLEUM MONITORING AGENCY AND TO AMEND CERTAIN ACTS

The House proceeded to the consideration of Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act, as reported (with amendments) from the Standing Committee on Energy Legislation.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved:

That Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act, be amended in Clause 42 of the French version by striking out lines 32 to 37 at page 12 and substituting the following therefor:

"42. Le comité de la Chambre des communes habituellement chargé des questions énergétiques est saisi d'office de la présente loi lors de la première séance qui suit l'expiration d'un délai de cinq ans à compter de l'entrée en vigueur de celle-ci."

Madam Speaker: Is the House ready for the question?

Mr. Andre: Madam Speaker, the Parliamentary Secretary, I believe, wishes to speak to the amendment.

Mr. David Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, I just have a brief explanatory statement about this particular amendment. Clause 42 was proposed by the hon. member for Calgary Centre (Mr. Andre) in committee and it was adopted by the committee. It is essentially the same provision as the one now contained in the Petroleum Corporations Monitoring Act. There exists, however, a discrepancy between the French and English versions of that provision. Whereas the English version deems the act to be referred to a committee of the House, the French version provides for an order of reference. Our understanding of the intent of this section is that the act is to be automatically referred to the committee. This is what the amendment we proposed at the report stage would do.

Mr. Andre: Mr. Speaker, I would just indicate that we have no objection to that report stage amendment. I would certainly recommend to my colleagues, if so desired, that after this stage is completed we move to third reading on this legislation at this point in time. We would be so disposed.

Mr. Hnatyshyn: Mr. Speaker, on a point of order, there was so much shouting I do not know what the question of privilege by the hon. member for St. Denis (Mr. Prud'homme) was about. I would just like to have a clarification as to whether the announcement by the hon. member had anything to do with Dome Petroleum.

Mr. Waddell: Mr. Speaker, I rise on a point of order. With respect to this bill, on behalf of the New Democratic Party we would agree to this amendment. It is basically a technical amendment. We are prepared to give our consent and move into third reading tonight, and the hon. member for Comox-Powell River (Mr. Skelly) will be our speaker on that part of the bill.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion (Mr. Lalonde) agreed to.

• (1800)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that the bill be concurred in.

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

Some hon. Members: Agreed.

Motion agreed to.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved that the bill be read the third time and do pass.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I notice the commitment of the Conservative Party this evening, as its members vacate the House with great vigour, concerning the question of maintaining fair prices and adequate supplies for the people of Canada.

Some hon. Members: Oh, oh!

Mr. Skelly: Certainly, their performance over the last few months would indicate that this contempt has probably been amply demonstrated so that the electorate of Canada can fully understand the problems here. At any rate, the questions we would like to address concerning this particular piece of legislation relate to the need for a serious monitoring policy of the energy industry and, beyond serious monitoring, the ability to deal effectively with those aspects of it which are not in keeping with the interests of Canadians in general. Basically, in support of the need for this ongoing monitoring, I guess we do not have to look much further than to the issue of the Bertrand inquiry into the state of the competition within the oil industry over a substantial period of time. Of course, just to review very briefly the findings of that commission, they indicated that the Canadian people have been taken to the cleaners to the tune of some $12 billion over an extended period of time. Unfortunately, rather than putting anything in place to deal effectively with that kind of activity, there was a very weak monitoring agency, not an organization designed to pay attention to the needs of consumers. Over many years, the federal government has advocated amendments to the Combines Investigation Act which would allow for more effective treatment of this kind of activity. In terms of the history of the Combines Investigation Act, it probably goes back to an attempt between 1969 and 1971 to get new legislation before the House. Reactions from large elements of Canadian business, particularly the oil companies, have indicated that they are not interested and would not be prepared to support a government which would put in effective monitoring as well as provisions which protect Canadian consumers. Over the years, we have seen a tremendous failure on the part of the Liberal government to put anything in place which would protect the Canadian people from the colossal rip-offs which have occurred in the oil industry and which, to our own way of thinking, are continuing to take place.

Concerning the present state, I would like to deal with just one small facet of the monitoring and kinds of control which should go in. The Minister of Consumer and Corporate Affairs (Mr. Ouellet) stood up to speak the other day. For years, he has continually said that this Parliament is in place to bring in competition legislation. He has watched the merger operations, the concentration of Canadian business, the release of the report on the oil industry, the continued concentration of the newspaper industry, but there has been nothing forthcoming. In terms of that particular aspect of the governments failures, the minister is now promising that maybe next spring or in the fall he will bring in legislation. But ultimately, in terms of the monitoring and the kind of control and roll-backs in price increases which are unjustified, or behaviour which is unjustified as far as competitive aspects are concerned, I doubt that we will see anything from the government.

The legislation before us this afternoon is certainly not the kind of legislation which will protect Canadian consumers or small businesses involved in the energy industry. We will certainly find, under this kind of monitoring, although it is a very small step, the same type of control which the multinational corporations, in particular, have exerted in this country.. The competition legislation is one important aspect, but there are certainly other aspects which need to be considered. The one strange fact is that when we do wind up with examples of tremendous rip-offs of Canadian consumers exploitation of small businesses involved in or related to the energy industry and, beyond the exploitation, actual, concerted attempts to drive them out of business in order to maximize that dollar gleaned from the consumer, we find absolutely no action on the part of the government.

The NDP would like to see a commission or a committee which would have the right to do a thorough study, a complete monitoring of the actions of the energy companies, and which would have the power to roll back unfair prices in cases of blatant abuse. It should have the power to regulate fair

business practices. What we would advocate is a much stronger proposition. The government should have the power to monitor the activities of the energy companies. We would like to see additional powers in place to roll back unfair prices and to protect Canadian consumers as well as Canadian business involved in the energy industry.

The critical aspect concerning this particular legislation, as far as we can determine, is that there is a need to put this material in place. However, both the government and the Official Opposition, the Conservative Party, have not put this forward as a priority, in our opinion. As a matter of fact, throughout the entire debate on the energy issue, whether with regard to Bill C-48 or the current legislation before us today, the Conservative Party, which has ranted and raved in the House over many of the issues, has really fought on the side of the multinational oil companies—

Some hon. Members: Oh, oh!

Mr. Skelly: —on the side of the large oil companies in Canada, advocating higher prices and non-interference in a very concentrated industry in which five major oil companies have pretty well had the run of this country for many years. When it came down to the crunch in the very weak-kneed and, I would say, delicate attempts by this government to provide some additional measures to protect consumers and small business people, the Conservative Party screamed the rafters down, saying that we were ruining the oil companies. Basically, over the years, it has been the oil companies which have caused tremendous problems for the people of Canada, whether concerning supply or pricing.

Mr. Gustafson: That is because the NDP always aligns with the Liberals!

Mr. Skelly: I hear hon. members across the way and from the Conservative Party screaming that it is all the fault of the NDP. However, I would suggest to Your Honour that it is very clear, if we look at the voting patterns in this House, that both the Liberals and the Conservatives have the same philosophy with regard to giving the oil companies exactly what they want and failing to actually put legislation into place. It is certainly not the NDP which stands up to say it does not want competition legislation. The government has failed to bring it in, while the Conservatives have said, "If you bring it in, we will tie it up forever or put it on the back burner," as it were. In terms of what the members of the Conservative Party are saying, it is basically a problem with the Conservatives and Liberals on this.

• (1810)

To go back, the history of Bill C-106 eventually comes out of and has its historical roots in the Canada Oil and Gas Act, Bill C-48. Essentially what we have is a bill which took approximately a year to get through the House. It was fought over, amended, and changed and worked through. It involved a tremendous amount of time. It dealt with taxation proposals, Canadianization proposals, and the industrial strategy attached to the megaprojects in which aspects of the energy legislation would guarantee that the spin-off benefits came to Canadians.

Weak as they were, the members of the Conservative Party hollered, yelled, and fought alongside the New Democratic Party in attempting to get some improvements, especially the industrial strategy. When they departed, they did so to support the oil companies. That was their interest in that legislation. And it carried over into the bell-ringing episode. They turned around in this House when they felt that the energy package laid before them was unacceptable and created an impasse in the House during which the bells rang for an extremely long period of time, and none of the business of the House was done.

When the agreement was finished, did we work these bills for a year? Did we look after the interests of Canadians, consumers and small business people? No. The bills are being shot through with the speed of a rocket.

It is extremely unfortunate that these bills are being allowed to proceed because of a very ill-conceived activity on the part of the Conservative Party. It not only disrupted the House of Commons in an unwarranted, childish and foolish manner, but gave the government the opportunity to bring in this very poorly designed legislation. Because of the inept nature of the Conservatives, the Minister of Energy, Mines and Resources (Mr. Lalonde) must be laughing up his sleeve and having a field day.

These bills, which are going through with the speed of light, will have tremendous effects on Canadians and small businesses. These bills are being stuffed through at an incredible pace. This is all part of the deal the Conservative Party put up "to protect" Canadians. I am absolutely astounded, considering the work that was done regarding Bill C-48. For them to think that they have somehow created a deal for Canadians is a sad mistake. They have shortchanged the Canadian people.

The beneficiaries will continue to be the oil companies. It is unfortunate that we are not taking more time considering that this is extremely important to the country.

I would like to dwell for a moment on a comment that came from a member opposite, that this was some kind of nefarious plot between the Liberals and the NDP. The only aspect we take any solace in goes back to the days when the minority government was in place, from 1972 to 1974. Then there was a great deal of pressure from this party to create PetroCan.

In terms of monitoring, we not only need effective competition legislation but an organization that is capable of carrying out effective monitoring, the ability to roll back unfair prices, and to terminate and modify practices which are unfair. In addition, we need a window on the industry, the PetroCan concept, the development of a Canadian-owned petroleum corporation, one that gives us access to the information, skills and expertise. It will give us fair information. It will not come along and say that we will have oil supplies for 900 years and therefore we should export all the surplus and then suddenly, as prices go up, withhold it from the market and say that we

do not have enough oil to carry us through to the end of the century.

With that kind of monitoring capability, effective competition legislation, a fair prices commission to evaluate pricing of the commodity and the ability to roll back unfair practices and prices, and a window on the industry, the Canadian people would be in exceptionally good shape.

Canadians ask themselves where this protection is that has obviously been needed over the years. In any library in any city of Canada there is literature accumulating on the rip-off not only of the Canadian people but of people in other nations who have been ripped off just as heavily as Canadians. It indicates that these problems were well known years ago. The only conclusion anyone can reach is that the Conservative Party is in full support of the continued unimpeded actions of the oil companies. It will be interesting to hear their critics comment on the need for effective monitoring of the behaviour of those companies, if they have the courage to do so.

Second, it will be interesting for the government or the Conservative Party to stand up and state their position on the competition legislation. That again would protect small businesses in particular which have been torn to pieces by the major oil companies.

If the question is not asked as to why they do not stand up to talk about these and other areas of protection and monitoring, it is because we know where they stand. The Conservative Party was totally opposed to PetroCan. It told Canadians that our interests are in the operations of Imperial Oil, that Imperial Oil knows what is good for Canada and therefore we should not pass laws regulating what the oil companies will do.

On the other side of the coin, when the Liberal government in 1973 had the opportunity to put the petroleum corporation legislation in place, it did absolutely nothing. It stood still for years. It never took hold of the opportunities and the mandate required by many people in Canada. For years it sat and spun its wheels.

That was the fault of the Liberal government. I suspect it was working on the same operating philosophy as the Conservative Party, but was a little more crafty than the organization to my right. On one hand its members said they had to put in something so that they could say to the people that they were attempting to offer some protection and monitoring, some opportunities to have a window on the industry. On the other hand they were putting forward a program that the energy corporations, especially the multinationals, were quite capable of living with and operating within the framework in which they had operated for so many years.

Basically we have a party that is honest enough to say that it is opposed to PetroCan, that it should be sold off, that it is opposed to monitoring, price roll-backs and competition legislation which would prevent some of the business practices in which those energy corporations were involved for so many years. That party made those kinds of statements and sits forever in the opposition.

Unfortunately the party across the way, in conducting the business of the nation in the best interests of the people, has come in second rate. It partially does what is required, but never goes the full distance. Therefore we have this energy legislation before this House. This bill is one example. The entire energy package falls far short of what should be done. But they sit back and say, "What a great group are we!" Given the polls, and by talking to people on the street, we know what is going to happen to that party. Unfortunately, we have the situation where this legislation is going through because at the present time the government has a majority in the House. That majority will put legislation on the books that will fail to conduct the energy business in the best interests of Canadians.

• (1820)

Unfortunately the opposition has not come forward with a constructive policy. At every turn they have criticized intervention in that industry, intervention designed to protect Canadian consumers, that would give the people information about the operation of oil companies so that they could make judgments as to what is not good just for Imperial Oil, or Shell Oil, or Texaco, but what is in the interests of the people. That information is vitally important, and the access to that information provides the ability to interfere in an effective way to protect people. We do not have the effective power today to roll back prices, to terminate unfair business practices effectively, to prosecute those who commit offences. One needs only to look at the record to see how poorly these things are done and really it is poor in terms of the needs of the Canadian people. What we essentially need to have happen in this House is for the government to make a commitment to strengthen this kind of legislation and so ensure that it is enforced vigorously.

On the other hand, we see the Conservative Party members and their performance in this House over the Constitution debate. They were down on the floor of the House, hollering and yelling, fighting irrationally. If we go to the housing bill debate, we notice that kind of irrational behaviour where a tremendous battle was put up, and then they voted for the bill. Again, there was the bell ringing episode, at a time when these bills should have been given a very thorough exhaustive consideration. Yet the Conservatives got themselves into a Mexican stand-off with the government, standing here and both of them ringing the bells.

Mr. Blenkarn: We got the bill divided and you did nothing except collaborate with them. Remember Saskatchewan!

Mr. Skelly: I have been invited by one hon. member to remember Saskatchewan.

Mr. Blenkarn: Remember what happened to the Liberal Party out west.

Mr. Skelly: I remember the night when we sat in this House and sent the Conservative government to its just desserts.

Mr. Andre: So did the people of Saskatchewan.

Mr. Taylor: Right on.

Mr. Skelly: I certainly respected the right of that previous Conservative government to put forward energy policies, with higher energy prices, which created that situation.

Some hon. Members: Oh, oh!

Mr. Skelly: They created a situation in which they would get rid of PetroCan, and also created the high interest rate policy that clearly would have destroyed the Canadian economy, in the same way that the Liberal Party has destroyed the economy of the country. I suppose that the Conservative government would have done it much more quickly; that is all.

Nevertheless, there is an opportunity to go into a reasonable electoral position, if the parties would recognize clearly the problem, that we are not here to defend the multinational companies or the oil companies—we are basically here to ensure fair play for the people. That fair play has to be for all, not just for the oil companies, those the Conservative Party has represented entirely in the debate. It has to be fair play for the consumers and for the small businesses. Conservatives really need to take the time to think the problem through, to support and encourage the development of strong legislation. That includes improvements in Bill C-106, and improvements in the general energy policy, not just to protect the oil companies and the oil barons who have ripped us off before and who have driven businesses into bankruptcy. Such a bill would effectively monitor the activities of those companies that are so important, not just in the areas of oil and gas but also in other sources of energy.

We need to deal with the entire energy program, so that we have it controlled here at home, to see that it is developed in a rational manner. Monitoring is extremely important. But beyond the monitoring function, what we really need is legislation that would give effect to interference or interception of the negative business practices that harm people. We also need the competition legislation that has been promised for so long, to stop those practices that have been so harmful to the Canadian economy. We need to have the ability to punish those offenders who have harmed Canadian businesses and the Canadian consumers.

Finally, Mr. Speaker, there is the question of the ability to roll back unfair prices and to give Canadians a fair price for their energy and a fair access to supplies. I challenge speakers in the Conservative Party, who have done so much to disrupt this House, and who have done so little to provide constructive alternatives, to get up and speak on this and tell us what they are prepared to do to protect consumers, and to protect small business which depend on us in this area.

I would also challenge government members to stand up and indicate their real interest in protecting consumers and small businesses, rather than placing before us the kind of legislation we see here today in Bill C-106. With that challenge, Mr. Speaker, I thank you for the opportunity to put some of my points forward.

Mr. Taylor: You talk one way and vote the other.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, listening to the New Democratic member speaking reminded me of that saying "Partial knowledge in the hands of a fool is extremely dangerous." On the one hand, he said that this legislation is going through too fast, that it is terrible and should be looked at closely. On the other hand, he decried the episode of the bells. We wonder what planet he was living on during that period.

Mr. Blenkarn: He went home to his riding and went to sleep.

Mr. Andre: Does he not recognize that if it had not been for the bells there would have been one piece of legislation which would have been passed by now, one law? It would never have got to committee. There would have been no opportunity for outside experts to appear. Since then they have appeared, although that member has not been in the committee to hear them. If he had been there he might have learned something. Without the bells episode, he would not even have had this opportunity to make his speech on this bill and talk about the wonderful things that would happen through monitoring. It is only through monitoring, he says, that the government could know what is going on in this evil conspiracy in the private sector, the corporations! It seems that terrible things happen to people when they work for a corporation. They become conspiratorial, they become evil, they want to rip off people, they are certainly not full-fledged Canadians, they cannot be trusted, they are just terrible people. But the people who work for governments, now they are pure, saintly; they are trustworthy, they are honourable, they care about people.

Mr. Blenkarn: And they hire architects.

Mr. Andre: Yes, they hire architects. What you want is to put these people who work for governments, who are pure, honourable, outstanding, marvellous, sincere, wonderful people, in charge of these awful, rotten people, these unCanadians who work for corporations. If they work for corporations in the oil business, they are really vicious, Mr. Speaker—they are the most despicable people! These are the kind of people who get together in conspiracies to defraud, to cheat, to rip off. They are just awful people, these people who work for corporations. We must put them under the control of the people who work for governments! That is the philosophy of the New Democratic Party. Their philosophy is that we need a window on the industry. We need to know what it is doing.

• (1830)

I suppose if the government owned all of the industry in the country and all the means of production, it would know everything, and then we would have the kind of perfection they have in Warsaw, Moscow and all those other places where the window is wide open! Government knows everything in those countries because there is nothing else to know but government. The New Democratic Party says that is perfection and that under that system we would have a beautiful society. Members of the New Democratic Party say that when government knows everything, everyone lives happily and well

clothed. Everyone is super happy in a society like that. It is marvellous! I think the New Democratic Party has a great idea!

Mr. Blenkarn: As a matter of fact they ought to move to Russia.

Mr. Andre: It is just a little ridiculous to listen to the hon. member and his conspiracy theories, but what is sad is the fundamental belief he probably has that in fact the conspiracy is real and that somehow people in the oil industry and people who work for corporations are conspiring against poor, honest citizens.

It surely is one of the weaknesses of human nature that we so easily accept conspiracy theories to explain what is wrong. If there is a problem in rents or housing, it is a conspiracy of landlords or developers. If there is a problem with the German economy, it is a conspiracy of the Jews. If there is a problem with the oil industry, it is a conspiracy of oil companies. We should not so easily and willingly accept these conspiracy theories. Those who do not take responsibility very seriously very quickly utilize conspiracy theories to try to explain all the difficulties which are encountered. I think it is a sad commentary on human nature that we so willingly accept conspiracy theories. The hon. member would be serving his country better if he were to back up his accusations of conspiracy with some evidence. He was not serving this institution or this country well by making the blind accusations he made throughout his speech.

This bill is a bill written by bureaucrats for the benefit of bureaucrats. It provides nothing more for Canada than red tape and paper work. I asked the proponents of this bureaucratic invention whether they performed a cost benefit analysis to find out what benefits would accrue from this, given that there is a cost associated with it. The forms which have to be filled out are several pages long, and there are many little squares which have to be filled with numbers. Accountants and administrative staff will have to be hired to provide all this information.

Presumably this information is to be collected for some purpose so it can be assessed and a value attached to it. As a matter of fact, the bureaucrats do not do that. They could not name anyone who uses the information. They were unable to tell me what happens to the information once it is gathered. They were unable to tell me who uses it, how much it costs to gather it, and what is the cost-benefit. It provides jobs for some civil servants who have to collect these forms and compile them and assemble them. Then they produce a report. That provides jobs for some administrative people in the industry who have to fill out forms, but the net benefit to Canada is sweet nothing, and the cost to Canada is several hundreds of thousands or millions of dollars. Consumers do not benefit. The industry does not benefit. The taxpayers do not benefit. What happens is that our productivity as a nation decreases that little bit again because the people doing this are contributing nothing to the productivity of Canada.

It always amazes me how people in this institution and elsewhere will stand up and say we need this and we need that, and that it would be nice to have certain information. They say we need more laws, more regulations, and more civil servants to shuffle paper and so forth, but then the next day they say our problem is productivity. They say we have to address our productivity problem in Canada. By passing this legislation what we are doing is contributing to Canada's poor productivity performance in terms of the rest of the world. Let there be no mistake about that; that is exactly what we are doing.

This act has been in place for a number of years. The agency has been in place for a number of years. Presumably the information collected was available to the people who designed the National Energy Program and the other parts of the energy security package, which the hon. member in the New Democratic Party who just spoke decried as being ineffective in terms of the needs of the country.

The petroleum monitoring agency is in place. It has been gathering information. These are the wonderful people the hon. member feels are honourable and outstanding and much more concerned about Canadians than people who work for corporations. Why, with the benefit of this information, do they produce such a crummy package? I wonder why the hon. member cannot draw that simple distinction.

The reality is what I indicated—partial knowledge in the wrong hands is dangerous, and that is exactly what has happened. The officials of the Department of Energy, Mines and Resources produced a scenario for the minister of what was happening in energy development in Canada. I saw that description of the energy industry and of what was happening. It was wrong. It was fundamentally wrong in its assumptions and in its data. It had some incredible factual mistakes in it. One would wonder if in fact it was not cooked in order to create the atmosphere which would allow the authors to promote their program in such a way as to be acceptable to the minister.

This entire year and a half of chaos in energy is the result of a program designed to cure a problem which did not previously exist. A problem was created, or designed, by bureaucrats in the Department of Energy, Mines and Resources, based on fallacious assumptions and material. Had the description of the industry and the energy situation in Canada which the bureaucrats provided been true, then the National Energy Program would probably have been appropriate, and certainly more than it is. However, the National Energy Program was designed to cure a problem which never existed. It was a poor design for a non-existent problem. That is why we have chaos. That is why some $20 billion of capital left the country last year. That is why half our drilling capacity is idle and tens of thousands of Canadians are unemployed.

The information this bill seeks to acquire is downright dangerous in the wrong hands, and it is certainly in the wrong hands if it is in the hands of those officials. In ordinary circumstances if this truly were an elective body which could legislate, as opposed to being a rubber stamp for whatever

those officials decide needs approving, then indeed my colleagues and I would be examining this with a much finer-toothed comb. We would be trying to amend it and improve it to make its impact on the country less onerous and make its results more beneficial to Canadians. We do not have a parliamentary democracy, however. As the Prime Minister (Mr. Trudeau) wrote in his book "Federalism and the French Canadian", backbench Liberals are trained donkeys whose role is to say "aye, sir, aye" to whatever cabinet proposes, and that, of course, is whatever the bureaucracy writes. That is the situation we live in and there is not much use beating our heads against the wall.

• (1840)

This legislation was designed by bureaucrats for bureaucrats, and it contributes nothing to Canada. It is the bureaucrats who run this place, and in this instance, I for one, concede defeat. If the bureaucrats want it, let them have it. I hope that enough Canadians appreciate what is happening so that at some future date they will provide an opportunity for parliamentary democracy to be restored, so that members may represent their constituents in this House and not just be rubber stamps for the bureaucracy's proposals.

According to the New Democratic Party the bureaucracy should be running things. We are opposed to that philosophy and welcome the opportunity to present these alternate philosophies to the people of Saskatchewan, of British Columbia, of Ontario, or any other province. The NDP should have the integrity to come out and honestly state their position in that regard.

We do not find the legislation extremely damaging, but it certainly will not help. It is one more piece of bureaucratic red tape, and we already have an enormous pile of paper to deal with. It is unfortunate that the office which was established to cut the paperwork burden cannot seem to cut into this pile of paper. I guess the way to perpetuate oneself in government is by creating new institutions, new programs, new agencies, and even more paperwork by having people fill out forms. That is the way to get government to grow and to get cities to grow and, if the rest of the country is in recession, then that is just the way things go.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the bill we are debating was the subject of a thorough and extensive examination by the Standing Committee on Energy Legislation. As a result of the committee discussions, a number of amendments to Bill C-106 are recommended. First, with respect to the Energy Monitoring Act, the committee recommended the addition of clause 42, which would have the effect of referring this act back to Parliament for consideration five years after its coming into force. This clause is identical to one which was contained in the Petroleum Corporations Monitoring Act, 1978. I feel confident that hon. members will agree with me that the reference back to Parliament is a desirable addition to the act.

In order to correct an inconsistency that we have since discovered between the English and French versions of that clause, we are now moving an amendment to the French version.

I would like, Mr. Speaker, to summarize for the House some of the salient aspects of the legislation contained in Bill C-106. The Energy Monitoring Act gives the Petroleum Monitoring Agency the authority to collect data required to prepare reports on the oil and gas sector. A broad data collection authority is provided in the act so that the Government of Canada and Canadians generally can have a comprehensive overview of the activities and financial performance of the petroleum industry in Canada.

The regular monitoring surveys published by the Petroleum Monitoring Agency are an important component of the information required for Canadians generally to assess the effectiveness of government policies for the management of Canada's energy supplies and resources. For example, the monitoring surveys will indicate the amounts of capital expenditures being undertaken by the petroleum industry for exploration and development activities, and the amount of government Petroleum Incentive Program, PIP, grants associated with these expenditures. Thus, Canadians will be able to assess the large public investments being made to ensure Canada's energy future. Similarly, the regular monitoring surveys indicate the level of Canadian ownership and control of the petroleum industry in Canada. This will allow Canadians to judge the rate of progress made toward the Canadianization objectives for the industry as outlined in the NEP.

I think that my earlier comments have made clear the purpose of the Energy Monitoring Act. The energy sector, particularly the oil and gas industry, is of vital importance to the country's economy. Therefore it is essential that all concerned—Parliament, the public, the industry, as well as government—have available timely and comprehensive information of a factural nature to permit an evaluation of the effectiveness of the various initiatives within the NEP, on an ongoing basis. The Petroleum Monitoring Agency, by providing independent comment on data and information collected under the authority of the Energy Monitoring Act, will allow Canadians to judge for themselves the effectiveness of the government's energy policies.

As I indicated during my speech on second reading, the government is anxious to minimize the reporting burden faced by the industry. In this connection I would make two comments. First, only those enterprises with over $10 million in gross revenues or $10 million in assets must report. This relieves smaller companies of the administrative burden of completing questionnaires. The legislation has a provision which would permit the reporting threshold to be raised in the future. Second, a significant part of the data required under the act that relates to research and development activities, international flow of funds, and ownership and control, is being provided, with the permission of reporting companies, by Statistics Canada. Accordingly, these data requirements do not represent an increase in reporting requirements.

Energy Monitoring Act

The Energy Monitoring Act contains provisions to extend, at some future date, monitoring activities to encompass coal, thorium and uranium, or any of these, should this prove necessary in the national interest. In its various states, coal is expected to become increasingly important as an energy commodity so that information about the industry's costs of production, profitability, ownership structure and reinvestment behavior may become necessary for public policy purposes. Uranium and thorium, of course, are important inputs into the production of nuclear energy.

I now turn to the proposed amendments to the Energy Supplies Emergency Act. As I pointed out during the debate on second reading, the amendments being sought are to a large extent of a housekeeping nature. They include a broadening of the definition of wholesale customer, an increase in the board's authority to delegate its workload, and other changes to help the board react efficiently to its mandate.

Some questions were asked at the committee stage as to whether, in working out an allocation program, the Energy Supplies Allocation Board might not be prone to some unintentional bias as a result of the background of members of the Board. I believe that these concerns were answered most completely by the Chairman of the Board, Mr. Harry Stevenson, who gave evidence regarding his own background as well as that of other members of the board.

I feel that the Energy Supplies Allocation Board has done and is continuing to do an excellent job. It has worked with the industry, essentially on a volunteer basis, and has benefited from tremendous co-operation by the various sectors of the industry and other groups in Canada. As a result, if we are faced with a supply emergency in the future, I am confident it will be dealt with as quickly and fairly as advance planning can make possible.

• (1850)

The final group of proposed amendments contained in Bill C-106 relate to the Oil Substitution Conservation Act. One of the main purposes of these amendments is to ensure that sufficient parliamentary authority exists for the government to use the market development incentive payment which Alberta has agreed to pay under the September and November, 1981 agreements. These payments may generally be used for the purpose of encouraging and promoting the expansion of markets east of Alberta for Alberta-produced gas. At the same time they will ensure that similar incentives may be offered out of the consolidated revenue fund to gas distributors in British Columbia and to encourage and assist other types of oil substitution measures across Canada. The amendments will serve to maintain and increase the momentum achieved to date by our off-oil program.

There has been a reduction of some 7 per cent in oil consumption in Canada in the last year. Part of this is of course due to economic circumstances, but we estimate about two thirds is due to conservation and substitution. Although the exact figures have not been refined as of yet, a good estimate is that about five million barrels of oil were displaced in the first year of the substitution program. This leads us to conclude we have an extremely cost-effective program even in the first year. The benefits will continue year after year, and the proposed amendments will enable us to expand this very important element of our goal of obtaining energy self-sufficiency. I hope all hon. members will concur in passing this particular piece of legislation on this, its final and third reading.

The Acting Speaker (Mr. Harquail): Order, please. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Mr. Andre: On division.

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

* * *

BUSINESS OF THE HOUSE

Mr. Dingwall: Mr. Speaker, due to an error in the Orders of the Day which would bring Bill C-105 forward on May 19, there must be unanimous consent to proceed with that bill today.

The Acting Speaker (Mr. Harquail): Is there unanimous consent for the House to proceed with report stage of Bill C-105?

Some hon. Members: Agreed.

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CANADA BUSINESS CORPORATIONS ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-105, to amend the Canada Business Corporations Act, as reported (without amendment) from the Standing Committee on Energy Legislation.

Mr. Cosgrove (for Mr. Lalonde) moved:

That Bill C-105, An Act to amend the Canada Business Corporations Act, be amended in Clause 8 by striking out line 5 at page 9 and substituting the following therefor:

"(*a*) in the case of a constraint in respect of a class, the shares of the class, or

(*b*) in the case of a constraint in respect of a series, the shares of the series are already subject to a con-".

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I shall give just a brief explanation of this amending motion before we proceed. It is primarily technical in nature and would not in any way change the effect of Clause 9 (1.1) which was inserted to ensure that existing classes of shares not constrained under the new constraint provisions, or new classes of shares not constrained under those same provisions, at the time of issue, could not be constrained under the new provisions. The sole

purpose of the amendment is to clarify the drafting of that particular clause so that it is clear that both a class and a series of shares can be constrained.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the amendment is one we certainly would support but it points out the faulty nature of the drafting of this legislation. This bill should be called "the Dome Petroleum Bill". The drafters of the bill, in their eagerness to interfere with corporate law generally, and without understanding the share structure of companies and the fact that companies can have classes of shares, have left us with a situation where at the last minute the government has to come in with this particular amendment. I will have more to say about the bill itself on third reading, but this amendment just points out the poor attitude of the government with respect to some very serious legislation.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Campbell (Cardigan) (for Mr. Lalonde) moved that the bill be concurred in.

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

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Harquail): When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Campbell (Cardigan) (for Mr. Lalonde) moved that the bill be read the third time and do pass.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this legislation is an unnecessary, poorly drafted and thought-out amendment to the Canada Business Corporations Act. In 1975, after a great deal of discussion by the Canadian Bar Association and other people involved in business corporations, this House finally passed the Canada Business Corporations Act. That act was at least ten years in the drafting stage. That act made it easier for companies to raise money. It made it easier to incorporate companies. It gave minority shareholders, and shareholders generally, remedies against directors so that they could not be abused as they had been in the past. Generally speaking there was a modernization of our corporate law.

• (1900)

I want to point out to you, Mr. Speaker, that act was thought out, drafted, and redrafted. It was presented as a comprehensive piece of legislation dealing with how we organize business corporations on a national basis. But this is an ill-conceived piece of legislation that is now presented to us as part of the national energy package.

I want to say to members of this House that while they may think they are passing a piece of legislation that has something to do with energy, this bill has absolutely nothing to do with national energy or energy policy. This bill allows changes in the basic structure of corporate law. It will seriously hurt the raising of capital on the stock markets. It will seriously hurt companies in all sorts of deals other than energy; in transportation; in banking; in trust companies; in the distribution of liquor or of beer. It will seriously hurt all sorts of activities yet to be devised, and perhaps land holdings. It will hurt the development of business in Canada and the raising of capital in Canada. The bill does not just apply to oil. It applies to any company where the laws of Canada, or any province, make it more advisable for a company to have shares held by Canadians. If the particular business in which the company is involved falls within that ambit and there is a prescription of that type of company, it can take advantage of the provisions of this act.

Briefly, its provisions provide that a company can first deal in its own shares by buying shares on the stock market and reselling them, allegedly to Canadianize itself. Or a company can do one thing further. It can issue shares that are constrained with respect to ownership. It can then sell those shares and, at some future date, call in those shares in proportion as it feels best. It can take the shares of people who may not be Canadian that are allegedly constrained and it can sell those shares for what can be obtained on the marketplace, giving those shareholders who happen to be investors in Canadian corporations the net proceeds from the sale of that stock.

The bill demonstrates a complete lack of understanding of how the market system works. I want to deal with the issues in the bill as two separate portions and how those issues affect the entirety of corporate law in the country. The first portion of the bill, Clause 2, deals with the situation where a board of directors finds that it would be advantageous to a company to be Canadian, so to speak, gets designated in that fashion by the minister, then goes into the market, purchases its own shares and resells them. In other words, the company wheels and deals its own shares.

When the Canada Business Corporations Act was passed in 1975, for the first time in our corporate history we gave companies the right to be able to buy their own shares as an investment. That gave companies in Canada a great deal of flexibility. It meant that they could buy out shareholders and pay them off for their share of the equity in companies. We must remember when looking at the ownership of a company that the equity in a company is basically held by the common shareholders. They may not be common shareholders, but equity shareholders of some kind, some of whom may or may not have a vote. But the equity in a company is what we will call for argument's sake the common shareholders' share. That equity represents what was originally subscribed for the shares in the first place from treasury together with the built-up profits or surplus, after tax, reflected in the corporate balance

sheet. By dividing the equity among the shareholders, you find out the book value of what each share is worth. If there is a reduction in the number of shares by the company buying some of its own shares, then there is no damage to the balance of the remaining shareholders. However, if we allow that to take place, there is no damage and it is good for business.

But what we have here is a situation where the officers and directors of a corporation are entitled by the provisions of this bill to go to the marketplace, buy up shares with the treasury of the company, using all shareholders' money, but instead of leaving the benefit to the remaining shareholders as is presently the law, turning around and giving that benefit away to whomever they wish in any kind of a deal they wish, as long as they stay within the purposes of Section 31(1), which presumably is to increase Canadianization of a particular company.

I say to you, Sir, if we were really necessarily Canadianizing companies this way, some people in an ultranationalistic fashion might say that is appropriate. But what happens and what is contemplated under the statute is that shares openly traded on the market might be purchased by the company without notification—because there is no provision for notification in the act—and sold out to someone else. In other words, the shareholders' money, the equity in the company, can be used by the directors in the company to speculate in its own stock to buy and sell that stock. In the name of Canadianization, it is an open door for scoundrels to wheel and deal at the expense of shareholders. Indeed, the wheeling and dealing can take place at the expense of Canadian shareholders, not just of foreign shareholders.

May I remind you that in an open market situation, in the average well-traded corporation, the majority of shares are held by people who have no intention—certainly for some considerable period of time—of trading those shares. Under normal conditions it is easy to determine the ownership or the citizenship of those shares. But some of the shares represent shares which are often held in the hands of brokers in street form. Those are the shares on which the day-to-day trade back and forth determines the market value listed in the daily newspapers.

• (1910)

Now, what has happened? Under this bill the corporation is entitled, if it is prescribed, to go into the marketplace to wheel and deal in the trading of shares of the company. The corporation does not know, when it wheels and deals, whether the shares are held for Mr. Speaker, for example, in his broker's name. They could be held for Mr. Speaker in his broker's name in street form so that they can be easily transferred—and he is a Canadian—or they could be held for someone else in the broker's name. Who knows whose shares are whose? Shares in that form do not carry a passport or a birth certificate. They are shares which are open and being traded. Some of them may be held that way for weeks, for months or indeed for years. Some of them may be traded overnight or day to day. They never hit the registry again until someone says to the broker: "I want them registered in my name." Then one might be able to find out who is the citizen; but until that occurs one has no idea who the citizen is who owns the shares.

The government, the minister and his departmental officials have some idea that market shares held in street form should carry a passport with them. The clear indication in any market is that they do not. The only company mentioned in the public hearings which could even possibly want this legislation was Dome Petroleum. When its directors decide to go into the marketplace, they might buy Mr. Speaker's shares, the shares of some other member or the shares of a foreigner. It would not matter whether they bought in New York, Toronto or Vancouver because they would not know whose shares they were buying. When, Mr. Speaker, you buy a share in the stock market, you do not know whether you are buying a Canadian, an American or a Greek share. You buy a share, you pay the market price and you pay the broker's fee. In effect, this bill will allow the company to use corporate money which belongs to shareholders allegedly to Canadianize and to go into the open market to buy shares. I say that they could well be buying only Canadian shares and that only Canadians will be defrauded by the misuse of the equity in their company.

Does the minister pay attention to that? No, he is so set in his ways to get this bill through that he refuses to take a look at what the bar, the stockmarket, or life insurance companies and pension funds say on the matter. He says, "I am going to Canadianize." Somehow he now wants to go one step further and change basic corporate law. In committee we pointed out to the minister that it would be very simple, if he wanted, to provide for a company to make a general offering to foreign shareholders to purchase their shares at a specified offer or tender form. That would reduce foreign shareholdings and that would be fair. Foreign shareholders could take their shares and tender them to the company for transfer or cancellation. We would know that we were buying foreign shares at the offered price. The minister would have none of that because presumably it would mess up the trading activities he had in mind. One wonders whether the minister really has Canadianization in mind or whether it will be an opportunity for those who are directors of energy corporations or other corporations, where some conceivable benefit might be available from Canadian ownership, to wheel and deal in the marketplace. This wheeling and dealing in the marketplace concerns us a great deal.

We are a country which needs to raise equity capital, not just from Canadians but from anywhere we can. We are talking about raising risk capital for risk investments. We must ensure that our market is as broad, fair, honest and straightforward as possible. When we allow a situation to exist where it is possible under our corporate law for a shareholder somehow to be diddled by the directors of the corporation, when there is a fear that he could be diddled or bought out with his own money and not know it, we put into the investment climate of the country uncertainty and a feeling that perhaps the game is not fair or honest.

I say to hon. members on the government benches—and there are few of them here—that this is a piece of legislation which should not be passed. When I asked the minister and his

officials in committee who made representations to them and said that they needed this piece of legislation to Canadianize the oil industry, they could not answer. Finally, at the last meeting of the committee before the bill was rammed through with the usual government majority—ready, aye, ready—they told me as the member of the official opposition who was there—and no member of the New Democratic Party bothered to come—that they could only find one company which made representations, Dome Petroleum. They said that maybe it would affect Norcen, that maybe Norcen could take advantage of it, but that Dome Petroleum could use it. I think the bill should really be amended to read, "An Act to amend the Business Corporations Act for Dome Petroleum Limited or Dome Resources". We could call it the Dome bill. When the basic corporate law is changed because of the representation of one widely-held energy corporation that might like to Canadianize or might do better if it could Canadianize in full, there is something wrong.

I should like to go on to other portions of the bill which do not necessarily deal with the business of wheeling and dealing in stock but deal with another serious issue, and that is the issue of constrained shares. The bill, in its amendments to the act, provides that a corporation can issue classes of constrained shares, constrained as to ownership. I have no objection to that other than the fact that if shares are constrained as to ownership, I am not at all sure that we have not somewhere along the line breached the recently passed Charter of Rights and Freedoms contained in the Constitution. Surely the constraint we are talking about here is not that of preventing non-citizens from owning shares. It constrains Canadians, because the concept of "constraint" is Canadians who happen to be citizens of this country or landed immigrants living in this country.

• (1920)

What happens if you are a Canadian citizen posted abroad with our armed forces, or posted abroad in the foreign service, or a Canadian working for Petro-Canada International off the coast of China where we are drilling oil wells? In those cases you have broken the constraint. You are not a Canadian any more! Another example is those Canadians who have retired after working hard in this country for all their working lives and have moved to a warmer climate. They are no longer Canadian.

When asked about that the minister said that there are people who take their shares out of the country because they do not want to pay taxes in Canada. So he concludes that if you do not live in the country you cannot own oil company shares because those oil companies could get the advantage of PIP grants. What kind of minister, what kind of party, what kind of government is it that tells Canadians that they are no longer Canadians at some point but are relegated to second class because they have retired to Florida or the Bahamas? What kind of government is it that tells a person he is not Canadian any more because he is asthmatic and had to move to Arizona? Because a person works for the Government of Canada in an embassy or trade commission abroad, he is not a Canadian any more. Or since a person is a member of our Armed Forces in Europe, he is no longer a Canadian according to these statutes. That is the effect of this act on those Canadians. This is what the government is supporting.

Let us consider further the question of constrained shares. These shares can be constrained in regard to what kind of Canadian is resident in Canada, but for some strange reason they can be bought and held by people who are not Canadians resident in Canada. The exception is that if a Canadian should ever move out of the country, or if a foreigner should ever acquire shares, there is provision in the bill whereby the directors have the option to select any particular owner of these constrained shares and take the shares from some but not from others, sell the shares and give the owner the net proceeds. That shareholder does not receive what the shares are worth but only the net proceeds. In addition, this does not apply to every person who holds constrained shares but only to those who the company wants to place that constraint on. In other words, if you are a Canadian who lives outside the country the government might not acquire your shares but could take someone else's. If you have a friend who is on the board, you may be able to hold on to these constrained shares while living outside the country. However, someone else might end up being expropriated in the worst possible way. That is, the company takes your shares and after it deducts whatever it costs for their sale, seizure or trusteeship, you receive whatever proceeds are left.

The reason the legislation is written in this manner is due to poor draftsmanship. The law was intended to be much more serious to enable the company to deal with any class of shares. The intention was that the company could constrain shares after they were issued and do it all over again. However, the act was amended in that respect. All the other cumbersome clauses dealing with trusteeship, seizure of some shares and not others, and the sale and payment of net receipts were left in. When we asked the officials and the minister why these provisions remained unchanged, we did not get an answer in committee. The minister and the officials did not know the answer, though I suppose Dome Petroleum did not know the answer.

This statute which we are discussing is being presented as an energy bill. Members of the official opposition are told that the only company which ever made representations with respect to some changes in the Canada Business Corporations Act was Dome Petroleum. The act deals with more than just the oil and gas industry. It affects anyone with respect to any federal or provincial laws who wish to receive licences, permits, grants, payments or benefits by reason of obtaining and maintaining a specified level of Canadian ownership or control. This is a poor piece of legislation and this House will be doing a great disservice to Canada, to corporate law, to the development of our resources and the development of equity markets in our country if it is passed.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I am pleased to be able to debate Bill C-105, which is part of what used to be the omnibus Bill C-93 which

caused the bell-ringing incident in the House when the Conservative Party refused to return to the house until the bill was split. We agreed with the Conservatives that parts of the bill should not have been grouped together because we had different views on various sections of the bill. The eventual beneficial outcome of that incident was the splitting up of the bill. It has been split up into eight different bills up until this point in time.

What we disagreed with, however, was the mockery which was made of Parliament in order to arrive at that solution. I believe it showed the archaic institution we have in Parliament and the need for some kind of parliamentary reform. I would like to say a few words about that before I begin my remarks on Bill C-105. Since this is my first experience as a Member of Parliament, I have been very disillusioned by how this institution operates. Sometimes I feel frustrated and at other times I feel angry about the way business is conducted in the House. I would not want to be considered as a long-term planner at any stage of my life. I have worked as a public employee and I have also had my own business in Saskatchewan where I have lived for most of my life. Both as a public employee and as a small businessman I have some appreciation for what the government should do for the people we represent as members of Parliament. However, both in business and as a public employee I had to do some planning in order to decide what should happen in the future. I had to decide priorities for myself and for my family, for my business and for the government which I represent as a public employee. However, here I find that any kind of planning, short-term or long-term, is almost impossible because of the way this institution operates. I find that one cannot plan for a year ahead of time, or even a month ahead of time. In fact, sometimes things happen in this institution from hour to hour. It is very difficult to plan one's time to make the most constructive use of one's faculties and time. Therefore, in relation to this bill, I speak of the frustration I am sure many people across Canada feel with regard to the old forms and rules under which we are operating.

• (1930)

I would urge all hon. members in this House to work toward parliamentary reform. That should be of utmost concern in the minds of parliamentarians as we deal with future pieces of legislation. I know that the docket is fairly full now. There are many items on the Order Paper with which we should be dealing as they are important to the wellbeing of our economy and to our country as a whole. However, I would urge Members of Parliament to look at parliamentary reform at their earliest possible convenience as reform is so necessary in order for this House, this institution, to operate more efficiently than it presently operates.

It saddens me to think of the opinion held by the people of Canada in general concerning what this Parliament and parliamentarians do for the country. I assume hon. members that that opinion is not very high at this point in time. That is why I urge hon. members of this House to get on with parliamentary reform at the earliest possible time and help the people of this country so that they can have a little more certainty about their lives and their futures.

I do not want to dwell on that subject because it is not the subject of debate this evening, which is Bill C-105, dealing with the Canada Business Corporations Act. As I understand it, it is a bill which encourages Canadian investment in the energy industry. That is a laudable cause. There should be more Canadian investment in all sectors of the Canadian economy. We have been dependent for far too long upon the policies, economies and whims of other countries. Small things affecting other countries sometimes carry over into Canada.

I feel that if we had more control over our own destiny through parliamentary reform and also over our own economy through greater Canadian ownership, we would be all the better for it. I often think of Canadian ownership in the same light as the Potash Corporation in the province of Saskatchewan. The Potash Corporation of Saskatchewan was formed some years ago, in the early 1970s when the NDP government defeated Ross Thatcher's government. The idea came into being that we should have more control over our own resources. Part of the reason for this wish was the fact that in 1971, the last year of the Liberal administration in the province of Saskatchewan, we took in something like $14.7 million in resource revenues. I stand to be corrected on the figure, but it is fairly close. The people of the province of Saskatchewan said; "That is not adequate; we do not think the holders of the resources in this province are paying their fair share to the people of Saskatchewan and we would like to see this situation changed." The newly elected NDP government in Saskatchewan went to the potash corporations and said, "We will increase the rate of taxation against your industry in the province of Saskatchewan". Some of the potash corporations, all of the privately-owned ones, said, "We think the tax is a little unreasonable. It is much higher than we have previously been paying, but we are willing to pay that to the province of Saskatchewan because we enjoy operating in the province. You have a commodity that is of interest to us and we can resell it at a profit, so we will pay that higher rate of taxation and remain in the province of Saskatchewan."

However, in the meantime there were other potash companies in the province of Saskatchewan which said: "That rate is unfair and we will not pay the new increased rate of taxation; we will refuse to pay it." The province of Saskatchewan replied, "Well, that is fine. We think we represent the people of Saskatchewan with a fairly strong mandate and we think the taxation rate is fair. However, if you open up your books to us and show us that you are not making a good profit, a good return on your investment, then we are willing to reduce that rate of taxation." Some of the companies opened their books to the province and showed the returns they were making, not only in their own company but sometimes in their mother company, which might be in Pittsburgh, or in Johannesburg, South Africa. Many of the potash company owners, in the early years before the Potash Corporation of Saskatchewan came along, were owned by foreign investors.

This speaks to the point of Bill C-105, which is to encourage Canadian investment. We needed that. However, other companies would not open up their books at that time in Saskatchewan. Accordingly, the Potash Corporation of Saskatchewan was set up as a publicly-owned Crown corporation. This illustration extends beyond the boundaries of Saskatchewan. It could have been Canadian people investing in Canadian business; it does not have to be on a provincial scale. However, through the Potash Corporation of Saskatchewan, the people of Saskatchewan invested in the potash resource there.

As someone who has been involved in small business, I would not have minded had some private investors from Saskatchewan bought into some of those potash companies. But for the life of me, I cannot find that there were people in Saskatchewan with the millions of dollars in venture capital it would have taken to go into the potash mines. I therefore thought to myself that it was better that the people of Saskatchewan owned the resource than some outside interests from the United States, South Africa or other countries throughout the world. In Saskatchewan there were not the private investors with the kind of capital necessary to invest in some of the potash companies. Some of the small business people could not form together as co-operatives. Even the larger businesses in that province could not. I say that it holds true throughout the country that there was not enough capital to go into that industry.

When the Potash Corporation was set up, its objective was to buy the controlling interest in potash production in the province. It succeeded in that objective. But the beauty of the potash industry is that not only is it a publicly-owned Crown corporation, the Potash Corporation of Saskatchewan, based on the profit motive for the people of that province, but there are also privately-owned corporations still mining potash in the province. I think of Noranda, Central Canada Potash and Kalium Chemicals between Moose Jaw and Regina. These companies are happy to be private sector investors in the potash industry in Saskatchewan, which will continue to expand the economy for many years to come.

It remains to be seen what will happen with the new government, whether it will retain that very valuable Crown corporation or sell it off to the private sector. I think the new government will likely keep that Crown corporation. It brings a great deal of money into the coffers of the province of Saskatchewan. As a result, the many social programs there do not have to be taxed directly to the people and taken out of their pockets. Every year the potash corporation puts a great deal of money into the provincial coffers. I would speculate that the new Saskatchewan Conservative government, which, having been democratically elected and having majority in that province, deserves to be given a chance, will not sell that Crown corporation because of the benefit it gives to the people of that province.

• (1940)

As I said earlier, the resource funds which flowed into the provincial coffers in 1971 amounted to $14.7 million. That was under a Liberal administration. Some ten short years later, an NDP administration under the very capable and undisputed leadership of Allan Blakeney was able to turn around that resource revenue to the point that in 1981 the province of Saskatchewan received $1 billion in resource revenue. That is one thousand million dollars in 1981 under an NDP administration compared to $14.7 million ten years previous under a Liberal administration.

Bill C-105, which encourages Canadians to invest in the energy industry, is good because of the fact that it encourages Canadians to invest. However, we do not believe that Bill C-105 will accomplish that. We think that such things as the resource sector should be heavily owned by the public sector and should have the strongest interest of Canadians at heart. Resources, whether it be energy, hydrocarbons, potash or any other non-renewable resource, will not be there forever.

The interests of the Canadian people who own the resources should be protected. We in the NDP believe that people within a province or country own the resources that are upon or beneath their soil. To keep something that is not renewable in the best interests of the people, there must be very heavy public sector involvement. The profit motive, which most Canadians have because they want to feed their families and provide them with a good lifestyle in appreciation of the high standard of living we have had and want to continue to have, requires public sector involvement to ensure that it is good for all people in the country.

We in the New Democratic Party feel that over the years the Liberal Party and Conservative Party have not had the best interests of Canadians at heart. I do not say the Liberals and Conservatives are not interested in the Canadian people, I believe they are; but the route they are taking is the wrong one. I do not think private sector involvement alone in the energy industry or with regard to any non-renewable resource is in the best interest of the Canadian people.

We in the New Democratic Party intend to vote against Bill C-105 because it is not going to benefit Canadians as a whole. We would like to see Canada prosper more than it is now.

We have what is even worse than a stagnant economy. It is going downhill every day. One need only watch the news reports each evening. If it is not the disastrous world situation where people are afraid of a nuclear holocaust or another world war breaking out, it is the disastrous economic condition of our country. We have an abundance of natural resources and well-trained people in terms of our academic and technical skills. We have come too far to give away what we now have.

I thank the House for listening to my input in this debate. I believe that Canadians will gain further through public sector involvement in the resource industries of this country. We should have a public sector involvement which will guard the interests of Canadian people.

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, it is perhaps fitting that I have an opportunity to speak on this rather important bill immediately following the remarks of our socialist friend, the hon. member for The Battlefords-Meadow

Lake (Mr. Anguish). I found it very interesting to listen to his remarks with regard to the wonderful things done in the name of socialism in the province of Saskatchewan. However, he did not seem to hit on what I thought was a very critical question. If there was such a breakthrough in that province as he told us occurred under the leadership of Mr. Blakeney, why did the people there vote out not only Mr. Blakeney but his government with such vengeance in the last election?

As perhaps those who have been students of politics know, what we are evidencing in the New Democratic Party is the throwback they still linger with from what they were taught in university, the London School of Economics or some other school of socialism many, many years ago as a concept which at that time was thought perhaps to be workable.

As a result, we find that these poor souls are still resurrecting things which were taught to them by certain professors and teachers in their school days. After two decades of various countries and provinces experimenting with these theories, and in spite of the fact they have proven in all instances to be unworkable in the production of wealth in the country or province concerned, they still feel that somehow they are going to work in the future.

After talking about what he thought were credible advances of his socialist cousins in Saskatchewan, the hon. member for The Battlefords-Meadow Lake then came back and said how sad he found it that we lacked, as he called it, prosperity in this country. He would like to see more prosperity. That hon. member did not seem to link the cause and effect of what the type of socialism that he is espousing has led Canada into, as we have witnessed over the past ten years.

In short, that hon. member does not seem to recognize that if you permit the government-type of intervention, the government spending, the loading on to the people of not only taxation but more and more regulation, you have the cause and effect we are now living with as sure as the sun will rise tomorrow. You will have an overinflated demand and consumerism running ahead of production, with the net result that you will have the twin demons of inflation and unemployment. That is due to socialist thinking, and let there be no doubt about it. To the degree that this Trudeau Liberal government, in the 14 years it has been able to guide this country, has followed those socialistic principles, they have seeded the problems we are now living with.

• (1950)

I think it is time, Mr. Speaker, that we stopped pretending that the various policies advocated, and to some extent even implemented, by the emperor, the Prime Minister (Mr. Trudeau), do not have an effect on the economy that is most adverse.

Mr. Riis: Whom would you use as a model, Margaret Thatcher?

Mr. Stevens: I see, Mr. Speaker, that I have the NDPers starting to heckle. That is good news because it is time that we got them at least asking questions, at least thinking a bit about the subject before us.

Mr. Orlikow: I wonder if the hon. member would permit a question?

Mr. Stevens: I am not clear, Mr. Speaker, how much time I have to speak. There are various matters I want to cover. If there is time at the end of my remarks, I would be more than pleased to receive a question from my socialist friend from Winnipeg North (Mr. Orlikow). I am only sorry that the vice-president of Socialist International himself, the member from Oshawa (Mr. Broadbent), is not with us tonight. If he were here, he might join in this debate and tell us the view of Socialist International concerning Bill C-105. I know that those in that organization are very interested in various international affairs, including things that happen in Central America and in various other areas of the world. Undoubtedly he would have a view concerning the international implications of the bill before us.

I was only making a few comments on the remarks of our socialist friend. I did not intend to spend all my time questioning the role of the NDP and the sad state of our economy. We know that they have been making the snowballs over the years to be thrown at the Canadian public by the Prime Minister. In short, it is their concept, their philosophy, that breaks the ground.

We know that the hotbed, the seed area for much of what is spread throughout Canada in the form of socialist thinking, came from Saskatchewan. I am very pleased that the good citizens of Saskatchewan have chosen to stamp out this socialistic government that was so permeating the Canadian political scene.

My colleague from Mississauga South (Mr. Blenkarn) has spelled out, as only he could do, the implications of Bill C-105. I believe that members who choose not to participate in this debate are overlooking some very serious matters. As my colleagues have stated, this is a bill that in no way can be called an energy bill. The only reason it was drawn into this package was that the government ran into certain difficulties in implementing some of the share provisions and standards and that type of thing that they felt was essential to their National Energy Program.

As we know, instead of dealing, as with a rifle shot, specifically with what they felt was their problem, they have chosen to amend the entire corporate law of Canada, namely, the Canada Business Corporations Act. That act is the act that all corporations that are formed under the laws of Canada are guided by. What have they done in order to satisfy a problem that exists perhaps more with Dome Petroleum Limited than with any other company? What they have done concerns something that could happen to any corporation in Canada potentially. If you use the wording of the new Section 43.1 of the act, it will:

—assist the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits, grants,

payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control—

In short, rather than concentrate simply on solving whatever problem Dome Petroleum Limited lives with, or any other similar problem that companies such as that may need to qualify under the new National Energy Program, they have chosen to amend the Canada Business Corporations Act. In the case of any corporation now incorporated under that act which wants to qualify for some type of licensing or to meet some regulation standards—such as the broadcasting companies or the banks—the government has said now that in future if, in qualifying for whatever licensing and so on they are looking for, it turns out that they have a share ownership problem—in the sense that they have too many foreign shareholders—under the new provisions of the act, under certain circumstances, it will be possible for the directors of that company to sell out those foreign shareholders as if, as the act says, the directors themselves were those shareholders. They take the proceeds; and the only right that that former shareholder of that company has is to get those proceeds at a later date. He has no further voting right. Presumably he has no right to litigate. He has just been sold out.

The reason we believe that this is a very serious precedent that is being set here is that, generally, when laws are made they are copied. Provinces may decide certainly if they are socialistic in nature as my friend to the left here knows, to follow this type of legislation with regard to their own companies' legislation.

Mr. Anguish: On a point of order, Mr. Speaker, I do not believe we have a quorum in the House. I am asking for a quorum count, Mr. Speaker.

Mr. Stevens: Mr. Speaker, on that point of order, if I may speak to it, I think the hon. member's intervention just demonstrates that these socialists will go to no end to silence any type of adverse comment concerning their activities. I think you will find, Mr. Speaker—

Mr. Anguish: I rise on a point of order.

Mr. Stevens: —that this is so typical of their thinking.

Mr. Anguish: On a point of order, I maintain that this demonstrates the archaic institution we have here, which cannot even keep a quorum in this House at any point in time. I called for a quorum count and they come in like snakes out of the bushes.

Some hon. Members: Oh, oh!

Mr. Anguish: I asked for a quorum count, Mr. Speaker, and I expect to have that quorum count conducted.

The Acting Speaker (Mr. Desmarais): Very well. I would ask the Clerk for a quorum count.

And the Clerk having taken a count.

The Acting Speaker (Mr. Desmarais): There are more than 20 members in the House. The hon. member for York-Peel (Mr. Stevens) has the floor.

Mr. Anguish: On a point of order, Mr. Speaker, I believe that members who came in after the quorum count was called should not be counted. Also, members who are not in their seats should not be counted as being present in the House this evening, Mr. Speaker.

Some hon. Members: Oh, oh!

• (2000)

The Acting Speaker (Mr. Desmarais): Order, please. Hon. members can enter this House at any time and stay as long as they wish. I recognize the hon. member for York-Peel.

Mr. Stevens: Mr. Speaker—

[*Translation*]

Mr. Prud'homme: Mr. Speaker, most of us were present, since we are here. I think the hon. member could at least have the courtesy—

An hon. Member: The decency!

Mr. Prud'homme: No, I do not want to start a debate.

[*English*]

I do not want to be rough, so I will be—

An hon. Member: Be nice.

Mr. Prud'homme: I think the hon. member knows he called Members of Parliament snakes. I do not think that is parliamentary. I have no objection because he did not name any of us, but I do not think he would like us to call him all kinds of names. The rules are very clear.

Mr. Lalonde: Don't call him what he is.

Mr. Prud'homme: The rules are very clear.

The Acting Speaker (Mr. Desmarais): Order, please.

Mr. Prud'homme: Hon. members do not need to be sitting in their places to be counted.

The Acting Speaker (Mr. Desmarais): Order, please.

Mr. Prud'homme: That rule is clear.

The Acting Speaker (Mr. Desmarais): Order, please.

Mr. Anguish: Show some respect for the institution.

The Acting Speaker (Mr. Desmarais): Order, please.

Mr. Stevens: Mr. Speaker, the people of Saskatchewan clearly know how to handle socialists. Given another opportunity, I am sure the people of Canada will deal with them in the way they deserve.

Mr. Kristiansen: Twenty-seven years out of thirty-four isn't bad.

Mr. Stevens: Mr. Speaker, I was simply saying that Bill C-105 is designed to help, in the main, Dome Petroleum Limited. Unfortunately, this bill has been brought in in a form which modifies the Canada Business Corporations Act to such a degree that I think a dangerous precedent is being set. We are now being asked to accept the concept that directors, who notionally are simply trustees for shareholders, may, if it suits their purpose to qualify for a certain licence or that type of thing, reach out and sell out those who are deemed to be foreign shareholders.

I said that Dome Petroleum is the particular company which had a problem. If we check the share ownership of Dome Petroleum, we will find that there is a rather interesting share ownership between Dome Mines Limited and Dome Petroleum Limited. Dome Mines owns 25.7 per cent of Dome Petroleum Limited—as of 1981, in any event—and in turn Dome Petroleum holds 39.5 per cent of Dome Mines. Dome Mines shares trade at various stock exchanges—including, I notice, the one in Paris—and generally are very actively traded in international markets, as are the shares of Dome Petroleum Limited. The simple problem is that it is very difficult to define at any particular time what in fact is the Canadian content, as far as share ownership is concerned, in Dome Petroleum, which is partly owned by Dome Mines, which has foreign shareholders and in turn is partly owned by Dome Petroleum.

Let us bear in mind that international investors are fickle. They buy and sell shares as the marketplace allows them to do that, and at any particular time foreigners might get enthusiastic about Dome Petroleum stock. They might buy it at one time and at another time sell it, and there might be a great number of Canadian owners—or certainly non-foreign owners—of Dome Petroleum shares. As I understand the situation as it is now, the directors of Dome Petroleum have no effective way of knowing exactly what the Canadian ownership content is unless they have some kind of mechanism whereby, if the Canadian ownership content falls below a certain level, they can come in and start buying up foreign shareholders' interests.

Hon. members might ask what is wrong with that. I do not think there is anything wrong with favouring Canadian owners, but I suggest what we should consider before we vote on this bill is whether it is right to support the concept the Minister of Energy, Mines and Resources (Mr. Lalonde) proposes in this bill. As I have indicated, rather than zero in with a rifle shot to try to help Dome Petroleum—if that is where the minister feels the main problem is—he has decided to change our whole Canadian corporate law. He is now making it possible for the directors of any corporation incorporated under federal jurisdiction to sell shareholders out just because they decide they want to qualify for some type of licensing, either of a provincial or a federal nature, which requires a certain Canadian content.

That is a dangerous precedent in itself, but what I would like to draw to the attention of hon. members, especially the socialists to my left who like to cry crocodile tears periodically for the old and the poor, is that this type of provision hurts the very people they like to pretend they are protecting. It is often overlooked that the main shareholders of corporations in North America are not institutions but the average people we meet every day.

Mr. Orlikow: Widows and orphans.

Mr. Stevens: They are the people who are working in our factories and in the civil service. They are labourers. They are the labour force, be it Canadian or American.

Mr. Kristiansen: That is flim-flam and you know it.

Mr. Stevens: Socialists call that flim-flam because they do not like to hear about the effects of their type of thinking.

Mr. Riis: Maybe "balderdash" is a better term.

Mr. Stevens: Perhaps when my friend from Winnipeg asks his question, he will bear the following in mind. Have hon. members to my left ever taken a look at the portfolios of pension funds?

Mr. Kristiansen: Yes, many times.

Mr. Stevens: I refer to the pension funds set up to provide a decent living to the people who are working today and who should be able to expect decent returns when they choose to retire. One of the things our socialist friends and, of course, their cousins opposite, the Trudeau Liberals, overlook is that one of the few ways investment people feel they can hedge against future inflation is by investing in equity stocks of corporations. Many pension funds choose to put a certain amount—perhaps not more than 10 per cent, 20 per cent or 30 per cent—of their total assets into equity investments in the hope that as inflation goes up the value of those stocks will also increase. It is a hedge, if you like, against inflation in preparing for the retirement days of the workers to whom I have referred. The net result is that the growing—and perhaps the largest—pool of funds in North America today buying the shares of companies are pension funds. Those funds are being held in trust for the workers of North America, the workers for whom the socialists pretend to be the great protectors. I suggest that the truth is the reverse. In fact, they are not protectors. Through their policies and their thinking they are selling those workers down the road every day of the week.

This again is another reason to be cautious about supporting this bill. I do not think it matters whether the worker whose shares we are taking lives in the United States or in Canada because he is still a worker. He is still a person trying to make provision for his retirement, and yet we have a government which in effect is saying that provided he is technically across the border or in some other country, directors, at their will, should have the right to sell him out and to simply say, "You have no further rights with respect to your Canadian investment." Is that a fair way to treat people who in good faith decided to invest in Canadian corporations? But that will be

the effect of this legislation when it becomes operative, Mr. Speaker.

• (2010)

My friend from the socialist left who spoke just before me made a point of saying that in Saskatchewan there was not sufficient equity money to buy into various corporations, and asked if it was not almost a great salvation that the state set up one or more joint ventures, as he calls them, in that province.

Let us look at Crown corporations, Mr. Speaker. Is that the alternative? Is that really what the government has in mind—that as a temporary expedient you can force-sell people from their share holdings and eventually adopt a Crown corporation approach?

We have an example of one of those corporations in operation. Only at six o'clock tonight did we learn of the quarterly report of Air Canada. It turns out that it lost $27 million in the last three months. Projected, that would be $100 million per year. What does that mean to the Canadian public? This is a Crown corporation which has suffered the loss but it automatically has to be shared by every Canadian now, whether they like it or not.

Mr. Kristiansen: It sounds like Braniff.

Mr. Stevens: My socialist friend says it sounds like Braniff. Perhaps he has put his finger on the essential difference between state ownership and private ownership. In the case of Braniff the losers are the shareholders who have to pay the price for whatever made that company go under. With Air Canada, the losers are not the management of Air Canada, not the bureaucracy and not the Minister of Transport (Mr. Pepin) who is in charge of Air Canada, but the average Canadian who has to pick up the tab whether he likes it or not. That is where state ownership comes apart. Unfortunately, when a Crown corporation loses money, the bottom line is the people of Canada. When a private company loses money, the bottom line is generally the shareholders and they alone have to cry about the loss.

I say this because I find it remarkable that Air Canada, which is given the most privileged position of any airline in North America, which is given preferential treatment for landing locations for routes and is still operating under a regulated transport system, should incur such a loss.

The odd situation is that if you fly from Toronto to New York today, for example, the fare is $125 one way or $250 return. Recently when I was in New York I noticed a billboard advertisement for U.S. Air offering a one-way trip to Buffalo for $19. I checked with the U.S. Air counter and was told that this was correct; after nine o'clock at night the fare was $19. I asked how much more it would cost to continue to Toronto. I was told that as Canada was still subject to regulation, the fare would be $125. So, Mr. Speaker, it costs over $100 more to get from Buffalo to Toronto. The reason is that one airline is subject to regulation and the other operates in an open, competitive system.

Our socialists to my left tell us that that is their standard and that we need more state ownership in this country. Yet Air Canada, given such a comfortable position in North America, has ended up with a loss which will amount to something like $100 million this year if the present trend continues.

I think this is bad legislation for the reasons I have given and it should be challenged. Unfortunately, the people who will be hurt by it are not the fat cats the socialists talk about but the ordinary worker who is preparing for retirement, be he in the U.S. or in some other country.

I mention this because I think the real effect of this legislation will be further to discourage investment in Canada. It will underline the feeling that some people have that Canada cannot be trusted as the investment haven it used to be and that there are better places in the world to invest. That is a shocking development to witness when Canada should be one of the most ideal areas of the world in which to invest. It has often been said that we have everything going for us in this country, but unfortunately our drift to the socialistic state interventionist approach has helped kill off the potential we could have realized.

This bill is another contribution to our sad plight. The socialists like to say on the one hand that they do not know what is causing this malaise without realizing it is because the Liberal government has implemented many of their ideas and this is causing inflation, unemployment and a lack of growth in this country. All those things could be relieved if we could regain confidence in the marketplace that created the prosperity all Canadians share in.

Some hon. Members: Hear, hear!

Mr. Orlikow: Mr. Speaker, I wonder if the hon. member would permit a question?

Mr. Stevens: I would be pleased to.

Mr. Orlikow: The hon. member spent a good part of his time condemning members of the New Democratic Party for their socialist ideas. When he got near the end of his speech and was explaining what he did not like about those socialist ideas, it turned out that it was our belief that in some sectors of the economy there is a place for public ownership. The hon. member made it clear that he does not think public ownership can be as efficient as private ownership.

I want to ask the hon. member why it is that in Ontario, which has had a Conservative government for most of the last 65 years, there is a publicly-owned hydroelectric system which was established by a Conservative government, and recently the Conservative government of Ontario bought a substantial share in Sun Oil. The present Conservative government of Alberta bought 100 per cent Pacific Western Airlines, and it owns a substantial share of Ipsco and of Nova.

Would the hon. member explain why it is permissible and advisable for Conservative governments to run corporations owned by the state but not for anybody else?

● (2020)

Mr. Stevens: Mr. Speaker, the answer to the hon. member's question is obvious. My time has been so occupied with trying to keep track of what those socialists are up to here in Ottawa, aided and abetted by their cousins across the floor, that I have no time to keep up to date with what he has been talking about. Certainly I do not, unlike the earlier speaker, purport to speak for the Premier of Alberta or the Premier of Ontario. They are very capable of speaking for themselves.

Mr. Thacker: What is more, Mr. Speaker, 467 federal Crown corporations do not pay provincial income tax—

The Acting Speaker (Mr. Ethier): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Campbell, Cardigan, for Mr. Lalonde), which was agreed to on the following division:

● (2030)

(*Division No. 177*)

YEAS

Messrs.

Allmand	Corriveau	Erola (Mrs.)
Appolloni (Mrs.)	Cosgrove	Ethier
Axworthy	Côté (Mrs.)	Ferguson
Baker (Gander-Twillingate)	Cousineau	Fisher
Berger	Cullen	Fleming
Bloomfield	Cyr	Flis
Bockstael	Daudlin	Foster
Bossy	Dawson	Fox
Breau	de Corneille	Francis
Bujold	Demers	Frith
Burghardt	Deniger	Gauthier
Bussières	Desmarais	Gendron
Caccia	Dingwall	Gimaïel
Campbell (Miss) (South West Nova)	Dion	Gingras
Campbell (Cardigan)	Dionne (Chicoutimi)	Gourd (Argenteuil-Papineau)
Chrétien	Dionne (Northumberland-Miramichi)	Guilbault
Collenette	Dubois	Harquail
Comtois	Duclos	Henderson
Corbin	Dupont	Herbert
	Dupras	Hervieux-Payette (Mrs.)
	Duquet	Hopkins
		Hudecki
		Isabelle
		Johnston
		Joyal
		Kaplan
		Kelly
		Killens (Mrs.)
		Lachance
		Lajoie
		Lalonde
		Lamontagne
		Laniel
		Lapierre
		Lapointe (Charlevoix)
		Leduc
		Lefebvre
		Lumley
		MacBain
		MacEachen
		Mackasey
		MacLaren
		Malépart
		Maltais
		Marceau
		Massé
		Masters
		McRae
		Munro (Hamilton East)
		Nicholson (Miss)
		Olivier
		Ouellet
		Parent
		Penner
		Pepin
		Peterson
		Pinard
		Prud'homme
		Regan
		Reid (Kenora-Rainy River)
		Roberts
		Robinson (Etobicoke-Lakeshore)
		Rompkey
		Rooney
		Rossi
		Roy
		Savard
		Schroder
		Simmons
		Smith
		Tardif
		Tessier
		Tousignant
		Turner
		Watson
		Weatherhead
		Whelan
		Yanakis—118.

NAYS

Messrs.

Althouse	Halliday	Murphy
Andre	Hawkes	Neil
Anguish	Hnatyshyn	Nickerson
Baker (Nepean-Carleton)	Howie	Nielsen
Beatty	Huntington	Orlikow
Benjamin	Jarvis	Paproski
Blaikie	Jelinek	Parker
Blenkarn	Jewett (Miss)	Patterson
Cardiff	Keeper	Reid (St. Catharines)
Carney (Miss)	Kilgour	Riis
Clark (Yellowhead)	King	Robinson (Burnaby)
Corbett	Korchinski	Roche
Crombie	Kristiansen	Rose
Crosbie (St. John's West)	Kushner	Scott (Victoria-Haliburton)
Crouse	Lawrence	Skelly
Darling	Lewis	Stevens
de Jong	MacDonald (Miss)	Stewart
Dinsdale	MacKay	Taylor
Domm	Manly	Thacker
Ellis	McCain	Thomson
Epp	McDermid	Towers
Fennell	McGrath	Vankoughnet
Fretz	McKinnon	Waddell
Friesen	McLean	Wenman
Gamble	Mitchell (Mrs.)	Wright
Gilchrist	Munro (Esquimalt-Saanich)	Young—79.
Gustafson		

● (2120)

[*Translation*]

Madam Speaker: I declare the motion carried.

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

* * *

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

MEASURE TO AMEND

The House proceeded with consideration of Bill C-102, to amend the Department of Energy, Mines and Resources Act, reported (with amendment) from the Standing Committee on Energy Legislation.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources) moved:

That Bill C-102, an act to amend the Department of Energy, Mines and Resources Act be amended in Clause 1 by striking out lines 8 and 9 at page 1 and substituting the following therefor:

"and Resources may, where the Governor in Council by order so approves,".

[*English*]

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I should like to give a brief explanation of this amendment. It is to clarify that the approval of the governor in council is expressed by the order, and therefore to clarify that the order tabled in Parliament for the proposed affirmative or negative resolution is the order expressing the approval of the governor in council. Mr. Speaker, it is strictly a technical amendment and I just make those comments to clarify it.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, perhaps I might be able to wear two hats this evening. One is as spokesman for our party. I am indicating that our party supports the changes being made. Secondly, as joint chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, I would like to indicate another reason which was not enunciated by the parliamentary secretary. There is a long standing dispute between the standing joint committee and the Department of Justice concerning the so-called magic formula.

The position has been taken by the Department of Justice for some years now that when a statutory instrument is being proposed, unless it says expressly in the statute that the governor in council may do something by order, the Department of Justice takes the opinion that the matter is not properly before the statutory instruments committee and in some instances need not even be published. Mr. Speaker, what this does is to ensure that the matter will be brought before the regulations and other statutory instruments committee, and that it is deemed to be a bona fide order.

As far as the members of the standing joint committee were concerned, it is our position that all orders in council, whether it says "by order" or not, should be deemed to be properly before the committee and should be deemed to be publishable. But if the government choses to do this for greater certainty, then we welcome this sign of good intentions on the part of the government and we support it.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, in committee both our party and the Conservative Party, and in the House the member for Skeena (Mr. Fulton) and particularly the member for Wellington-Dufferin-Simcoe (Mr. Beatty), have been pressing to make this terrible bill really, in terms of parliamentary procedure, somewhat better. We are prepared to agree to this technical amendment, although we hope that the government will come up with some more amendments that will make the bill one that will fit in with parliamentary tradition as we understand it.

Motion No. 1 (Mr. Lalonde) agreed to.

Mr. Beatty: Mr. Speaker, I am informed that there have been discussions among the various parties and that there would be unanimous consent for me to move a motion at this time.

The Acting Speaker (Mr. Ethier): This could be done with the unanimous consent of the House? Is that agreed?

Some hon. Members: Agreed.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, I move:

That Bill C-102, an Act to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1 by striking out lines 11 to 14 at page 2 and by renumbering the subsequent subclauses accordingly.

The Acting Speaker (Mr. Ethier): The question is on the amendment by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty). Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): All those in favour of the amendment will please say yea.

Mr. Beatty: Mr. Speaker, I think it would be helpful if I were to explain to the House what we are voting on before we take the vote.

The Acting Speaker (Mr. Ethier): Order. The amendment will have to be put to the House. Mr. Beatty, seconded by Mr. Nielsen, moves:

That Bill C-102, an Act to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1 by striking out lines 11 to 14 at page 2 and by renumbering the subsequent subclauses accordingly.

Mr. Beatty: Thank you, Mr. Speaker. I think it is germane for me to spend a few minutes discussing this, because I consider this the single, most important amendment to this bill that will be dealt with in the discussion of Bill C-102.

The amendments that we will be moving on this side to this bill are not to be deemed, even if they pass, as to warrant support by this party and this House for the bill. The amendments we are proposing tonight are simply a means of damage control, of trying to limit the amount of damage that is being done to the public interest by the bill before us. Let us make no mistake about it; it is a bad bill. It is a bill that does not deserve the support of the members of the House of Commons. It is a bill that is injurious to the interests of the people of Canada.

In no area is this bill a worse bill than the provision in the bill that would automatically accord agent of Her Majesty status to all new Crown corporations incorporated under this legislation. I am delighted that the President of the Treasury Board (Mr. Johnston) is here tonight, because it is the President of the Treasury Board who has the responsibility in government for drawing up comprehensive Crown corporation policy. It is very important that he participate in this debate as well to explain his position as President of the Treasury Board and whether he believes that automatically all new Crown corporations incorporated under this bill should be given special privileges.

• (2130)

The privileges which would come from this provision are very significant ones. Most Canadians are not aware of what "agent of Her Majesty" means. It is an expression which appears very Archaean and innocuous, but it conveys very significant privileges.

Perhaps the best way for me to explain to members of the House is to refer them to the uranium cartel case which is currently before the courts. I will not comment on the merits of the case. Hon. members on this side of the House have raised them on a number of occasions, but suffice it to say that the government finally agreed that a number of uranium companies should be charged with price-fixing for contravening the provisions of the Combines Investigation Act. That is a criminal offence, and the case included both private sector companies and two companies which were owned by the Government of Canada. One of them was Eldorado Nuclear, and the other was Uranium Canada.

When that matter came before the courts, the two Crown corporations pleaded in their case that they could not be charged because, as agents of Her Majesty, they were immune from the criminal law. Indeed, in a decision made by the Ontario Supreme Court on this case, the court found as follows:

> It is clear that the long-standing historical immunity of the Crown or its agent is not to be lightly dispensed with. Section 16 of the Interpretation Act was in force before the commencement of the period specified in the charge, prior to the incorporation of U.C. and prior to the inclusion of Eldorado under the protection granted by section 3 of the Government Companies Act. Whatever the intention of Parliament relating to the application of the Combines Investigation Act to these companies, adequate time has expired to permit this to be done. Nothing has been done and at present there is no language in the Combines Investigation Act which purports to make that statute binding upon Her Majesty or to affect Her Majesty's rights or prerogatives in any manner. The language of section 16 is, on the other hand, clear and unambiguous. (See The Canadian Broadcasting Company and The Attorney-General for Ontario, supra, particularly the judgment of Rand J. at pages 198 and 199).

The judge said:

> In my opinion then, section 16 is a complete answer to all submissions made by the Attorney General here, and I find that the Combines Investigation Act is not binding upon either of the applicants. In this regard, the conduct complained of in these charges, assuming it is capable of proof, cannot be characterized as criminal and there exists no foundation upon which these charges could be validly laid or prosecuted under the Combines Investigation Act.

What does this mean? This means that when the government includes a provision for automatically granting agent of Her Majesty status to these Crown corporations, it sets two standards. There is one standard for the private sector and for all ordinary Canadians and another standard entirely for the government. It says that federal corporations which operate as agents of Her Majesty are above the combines law and that they can engage in price-fixing. They can engage in the sort of manipulation which would lead to charges being laid in the private sector. In other instances they could engage in false and misleading advertising. A Crown corporation can be exempt from prosecution under statutes dealing with false and misleading advertising. They can be immune from other criminal prosecution as agents of Her Majesty.

It is intolerable to any Member of Parliament who is concerned about respect for the rule of law to accept a situation whereby automatically all new Crown corporations incorporated under this bill would automatically be given that immunity. There must be one standard of law in Canada, and if the government chooses to put in place combines legislation designed to ensure that price fixing does not exist, designed to ensure that one cannot engage in false and misleading advertising and designed to ensure that practices in the marketplace are fair and scrupulous, how can it with any justification seek to exempt its own companies from maintaining the same standards of behaviour we would expect of private sector companies? If private sector companies violate the Combines Investigation Act or if they violate other criminal legislation, charges are laid against them and they are prosecuted in the courts. Yet what we find in the Eldorado and Uranium Canada case is that the government using the fact that the two Crown corporations were agents of Her Majesty, and the corporations have declared themselves immune from the application of the criminal law.

Mr. Benjamin: That is baloney. Come off it! You know better.

Mr. Beatty: If he says that, the hon. member clearly has not read the decision of the Ontario Supreme Court.

Mr. Benjamin: Tell that to Peter Lougheed and Bill Davis.

Mr. Beatty: I regret that the hon. member would make such an attack on the Ontario Supreme Court. Surely it is incumbent upon a Member of Parliament, including the hon. member for Regina West (Mr. Benjamin), to respect a decision by the Ontario Supreme Court which very explicitly says what the law of the land is today.

Mr. Benjamin: Humbug.

Mr. Beatty: It may very well be that the hon. member for Regina West believes that Crown corporations should be above the law and should be able to engage in improper and illegal activities with impunity and immunity.

Mr. Benjamin: None is above the law.

Mr. Beatty: Unlike government members, members of the Progressive Conservative Party in the opposition believe such behaviour is intolerable.

The position we put forward to the House tonight is that when the government enters into the marketplace of the country, the government should not ask for standards of its own behaviour which were more lax than the standards which apply to everyone else. The government should be prepared to set an example which goes well beyond the standards of behaviour expected of everyone else. How can we expect to see respect for the rule of law in this country if the government says: "What we do is all right, but if you engage in the same sort of behaviour, we will lay criminal charges against you?"

For that reason alone it would be wrong automatically to confer agent of Her Majesty status in these instances on these companies which, by and large, will be operating as competitors in the marketplace. However, the privileges and immunities which are conferred by the granting of agent of Her Majesty status goes well beyond simply the ability to thumb one's nose at the Combines Investigation Act.

Equally important and equally odious is the fact that these companies operating in the marketplace would not raise money on their own credit rating. They would not have to establish that they were credit worthy, that they were well managed, that they were good companies or that they were worthy companies to which to lend money. When an agent of Her Majesty enters into markets and tries to raise money, an agent of Her Majesty does so with the credit rating of the Government of Canada. That means these companies automatically have a triple A credit rating. Their competitors in the marketplace have to raise money on the basis of their own credit rating. These Crown corporations, being granted agent of Her Majesty status, will automatically be able to do so with the best terms possible, that is, the best commercial terms available to the Government of Canada.

It goes one step beyond that. In cases where these companies are ill-managed and where ultimately we find they go bankrupt and there are massive losses incurred, as was the case with Consolidated Computer in which $125 million was poured down the drain, what happens in the case of an agent of Her Majesty? In a case where an agent of Her Majesty has incurred debts and goes bankrupt, those debts are automatically charges upon the consolidated revenue fund of Canada. Parliament does not have any discretion in a case like that. The people of Canada, the taxpayers of Canada, are automatically responsible for any debts which are incurred by these Crown corporations.

No one knows—and if the President of the Treasury Board in any way disputes this, I invite him to participate in the debate—what the potential liability of agents of Her Majesty is or how much the taxpayers of Canada could ultimately be charged for mismanagement by Crown corporations which are agents of Her Majesty. Nor do we know when we are asked to pass this legislation tonight how many Crown corporations will be created, what will be their scope, what will be their size and what sort of debts they will be running up for which the taxpayers of Canada would be responsible. If tonight we grant automatic agent of Her Majesty status, we will be giving an unlimited credit card drawn on the account of the people of Canada to the Minister of Energy, Mines and Resources (Mr. Lalonde) to be used by any new Crown corporation in the energy field which he chooses to set up. How could members of this House of Commons do that? How could anyone who witnessed the fiasco of the Consolidated Computer case and the loss of $125 million because of the negligence of the President of the Treasury Board and his colleagues accept that as a practice which would be tolerable for Members of Parliament? Clearly we have a responsibility on us, and clearly the President of the Treasury Board has a direct responsibility on him, to ensure that we do not give this unlimited ability to Crown corporations to run up debts on behalf of the people of Canada beyond the control of Parliament.

I should make one thing clear, and that is that the government already has the capability through other legislation to confer agent of Her Majesty status on any Crown corporation it chooses. The government can do that today. The issue is not whether in some instances it will be appropriate in the future to confer agent of Her Majesty status on some Crown corporations. The issue is whether Parliament today should be saying for all time that all Crown corporations created under this legislation will automatically be given agent of Her Majesty status. By doing so we will automatically be granting them immunity from combines investigation legislation, will automatically be granting them immunity from some taxes and will automatically be giving them privileges in terms of raising money that their competitors do not have. They will automatically be able to borrow on the government's credit rating and to hold the taxpayers of Canada responsible for their debts, if they are ill-managed.

• (2140)

If the hon. member for Regina West is prepared to do some homework, I would invite him to consider the reports of the Standing Committee on Public Accounts on Crown corporations. That committee found that it was essential to bring some control and accountability to Crown corporations. This was after a succession of scandals during the sixties and seventies that involved Crown corporations and the misuse of public funds. I would invite him to look into the Estey report on Air Canada which found there were inadequate controls on these Crown corporations. I would invite him to look at the report of the Lambert Royal Commission on Financial Management and Accountability which recommended that controls be put in place. I would invite him to read the successive reports of the Auditor General of Canada to Parliament which said it was essential to bring in legislation that would ensure that the taxpayers of Canada are protected and that the sort of fiascos that occur when Crown corporations run up unlimited bills and pick the pocket of the taxpayer to pay for them could not happen in the future.

These are not partisan authorities, Mr. Speaker. The public accounts committee represents all parties in this House, and the Auditor General of Canada, a royal commission and a judicial inquiry have some standing. The hon. member for Regina West may scoff at those authorities, but there are some members in this House, Mr. Speaker, who believe they have a responsibility to the taxpayers of Canada. There are some who believe that when they are dealing with billions of dollars they have a responsibility as custodians to ensure that the money is well spent and is not simply poured down the drain.

I have constituents who are smarting because of the present financial situation, who desperately need the money that is being taken from them in taxes, who need assistance from the government. If money is not available to my farmers in the form of assistance but is poured down the drain because of the

mismanagement of a Crown corporation which has been granted agent of Her Majesty status, then I have not done my job as a Member of Parliament.

If constituents of the hon. member for Regina West who are having a hard time paying their mortgages, who find there is no assistance available to them from the government, are being forced to pay taxes as a result of the mismanagement of Crown corporations because the hon. member has decided that the liabilities of Crown corporations automatically become liabilities of his constituents, then I say he is not doing his job either.

I will return to my first point, Mr. Speaker. Even if it were not enough that Parliament had a responsibility to exercise some prudence and to show some concern about the management of the moneys we hold in trust for the people of Canada, surely when the Canadian people are beginning to lose respect for their institutions and when respect for the rule of law is being lost, the government should act to restore respect for the rule of law. It should not take actions which would create a new group of companies operating in the marketplace which would be immune to criminal legislation and would be able to take the law into their own hands and disregard law passed by Parliament to protect consumers.

This is not the time to slacken laws; it is the time to ensure that the government meets the most stringent standards and sets an example that can be respected by the people of Canada.

At the present time some 50 Crown corporations operate in the marketplace as agents of Her Majesty. This bill would give the government authority to incorporate an unlimited number of new Crown corporations, every one of which would automatically be agents of Her Majesty.

To go a step further, because they would be incorporated under the Canada Business Corporations Act, these corporations would have the ability to incorporate subsidiaries and those subsidiaries yet further subsidiaries in Canada and outside Canada, under federal companies legislation, under provincial companies legislation, and under international legislation. All of these would automatically be agents of Her Majesty and would automatically have the ability to stick the Canadian taxpayer with any bill incurred because of mismanagement.

There have been a number of instances where mismanagement has existed.

An hon. Member: Name one.

Mr. Beatty: Consolidated Computer. The hon. member is unaware of the fact that $125 million of taxpayers' money was squandered in this way. How many instances do we need before members of the House, and particularly members of the NDP, are prepared to show respect for taxpayers' money, money which is coerced from their constituents?

This is a crucial issue, Mr. Speaker. If Parliament defaults tonight and allows two standards to be set, if Parliament allows the Minister of Energy, Mines and Resources to sign the wallets of the taxpayers over to these Crown corporations, then I say that as members we have no right to take pride in the way we have conducted ourselves.

This bill is dangerous, Mr. Speaker. My amendment would simply reduce some of that danger. I would ask the people of Canada to judge members of the House on the way they vote for this bill. All the amendment would do would be to provide that all these Crown corporations would not automatically become agents of Her Majesty. The government would still have the right, as it does today, to make any Crown corporation it chooses an agent of her Majesty.

The only thing that we are asking the government to do tonight with this amendment is to confer that authority on a case by case basis and not by a blanket grant. Surely the people of Canada have a right to expect no less from us.

Some hon. Members: Hear, hear!

Mr. Les Benjamin (Regina West): Mr. Speaker, I have a few quick lessons for the expert on Crown corporations who does not even listen to members of his own party in the provinces.

In the first place, a Crown corporation is automatically an instrument of Her Majesty the Queen, no matter how you slice it, in any province or in the federal government.

Second, the hon. member mentioned credit ratings for Crown corporations as if they had somehow earned an advantage. Credit ratings have always had to be earned, whether in the provinces, under the federal government, in the United States or in Europe. They have had to be earned by the way a Crown corporation was administered. I invite the hon. member to ask the Premier of Ontario or of British Columbia or of Alberta about that little item.

I gather from the hon. member's remarks that he feels a number of Crown corporations have always been above the law. If that is true, it means that all of us, and particularly the hon. gentleman, have not been doing our job.

Mr. Beatty: That is right.

Mr. Benjamin: Why would the hon. gentleman condemn Crown corporations because members of this House have not been doing a good job?

Mr. Clark: Because he has read the bill.

Mr. Benjamin: His logic escapes me. The hon. member also held that massive losses or massive investments are borne by taxpayers. I invite the hon. gentleman to explain the difference, because I am just an innocent country boy from the prairies. For instance, if $1 billion is invested by citizens in a private corporation, that corporation pays dividends or interest. If they lose money, they do not pay dividends. If they make money, they pay taxes. I thought that was just pure and simple grade nine stuff. But the costs of that investment are borne not only by the investor but also by the consumers of the company's product. If I am wrong, I hope the free enterprisers

on both sides of the House will convince me that the consumer does not bear that cost in the price he pays for the product. It does not matter whether it is a Crown corporation or a private corporation; both have to recover the cost of their borrowings. If I am wrong about that, I hope someone gets up and tells me.

• (2150)

An hon. Member: Keep going.

Mr. Benjamin: The other things I would like these private enterprisers on both sides of the House to show me is one instance where a private company returned part of its profit to the consumer and not just the shareholders. I would like all these big-wheel private enterprisers and barefoot boys from Bay Street to show me an instance where a lovey-dovey finance company, which built into their charges the cost of borrowing on which they made a profit, returned to their customers a share of that profit. I am willing to be converted, Mr. Speaker, if they can show me—

Mr. Ellis: Stay where you are!

Mr. Benjamin: —where that happened. Go to an "anal" meeting of Cominco, Inco or the CPR and listen to all these beautiful free enterprise investors. Does the little old lady in running shoes from the local Tory convention with her $100 worth of shares have any say? It is like the Tory convention last weekend where they brought in a bunch of foreigners who had all the say, and it was to hell with policy, let us just play politics. Go to the annual meeting of a corporation and see how much say the average shareholder has in the operation of that company. The truth of the matter is, none whatsoever. At least, Mr. Speaker, with a Crown corporation we have a chance to get back at them. I invite my hon. friend to buy one share in Canadian Pacific and go to their next "anal" meeting and see how far he gets with a motion from the floor. He will not get anywhere. He will be ruled out of order; it is all decided by five or ten people. At least with a Crown corporation whether it is owned by the federal or provincial government, we can call it to account.

Mr. Gamble: Where?

Mr. Benjamin: Right in here.

Mr. Huntington: How?

Mr. Benjamin: Where have you guys been? You have had lots of opportunity. When we were in committee and dealt with annual reports of Crown corporations, where were these free enterprisers? All they want to know is how to get rid of them; they do not ask about accountability.

Mr. Gamble: What meeting have you ever attended?

Mr. Benjamin: If you watch some of these right-wing nitwits from the two so-called major parties, when they have an opportunity to do something about the accountability of a Crown corporation, they blow it. Then they come in here and condemn the principle of Crown corporations.

The hon. member called into question the fact that a Crown corporation is in the name of Her Majesty. He better check the laws of this country.

Some hon. Members: Oh, oh!

Mr. Benjamin: By the way, we are going to vote with the official opposition on this one, but for different reasons.

Some hon. Members: Oh, oh!

Some hon. Members: Shame, shame!

Mr. Benjamin: Mr. Speaker, for any hon. member to suggest that this legislation is going to give something automatically and for all time is either sheer ignorance or sheer stupidity. There is no such thing. The hon. member should know better than to make those kinds of statements instead of appealing to the worst—

Mr. Clark: Read the bill.

Mr. Benjamin: —in people, instead of appealing to other people to agree with his ignorance.

Mr. Clark: What day is it, Les?

Mr. Benjamin: It is strange, Mr. Speaker, that the hon. gentleman makes no protest about massive losses in private corporations when tens of thousands of consumers are hit and thousands of shareholders lose everything; but when a Crown corporation does, he gets up and says they are bad.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FINANCE—PROJECTED BUDGET DEFICIT. (B) FOREIGN AID EXPENDITURES—REQUEST FOR REFERRAL TO COMMITTEE

Mr. John Gamble (York North): Mr. Speaker, on Friday I had the occasion to ask two questions of the Minister of State for Finance (Mr. Bussières). The first dealt with the serious deteriorating nature of our current deficit. I made reference to the fact that the deficit was originally projected six months ago to stand in the amount of $10.49 billion. I asked the Minister of State for Finance whether the Department of Finance had prepared new projections as to what the deficit for the current year would be. The question was founded upon the presumption, logically arrived at, that having regard to the massively increased costs incurred by the government as a consequence

of the failing economy and the known reduction in revenues generated, it was anticipated that the deficit would increase and increase substantially.

The uncertainty as to the quantum of that increase, however, has led in my view to a serious undermining of the value of our currency. That decline has been rectified in part by the traditional practice followed by this government of shoring up the value of our dollar by increasing interest rates in Canada using the agency of the Bank of Canada. The increase in interest rates has triggered a negative response to the government's alleged attack on inflation, the declared enemy. At the same time it has forced more businesses out of business and it has exacerbated the amount of unemployment suffered in the country. Currently we have at least 1.5 million working Canadians who are no longer working as a result of this foolhardy policy adopted by the current government.

It seems appropriate, in the event the decline of our dollar with all of the consequential effects to which I have made reference is to be stemmed, for the government to disclose a new set of financial figures indicating exactly the nature of the deficit that we may anticipate for the current year.

The government's response to this significant issue has been to lay blame for our economic plight upon the government of the United States. I pause to ask if, indeed, our entire financial position as a nation is to be determined by actions of another government, why do we need a Minister of Finance? Why do we need a Department of Finance and why do we need a Minister of State for Finance if all they can do is come into this House and explain to the people of Canada that we must await some measure of improvement to come from a foreign country.

If I had any doubt as to the need for the Minister of State for Finance, that doubt was rather rapidly resolved by his response to my second question. I asked, in light of current economic circumstances in this country, whether it would not be appropriate, having regard to our massive foreign aid program which currently in terms of direct funding exceeds $1.724 million, to refer the issue of the quantum of foreign aid to the Standing Committee on External Affairs and National Defence for examination. The minister's response to me was as follows:

> Madam Speaker, perhaps the hon. member could stop staring at his navel—
>
> I asked that question in all seriousness.
>
> • (2205)

I am not familiar with the constituency represented by the Minister of State for Finance, but I can tell the House that somewhere within his constituency there are some of those businesses which have gone bankrupt that are represented by the 39 per cent increase in insolvencies in the country in the first quarter of this year over last year. Somewhere in his constituency there are farmers who have become insolvent and are represented by the 70 per cent increase in farm bankruptcies. Somewhere in his constituency there are some of those unemployed persons who are now forming an army.

Canadians are angry, and I am angry, with the flippant, arrogant response which the minister presented to me and to the House. Surely it is time that the government came to recognize that the people of Canada will no longer accept this kind of abuse. The government must begin to have some regard for the welfare of the people of Canada and adopt policies—if not this one, then surely some other—which will bring some relief to hard-pressed citizens of Canada.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, last week I had an opportunity to visit the Caribbean Development Bank, an institution which serves the small islands running through the Caribbean Commonwealth area, the areas we think of whenever we think about a Caribbean vacation in the middle of the winter. All through that area, Canada has contributed magnificently in very practical ways to schools, fishery projects, forestry projects, airports and in a myriad of practical ways which enormously help the people in those countries. We are proud of our contributions in that area. I saw them with my own eyes. I saw how those projects improved the standard of living of those people. But I also saw, which the hon. member for York North (Mr. Gamble) will never admit, how those projects improved Canada's reputation abroad, improved our trade and how, in turn, they improved the ability of the people in those areas to rely on their own capacity and their own strength. We can be proud of those kinds of contributions. Those are the ideals which many of us who look higher than our navel will find are possible in the world.

The hon. member for York North plays on the opposite. He plays on the stingy and mean-mindedness in all of us. He tries to drag us down to a small ideal. He implies that we are all suffering some kind of enormous economic damage because of an act of generosity to other people around the world. His comments tonight carry these ideals to an extreme. He is telling us that building schools, airport hangars and forestry projects are leading to business and farm bankruptcies. The hon. member claims to be a practical man. He should in fact try that claim out on a few of his constituents, where he would be laughed out of the hall.

Let me give one simple example. Canada has said that it will increase its official development assistance to other countries to 0.5 per cent of our gross national product, hardly an extreme case, hardly an excess which will lead to suffering or damage in the economy. Instead, it is a universally recognized, humanitarian level which also helps our businesses, our self-reliance and our trade patterns around the world. We benefit as much as the people who receive this money.

As a final note, I will tell the House that when I listened to the people at the Caribbean Development Bank talking about the money we were using in that bank, they talked about good management, good project evaluation, increased purchases from Canada, streamlined loan administration and constant management review, ideals which I support.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10:10 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 19, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

DEVELOPMENT OF PEACE RIVER TAR SANDS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, whereas the development of the Peace River tar sands would create thousands of jobs across Canada at a time when the country so desperately needs those jobs, I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That the Minister of Energy, Mines and Resources do everything in his power to make this tar sands project proceed quickly.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ZIMBABWE—IMPRISONMENT OF PARLIAMENTARIAN AND OF OPPOSITION LEADERS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, Canada has a special interest in wishing the success of the multi-party democracy thrive in Zimbabwe. Recent events give grave cause for concern regarding this kind of democracy in that country. The imprisonment of a Member of Parliament, Mr. W. E. Stuttaford, the threat of arrest of Member of Parliament, Mr. Dennis Walker, and especially the imprisonment of black leaders who oppose the ruling party, should make all of us especially concerned about the future. I move, therefore, seconded by the hon. member for St. John's West (Mr. Crosbie):

That the Secretary of State for External Affairs establish a special liaison with the Government of Zimbabwe to register our concern and to monitor the level of political freedoms for all parties in that country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ADMINISTRATION

DEMAND FOR GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, federal ridings where the Liberal incumbents are justifiably terrified of the voters' wrath are to be the recipients of millions of federal dollars supposedly earmarked for make-work projects. Actually, this is a cynical, thinly disguised attempt to buy voters with their own money. In view of this treachery, Madam Speaker, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That Canadians be soon allowed to exercise their franchise, so that they may indicate their revulsion at this blatant vote-buying ploy, by defeating all current Liberal Members of Parliament.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

PROTECTION OF YOUNG CANADIANS AGAINST SOLVENT INTOXICATION—MOTION UNDER S.O. 43

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise pursuant to Standing Order 43. Recently the Manitoba Court of Appeal quashed the city of Winnipeg's anti-sniff bylaw, which was designed to discourage the availability of model glues and plastic cements for sniffing by juveniles, a practice which is known to do serious damage to its young users, and which is a problem not only in Winnipeg but in the north and in other Canadian cities. The argument against the bylaw, accepted in the Appeal Court, was that the issue is a matter of federal jurisdiction and needs to be dealt with by Parliament. I therefore move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House urges the Minister of Justice to put before this Parliament very quickly legislative proposals for dealing with this serious problem, so that

mechanisms will finally be in place to help protect the minds and lives of young Canadians who, for other reasons that also need to be dealt with in this House, see their only recourse in the cheap and very dangerous escape of solvent intoxication.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR REFERRAL OF FARM FINANCING TO PARLIAMENTARY COMMITTEE—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, yesterday the hon. member for Elgin (Mr. Wise) asked the Minister of Agriculture (Mr. Whelan) what proposals he had to aid farmers now, since the Farm Credit Corporation and Small Business Development Bonds have failed. The Farm Credit Corporation is out of funds and the banks are reluctant to issue Small Business Development Bonds. The minister gave us the same idiotic runaround we are always getting. Obviously, no one over there cares about agriculture. Farmers are going bankrupt in ever-increasing numbers, and the Minister of Agriculture says it is no worse than in other sectors of other industries. I might remind the minister, Madam Speaker, that his responsibility is not those other industries; his responsibility is agriculture.

An hon. Member: Hear, hear!

Mr. Bradley: Must we have the initiation of food stamps before the government will address the problems in agriculture? This issue must be resolved now. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the whole issue of farm financing be immediately referred to the Standing Committee on Agriculture where it can and will be addressed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY

SUGGESTED RECONSIDERATION OF GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, parts of the National Energy Program are as destructive as anything ever done by a democratic government in the free world. It has, for example, to date subsidized the import of foreign oil out of the public purse at an estimated cost of $17 billion, which represents more than 20 per cent of our national debt.

An hon. Member: Lunacy.

Mr. Kilgour: This subsidy program now favours imported oil at the expense of oil from western Canada. In April alone approximately 300,000 barrels a day were expected to be locked in, representing unnecessary oil imports costing approximately $12 million a day. I therefore move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the government reconsider the more perverse aspects of its energy policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

SUPPORT FOR POLISH PEOPLE AND OBSERVANCE OF POLISH DAY—MOTION UNDER S.O. 43

Hon. Edward Broadbent (Oshawa): Madam Speaker, the problems of the Polish people continue to be of great concern to all Canadians. Considering that today the Polish Alliance of Canada is celebrating its seventy-fifth anniversary here in the Parliament buildings, and considering that Her Worship Mayor Marion Dewar, Mayor of the City of Ottawa, has declared Thursday, May 20, 1982, Polish Day, I move, seconded by the hon. member for Parkdale-High Park (Mr. Flis):

That this House support the mayor on this day and urge all citizens of Ottawa to continue to show their concern and support for the people of Poland.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: It is moved by the hon. member for Oshawa (Mr. Broadbent seconded by the hon. member for Parkdale-High Park (Mr. Flis):

That this House support Mayor Dewar on this day, 19th day of May, 1982, and urge all citizens of Ottawa to continue to show their concern and support for the people of Poland.

Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

• (1410)

ENVIRONMENTAL AFFAIRS

FRASER RIVER FLOODING—NECESSITY FOR DYKING—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, given that dike inspectors along the Fraser River watershed are now preparing for a major flood, possibly of disastrous proportions causing, millions of dollars of damage to important agricultural crops and private property from Prince George and Kamloops all the way downstream to Westham Island at the mouth of the Fraser River, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That the Government of Canada move immediately to reallocate all federal funds available for diking and disaster relief during 1982 to prevent devastating damage to private property and to the most severely threatened farmlands such as the fertile food and seed producing acreage of Westham Island, B.C.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR TRANSPORT

FUEL COMPENSATION RECOVERY CHARGE—POSITION OF CANADIAN AIRLINES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, a year ago the government introduced the transportation fuel compensation recovery charge, forcing air carriers to pay world prices for fuel used in international flights. When that charge ended on January 31 foreign carriers were allowed to apply for rebates amounting to $47.5 million. However, Canadian carriers were denied the right to apply for rebates of the $50 million paid or owed by them. It is seriously unfair that foreign carriers are given an advantage at a time when Canadian carriers face the terrible dilemma of going bankrupt or going heavily into debt. I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the government reconsider the position it has taken and, recognizing the grave situation of Canadian airlines, allow them to have equitable status with other airlines and grant them the right to apply for rebates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

THE LEADER OF THE NEW DEMOCRATIC PARTY

MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, last week the Leader of the New Democratic Party (Mr. Broadbent) berated the Secretary of State for External Affairs (Mr. MacGuigan) for not muzzling the U.S. ambassador to Canada for speaking in Canada on what the Leader of the New Democratic Party thought was an exclusively domestic Canadian matter. Last week Canada's Prime Minister (Mr. Trudeau) spoke in an American forum and included remarks regarding U.S. policy. Strangely enough, the Leader of the New Democratic Party has been silent about that. I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That the Leader of the NDP have his ideological eyes checked to see if he has equal vision in both of them.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR ASSISTANCE TO FOOD PRODUCERS—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, Quebec workers have received the welcome news of the award of an $800 million contract to Bombardier, facilitated by 9 per cent seed money from the Export Development Corporation. At the same time Waterloo region farmers are being unceremoniously hauled off their fields and onto bank managers' carpets at the very time of the growing season when they are literally sowing for their livelihoods. I therefore move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House urge the government to direct the Minister of Finance to make low-cost seed money like that used to assist the Bombardier tender available to Canada's food producers; and, furthermore, in view of the ongoing investigation into the profit situation of chartered banks, the Minister of Finance ask the banks to hold off on farm foreclosures until the tabling of those findings and so let our farmers get the country's food supply into the ground unharassed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

NUCLEAR ENERGY

GOVERNMENT EXPENDITURES ON PROMOTION OF CANDU SALES—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I also rise under the provisions of Standing Order 43. Before the government came to its senses and realized the so-called sale of two Candu reactors to Roumania was an economic farce and would never result in the actual transfer of paid-for nuclear technology, the Roumanian government had spent $44 million of a low interest Export Development Corporation loan provided to finance the sale.

This week we learned that the Lopez Portillo government in Mexico has put the whole idea of nuclear megaprojects on hold indefinitely and that the $5 million AECL spent to prepare and promote its Mexican reactor bid is just another in the long list of fruitless mega-write-offs of taxpayers' money to the Canadian nuclear industry. I therefore move, seconded by the hon. member for Beaches (Mr. Young):

• (1415)

That this House instruct the government to stop squandering taxpayers' money on nuclear megamania both at home and abroad, and further, that the government spend the accrued savings on a policy improvement which would direct the savings to the development of Canada's conservation, solar and alternative fuels industries.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

EXPORT DEVELOPMENT CORPORATION

FUNDS LENT TO NEW YORK METROPOLITAN TRANSPORTATION AUTHORITY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Finance who undoubtedly has noted the financial assistance given to the New York Metropolitan Transit Authority which was announced yesterday. It got a loan at 9.7 per cent to run for 15 years, to 1997. If the government has been able to find this kind of money to lend to the New York authority, would the minister indicate if there is similar money available that could be offered to transit authorities in Canada or other worthy groups who would like 9.7 per cent financing for the next 15 years?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the financing to which the hon. member refers was provided through the Export Development Corporation and is justified, of course, by the very substantial benefits it will provide to Canada. I would have thought that the hon. member would agree that this project was a very desirable one from the Canadian point of view and that, in the present circumstances, we ought to stretch every possible and legitimate method of securing business for Canada. This will have very important employment effects in Quebec particularly, but also in the province of Ontario.

Mr. Stevens: Madam Speaker, I might comment that certainly employment in Canada is fine but did it never dawn on the government that two things could be accomplished—help for Canadian transit authorities and the creation of jobs in Canada if funding at 9.7 per cent for 15 years were available?

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TRANSPORT

AVAILABILITY OF FUNDS FOR MUNICIPAL AUTHORITIES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, perhaps I may put a supplementary question to the Minister of Transport. Would he indicate if this type of funding is available to similar authorities in Montreal, Vancouver, Toronto and Edmonton, for example? The New York Metropolitan Transportation Authority is boasting in New York this morning that, thanks to the Canadian government, it has saved over $300 million on its transportation acquisition.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I thought the Minister of Finance explained very, very well that this was an export oriented matter. Now I am going to do what I do not think I should do, because it is dangerous—I am going to thank publicly the Minister of Finance for his help to transportation in recent months. He has provided $1.3 billion for western rail transportation. He has increased the budget for my department by $20 million last year, $40 million this year, and $60 million next year for air transportation and the building of airports.

Mr. Clark: Whose money?

Mr. Pepin: Canadian money. That is his job, and that is what he has done. I could go on giving a long list, but the end of the list would be the amount of money he has provided for research and development into transportation in Canada. That is $20 million.

The sale to the United States also has to be seen in terms of Canadian transportation because the equipment that Bombardier is going to export to the United States will add to the equipment that Canadian cities will be able to procure.

Mr. Stevens: Madam Speaker, we must note that the Minister of Transport carefully avoided admitting that he has not offered a red cent to Canadian transit authorities. He is the man who has crippled Canadian VIA rail services from coast to coast.

• (1420)

FEDERAL BUSINESS DEVELOPMENT BANK

AVAILABILITY OF FUNDS FOR SMALL BUSINESSES

Hon. Sinclair Stevens (York-Peel): Would the Minister of Industry, Trade and Commerce inform the House whether he has taken up with the Minister of Finance on behalf of the Federal Business Development Bank, the question of seeing if some of this 9.7 per cent funding might be available through the FBDB to worthy small businesses in Canada which are being subjected to interest rates as high as 22 per cent by that Crown corporation?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the financing that my hon. friend is talking about was offered in order to meet the competition from a French company. My hon. friend is talking as though he would prefer that the French got those jobs instead of Canadian workers.

Some hon. Members: Hear, hear!

Mr. Gray: The hon. member asks what I have to say on this subject. I want to say that today I announced the federal government is providing $9.9 million—

Mr. Blenkarn: At what rate?

Mr. Gray: —to Mitel Corporation toward the development of a new digital PABX system which is expected to create close to $1 billion in additional sales and 1,300 jobs over the next five years in both Ontario and Quebec. I presume my hon. friend is against that, too. Well, he ought to be ashamed of himself.

Some hon. Members: Hear, hear!

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AGRICULTURE

PROVISION OF FUNDS FOR FARMERS

Mr. Murray Cardiff (Huron-Bruce): Madam Speaker, while we are focusing on ways in which government contributes to the creation of jobs and national wealth through its fiscal powers, I want to put a question to the Minister of Agriculture. He is not here, and the buck always ends up with the Minister of Finance, so I will go to him.

The minister is aware that the $5 million given to the Farm Credit Corporation early last winter helped only about 200 farmers, and many more are still hard pressed. The Minister of Finance can find $1 billion at 9.7 per cent for projects outside Canada, but what is he doing to help agriculture? Can he find an equivalent amount immediately for our hard-pressed farmers?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. member has a legitimate point in asking what one can do to assist the hard-pressed farmers. But to suggest at the same time that there was something unworthy, improper or illegitimate about providing export assistance to Bombardier in order to sell 825 subway cars and provide 25,000 persons-years of employment in Canada, is quite another matter.

The hon. member has to understand that there was very strong competition from international suppliers, including those from France, and in order to meet that competition and get this order it was necessary for the Canadian government to provide this particular form of credit financing through the Export Development Corporation.

CANADIAN FEDERATION OF AGRICULTURE—REQUEST FOR ASSISTANCE FOR FARMERS

Mr. Murray Cardiff (Huron-Bruce): Madam Speaker, I am not criticizing the program the minister has just initiated to help Bombardier, not for a moment.

Some hon. Members: Hear, hear!

Mr. Cardiff: But today and tonight we have the Canadian Federation of Agriculture meeting with us and many of the hon. members opposite, and they are crying for help. We know there is money available; I have had approaches made where there would be offshore money made available to assist in the agricultural sector. You are telling us what you are doing for Bombardier; the bottom line is: what are you going to do for the farmers?

Some hon. Members: Hear, hear!

• (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I thank the hon. member for his acknowledgement that there is no basis for criticism of the arrangement that has been made by the Export Development Corporation to support bombardier. I thank him for that, and I think it is a much more enlightened attitude than the one taken by the hon. member for York-Peel.

Mr. Stevens: No difference at all. You have missed the point.

Mr. MacEachen: However, I would like to tell the hon. member that very shortly I will be meeting with representatives of the Canadian Federation of Agriculture. I intend to have a very deep discussion with them about their problems. And if, out of that discussion and later consideration it will be possible to do more than is presently being done, then I would be a very happy person to do it.

Oral Questions

ENERGY

MUNICIPAL ENERGY MANAGEMENT PROGRAM

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Finance and the Deputy Prime Minister. I have learned that the municipal energy management program, which is a $23 million conservation program to train energy auditors, and is part of the National Energy Program which the minister read out in the House in his first budget, is in danger of being cancelled. I have a letter from the Mayor of Vancouver indicating that such is the case. Can the Minister of Finance confirm that indeed the government is cutting back on energy conservation programs?

Why is the minister prepared to give $600 million to oil companies operating in the Beaufort Sea, and goodness knows what other additional moneys to Dome Petroleum, next week or thereafter, while cancelling important programs which really could conserve energy and make us energy self-sufficient?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, with reference to the subject raised by the hon. member, he should realize that conservation is a major element of the National Energy Program. However, with reference to the particular subject matter, the Government of Canada is encountering difficulties in its negotiations with the various provinces concerning this program. As a result, a complete review is taking place at present as to whether or not we will pursue this particular program.

ENERGY CONSERVATION PROGRAMS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary question is for the Minister of Finance. He has been standing up in this House day after day, together with his colleague, the Prime Minister, saying that with the collapse of the energy megaprojects, such as Alsands and the Alaska gas pipeline, that other energy megaprojects are coming along. Apparently it is now confirmed that the program to which I refer is on hold. It is a small program worth $23 million but, according to the Mayor of Vancouver, this program will provide jobs and it will really have an impact on energy conservation in the country. What is the Government of Canada's program now? Is it to cancel energy conservation programs in return for putting more money into these mega-loser projects?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, the hon. member refers to one particular program in relation to conservation. However, he refuses to acknowledge the success of some of the conservation programs announced in the National Energy Program. I refer him to the Canadian oil substitution program and to the home insulation program, which have been major success stories of the National Energy Program. The problem which the hon. members raises is of particular concern to the Government of Canada. However, negotiations with the provinces have not been proceeding well. Our government is intending to review not only our negotiating position but indeed the positions taken by the various provincial governments. It is hoped that the matter will be resolved. However, I do not wish to raise false expectations with the hon. member, and he should be prepared to place some of the blame on the various provincial governments.

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NATIONAL RESOURCES

REFERRAL TO SUPREME COURT OF OWNERSHIP OF HIBERNIA OIL FIELD RESOURCES

Hon. John C. Crosbie (St. John's West): Madam Speaker, in the absence of the Prime Minister and of the Minister of Energy, Mines and Resources, my question is for the Deputy Prime Minister. The Minister of Justice said in this House yesterday that no decision had been made at that time, less than 24 hours ago, about referring the offshore mineral resources dispute question to the Supreme Court of Canada. This morning he proceeded to Newfoundland and the Prime Minister telexed the Newfoundland government stating that the question was today filed with the Supreme Court of Canada. The reference has been filed today referring the issue of the Hibernia oil field's ownership to the Supreme Court of Canada. There has to be some explanation for this.

Today the Minister of Justice met with the leader of the Liberal Party of Newfoundland—the defeated Liberal leader—rather than with the minister of justice for Newfoundland. He refused to meet with the minister of justice before holding his press conference. Why has the government interfered in the orderly handling of this matter by the Canadian court system, the matter having already been referred to the Appeal Division of the Newfoundland Supreme Court? That court has already set dates for factums to be filed. It has fixed October 8 as the date to set the hearing. Why is the government interfering? Does it not trust the Newfoundland court after its constitutional decision?

• (1430)

Does the Acting Prime Minister not realize that court decisions will never settle this issue, which is an issue of justice and fair treatment for the people of Newfoundland, our tenth province?

Madam Speaker: Order.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am surprised that the hon. member would conclude his question by saying that no court would ever decide this matter, when he himself in his opening sentence suggested that it was somehow improper for the federal government to proceed to the Supreme Court of Canada, while the matter or several related matters were before the Supreme Court of Newfoundland. The gist of his question was: why has the federal government gone to the Supreme Court?

I should tell the hon. member that the Minister of Justice stated today that while the provincial government had recently filed a reference to the provincial court of appeal, the questions submitted by the provincial government raise a number of complex issues in addition to the question of jurisdiction in respect of Hibernia. These other matters include the status of inland waters, the territorial sea, and perhaps the interests of other provinces as well. In the view of the Minister of Justice, it was necessary to move rapidly to have the urgent and pressing questions of jurisdiction in Hibernia resolved at the earliest possible date by the highest court, the Supreme Court of Canada. That was the explanation offered today by the Minister of Justice.

Mr. Crosbie: I do not think it is ever necessary for a minister to deceive the House by stating that no decision had been made, and then flying to Newfoundland to announce the decision.

Madam Speaker: Order. Order. I think I mentioned the other day that the idea of question period is not to offer comments to all the answers received. The hon. member who was very long in his first question, should please proceed to his question now.

GOVERNMENT POSITION

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the same minister. Would the Acting Prime Minister tell the House why the Minister of Justice met first with the defeated leader of the Liberal Party of Newfoundland who was rejected by approximately 61 per cent of Newfoundland voters? Why did he meet first with him? Of course he and the Liberal Party of Newfoundland have rejected the federal government's course of action. Why have they found it necessary to declare war on the province? When will the government respond to the fair offer of the government of Newfoundland which was made to the federal government on January 25 but was never responded to? Do they think they can bully the smallest province of Newfoundland into a settlement?

Some hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, the intention is not to bully the smallest province at all. The intention is to try to settle—

Mr. Crosbie: How will this settle it?

Mr. MacEachen: —the jurisdiction of Hibernia which, until it is resolved, will constitute a block to the development that we can all foresee for the province of Newfoundland. I should say to the hon. member that in the letter which the Prime Minister sent today to Premier Peckford—

Mr. Crosbie: There was no decision yesterday.

Mr. MacEachen: —he concluded by saying:

> I continue to hope we can resolve our differences over resource management and revenue sharing despite the fact that two legal actions have been launched. In the meantime, while these two court actions proceed, the federal government remains committed to working co-operatively with the government of Newfoundland in order to ensure that current oil and gas activity in the offshore continues.

I assure the hon. member that it is not our intention to bully; it is our intention to work co-operatively with the government of Newfoundland in the way indicated.

Mr. Crosbie: What is the date of the letter?

PROPOSALS MADE BY NEWFOUNDLAND GOVERNMENT

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Acting Prime Minister who will know that this unprecedented legal action will be seen as an affront to the integrity of the Supreme Court of Newfoundland and an insult to the people of Newfoundland; he knows that.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. McGrath: I want to ask the minister why the Government of Canada did not respond to the reasonable request of the government of Newfoundland, made as recently as May 4, whereby it once again asked the Government of Canada to set aside the question of ownership during the period of negotiations and permanently, if there was an agreement; and the very reasonable position of the province which called not only for shared management and revenue sharing but for setting aside permanently the question of jurisdiction? Why, in the face of that very reasonable proposal, did the Government of Canada affront and provoke the people of Newfoundland by this unprecedented action?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, that question was also dealt with in the letter of the Prime Minister to Premier Peckford, in which the Prime Minister said:

> You have insisted that the federal government agree, in advance of serious negotiations, to set the issue of legal ownership aside permanently and commit itself to a framework for resource management that could produce a stalemate which would not be in anyone's interest.

The Prime Minister went on to say that pre-conditions of that kind obviously make meaningful negotiations quite impossible.

QUERY RESPECTING RESUMPTION OF NEGOTIATIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, I ask the Acting Prime Minister what is more important, the creation of a stalemate or the development of this very important resource for Canada? This is the question which must be addressed. Does the Acting Prime Minister expect the House to believe that reasonable negotiations can resume in the light of this unnecessary provocation? He knows that there can be no negotiations as long as this question has been

referred to the Supreme Court of Canada, while it is before the Newfoundland Court of Appeal. Why have they not responded to the request of the Newfoundland government to sit down and negotiate the reasonable proposition which was put to the Government of Canada on January 25 and which, incidentally, was supported by almost 62 per cent of the people of Newfoundland who voted in the last provincial election?

Some hon. Members: Order, order.

Madam Speaker: Order, please.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows that it is possible to secure and work out arrangements between the federal government and the provinces. I remind the hon. member, who is normally a reasonable person, that the Government of Canada has succeeded in working out arrangements or agreements with three western producing provinces, and that we were able to work out an agreement on the offshore, after intensive negotiations, with the province of Nova Scotia. I believe that what has been possible with four other provinces is possible and can be attained, with good faith on both sides, with the province of Newfoundand as well.

TIMING OF CABINET DECISION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, could the Acting Prime Minister tell the House of Commons when cabinet took the decision to refer the offshore question to the Supreme Court of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I do not have that information. I do know that the order in council was signed this morning, but I have no other information which I can give. The Prime Minister will be in the House later, and the Right Hon. Leader of the Opposition may want to follow up that question, but I have no further information on the point.

TIMING OF PRIME MINISTER'S ARRIVAL IN CHAMBER

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, just for the purposes of clarification, will the Prime Minister be in the House before the end of question period?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Prime Minister is meeting with the Prime Minister of Australia, and I expect him to be in the House before three o'clock.

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NATIONAL SOVEREIGNTY

ALLEGATIONS OF CIA PAYMENTS TO CANADIAN ELECTION CANDIDATES

Mr. Svend J. Robinson (Burnaby): Madam Speaker, in the absence of the Prime Minister I should like to direct my question to the Solicitor General. In 1976 the Prime Minister and British Columbia Senator Ray Perrault met with one John Meier of British Columbia, a former Howard Hughes associate. At that time Mr. Meier provided them both with extensive documents and tapes concerning allegations of CIA penetration of Canadian security services and funding through CIA agents of specific election campaigns and candidates in Quebec, British Columbia, Alberta, and Saskatchewan between 1970 and 1976. Will the Solicitor General confirm that, as a result of these serious allegations, the Prime Minister ordered a secret investigation into the allegations and the charges by Mr. Meier and that there was in fact an inquiry conducted by a lawyer named Pierre Genest? Will the Solicitor General now make public the results of that secret inquiry?

• (1440)

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have no information on that subject at all. I hope to be able to look into it and comment on it shortly.

Mr. Robinson (Burnaby): Madam Speaker, I gave the minister notice of this question yesterday. Of course, if these allegations can be confirmed, they represent a massive violation of Canadian sovereignty by American CIA agents.

REQUEST THAT COMMITTEE STUDY ALLEGED CIA INVOLVEMENT IN CANADIAN ELECTIONS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, in light of the importance of the issues raised by Meier's petition, a petition which I intend to table in the House at the conclusion of question period, and since these issues were also recently raised in the Quebec trial of RCMP Officer Vermette, will the minister now give the Standing Committee on Justice and Legal Affairs a reference to study the question of CIA involvement in Canada, to hear witnesses, including Meier, and determine whether indeed the Canadian security service has been infiltrated by the CIA and whether, most important, the CIA attempted to influence democratic elections in Canada just as they did in Chile in 1973?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the hon. member did not give me notice that he would be asking that question today.

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INDIAN AFFAIRS

FISHING RIGHTS OF MICMAC INDIAN BAND

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, my question is for the Minister of

Indian Affairs and Northern Development. We have learned that the Quebec government has again refused to recognize the legitimate fishing rights of the Micmac at Restigouche and has provoked them by withdrawing from an offer which might have settled this matter. Since the fishing season in the Restigouche opens in three weeks, and we do not want to see a repetition of the raids and violence of last year, will the minister tell the House if he will intervene in this matter to negotiate with Quebec and demand a reasonable and just settlement as soon as possible?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker. As a matter of fact I have intervened, in the sense that my officials in Quebec have been talking to the Quebec government this morning. We are urging, and I am urging, the chief and the band to continue discussions with the province. We are urging the province to do that same thing. We do feel disappointed. We thought this was close to resolution a short time ago when there seemed to be an acceptance of the quota. The province has reduced the quota and that has inflamed emotions, but we hope that can be corrected fairly shortly.

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FEDERAL-PROVINCIAL AFFAIRS

PROVINCIAL TAXATION AUTHORITY

Hon. Jake Epp (Provencher): Madam Speaker, my question is for the Minister of Finance. Does the federal government accept the principle that a provincial government has the constitutional authority to tax another level of government, namely, the federal government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would like to take that question as notice.

CONSTITUTIONALITY OF PROVINCIAL TAX

Hon. Jake Epp (Provencher): Madam Speaker, when the minister takes that question as notice, would he also examine whether the imposition of an employee tax paid by an employer, in this case the federal government, a tax collected by a province, falls within the jurisdiction of the Constitution, namely, what I always thought was a provision whereby one level of government could not tax another level of government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, when I took the question as notice it was not to be unco-operative but because of its importance. I will add the second question to the first and provide a reply, after I receive legal advice, as soon as possible.

FINANCE

REQUEST FOR REMOVAL OF EXCISE TAX ON NATURAL GAS

Mr. Gordon Towers (Red Deer): Madam Speaker, my question is for the Minister of Finance. In view of the fact that the excise tax on natural gas is possibly one of the most abhorrent taxes which has come out of the National Energy Program—not only is it a bad tax, it is a cancerous one—does the minister realize it is adding one third to the home heating cost of all home owners in Canada? Further, if he wishes to help the farmers, the quickest way to help them is to delete that tax since natural gas is the basis for fertilizer and this is the time of year when farmers use a tremendous amount of it. Is the minister prepared to withdraw the excise tax on natural gas?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if I had an alternative source of revenue that could be easily applied without objection, I would consider withdrawing the tax. However, I have no such alternative source of revenue.

The hon. member must realize how difficult it is to raise taxes under current circumstances because, as the Treasurer of Ontario discovered, any tax is bound to provoke a reaction from those persons affected.

Mr. Towers: If the minister would withdraw the money which is going into PetroCan-Petrofina it would be a good start toward relieving the tax.

PAYMENT OF TAX BY DISTRIBUTORS

Mr. Gordon Towers (Red Deer): Madam Speaker, the distributors of this gas have to pay the tax even prior to collecting it. This means that the distributors have to borrow the money in order to pay the tax to the Department of Revenue. The Minister of Energy, Mines and Resources said in committee last night that he is prepared to look at that and perhaps give the distributors at least 90 days in which to collect and pay the tax to the Department of Revenue rather than having to do it within 30 days. Would the Minister of Finance at least go that far?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, yes, I will agree to look at the matter as the Minister of Energy, Mines and Resources undertook before the committee.

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MULTICULTURALISM

SPEECH MADE BY CHAIRMAN OF RACE RELATIONS COMMITTEE

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I would like to bring to the attention of the Minister of State for Multiculturalism remarks made in a speech delivered on April 23 to a federally sponsored conference on racism in Vancouver. It was delivered by Israel Ludwig, a Winnipeg lawyer and government appointed chairman of the

Race Relations Committee of the Canadian Consultative Council on Multiculturalism.

Incredibly Ludwig urged that Christmas, Good Friday, and other religious holidays be abolished in order to combat racism. He urged the government to monitor the news media, and demanded that the CRTC have the power to revoke licences of radio or television stations that give prominence, where prominence is not justified, to racist groups. He urged a similar body to monitor the press. He alleged that the press gives coverage to racist groups in order to sell their newspapers. An admission of unacceptable government interference in the freedom of the press emerged from his remarks. I would ask the minister if he plans to remove Mr. Ludwig from the Canadian Consultative Council on Multiculturalism because of his statements.

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, no, I do not intend to remove someone for expressing his views. I believe that this country belives in the freedom of expression.

Mr. Huntington: What about metric?

Mr. Crosbie: What about Fraser?

Mr. Fleming: I think that if the hon. member would read the full text of the speech he would have a better understanding of the suggestions of Mr. Ludwig. For instance, he did not suggest for a moment the abolishing of Christmas; he suggested that some consideration might be given to honouring the high or holy holidays of non-Christians who are as Canadian as the Christian population of this country.

The hon. member should also be aware, if he reads his newspapers, that I said following Mr. Ludwig's speech that I differ considerably with some of the points which he put forward but I certainly do not argue with his right to express his views.

Mr. Paproski: I guess you mean that Neil Fraser is an example for freedom of speech after being fired.

Madam Speaker: Order. May I point out that that has nothing to do with the question that was just asked?

Mr. Paproski: I do feel it is a worth-while comment.

Madam Speaker: Order.

Mr. Paproski: Madam Speaker, I do feel I have the freedom of speech to make a comment—

Madam Speaker: Order. That is precisely what I was saying. I do not think it is time to make comments. It is time for question period. I will recognize the hon. member for Edmonton North for that purpose.

MINISTER'S UNDERSTANDING OF MULTICULTURALISM

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I have a brief supplementary. Mr. Ludwig seems to think that multiculturalism means ruthless suppression of the traditions of freedom of the majority. I hope that this is not the way the minister understands multiculturalism.

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, I think the hon. member is putting too many peppers in his pirogis.

Some hon. Members: Oh, oh! Racist!

• (1450)

Mr. Fleming: Madam Speaker, I would love to arrange, if I could, a meeting with Mr. Ludwig and the hon. member because I think he would find him an interesting Canadian with some interesting ideas. I agree with some of the proposals in that speech. Some of them I do not agree with.

Madam Speaker: The hon. member for Spadina.

Mr. Epp: That's the way to keep Canada together.

Mr. Munro (Esquimalt-Saanich): It's right down the line.

Some hon. Members: Oh, oh!

Madam Speaker: Wonderful Wednesday again!

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INDUSTRY

FOOTWEAR—IMPORTATION OF CANVAS SHOES

Mr. Dan Heap (Spadina): Madam Speaker, my question is to the Minister of Industry, Trade and Commerce. It concerns his recent statement that a decision will soon be made concerning the problems facing the footwear manufacturing industry since he lifted the quota on leather footwear at the end of November. Does the minister agree with the statement of the Anti-Dumping Tribunal that any system of restraint less than comprehensive would offer no protection at all? Does he therefore agree that the surveillance system of counting imports did not work as a method of controlling the quantity of canvas footwear imported at the time when the canvas footwear loophole was found to be injuring our domestic footwear industry?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the existence of the canvas footwear loophole was taken into account by the government when it made the decision which was announced last fall to include canvas footwear in the quota. I think we have certainly responded to that concern.

Mr. Heap: The minister knows his action was too late.

REQUEST FOR REINSTATEMENT OF IMPORT QUOTAS ON LEATHER FOOTWEAR

Mr. Dan Heap (Spadina): Madam Speaker, having in mind the Anti-Dumping Tribunal's warning that imports of leather footwear from low-wage countries compete directly—and this was over a year ago—in the middle-range points of the Canadian footwear market to which the Canadian producers direct about 90 per cent of their product, will the minister assure this House that he will not rely on such an ineffective method as counting alone for solving the problem presently facing the footwear industry, and will he encourage his colleagues to reinstate the quotas on leather footwear before that industry is entirely destroyed?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my recollection about the Anti-Dumping Tribunal is that they found our footwear industry could meet competition from developed countries, including state-trading countries. These are the major sources of imports of leather footwear. In addition to the quota system which we announced last fall, we also created a $17 million fund to assist in the modernization and upgrading of our industry. In any event, we are actively studying and reviewing representations from all elements of the industry, and have been doing so since the announcement of the policy. When that review is completed, we will announce any decisions we have to make as a result of the review.

LOSS OF JOBS FOLLOWING REMOVAL OF QUOTA

Mr. Dan Heap (Spadina): Madam Speaker, since the minister will not answer my questions about the surveillance method or the quotas, and since he has promised for three months to make an announcement, which he has not done, will he now say whether he is aware of the fact that we have already lost one third of the jobs in Canada's leather footwear manufacturing industry since he removed the quotas? Will he say whether he seriously intends to take action now to defend the remaining 14,000 jobs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we are certainly interested in the well-being of the industry, including the workers in it. That is why we continue to have a quota on canvas footwear and other forms of non-leather footwear, and why we created the modernization fund of which I just spoke. There is a debate about the number of jobs in the industry at the present time as to the extent to which they are affected by the economy as a whole or whether they are affected by increased imports. This matter is being actively looked at by cabinet. The matter is one for decision by cabinet and any decision will be announced as soon as possible.

METRIC CONVERSION

THREAT OF PROSECUTION OF GROCERY STORE OWNERS

Mr. Bill Domm (Peterborough): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Yesterday I was advised that several owners and operators of small grocery stores in Ontario received notification from the regional manager of the weights and measures division of Consumer and Corporate Affairs that officials intend to prosecute them and that they face fines of up to $1,000 and/or jail terms of up to six months, for using pounds rather than kilograms. Since the minister is responsible for the weights and measures division of his department, can he tell this House why that division is not following the minister's statement made in the House last Friday that he will recommend exempting small retailers from compulsory metrication?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I indicated I was going to discuss this policy with the industry. The discussion has not yet taken place. Therefore the policy currently being followed is one that was established and approved by Parliament in 1976-77, and later implemented as set out in the legislation at the time through regulations.

Mr. Domm: So much for the word of the minister.

REQUEST THAT MINISTER CONSULT WITH REPRESENTATIVES OF SMALL BUSINESS

Mr. Bill Domm (Peterborough): Madam Speaker, the minister undertook on Friday to consult the industrial sector committee to which he just referred. I advised the minister that 25 per cent of those people are from foreign manufacturers of weigh scales and another 25 per cent are from his ministry and that of Industry, Trade and Commerce. Can the minister assure the House at this time that the people he consults about this proposal will be the people affected, the small business sector, not those who manufacture foreign-made weigh scales and members of his own ministry and that of Industry, Trade and Commerce?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, as usual the hon. member's questions are misleading and based on wrong facts. I assure him that the consultation that will take place will truly be with the people concerned. The hon. member's remarks indicate the spirit of negativism which characterizes him.

CASE OF KINGSTON COUPLE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I listened very carefully to the answer to the first question to the Minister of Consumer and Corporate Affairs. I want to bring to his attention a specific example, the case of a couple in Kingston, Mr. and Mrs. Len Menikefs, hard-working people who have the respect of the community. They have been suddenly confronted with the idea that they may be thrown

into jail for a six-month period. While the minister is considering whether there should be compulsory or voluntary implementation of the metric system, why should those people have to go to jail just because of some whim of the minister? Why are they not allowed at least to have the benefit of the understanding which the minister gave the House the other day?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, let me assure you that I am not at all impressed by the plea of the hon. member—

Some hon. Members: Oh, oh!

Mr. Ouellet: —which is absolutely without foundation. Nobody will be charged or threatened with being jailed until the program has been fully implemented, which will not be before two years down the line. All the stories dreamed up by the Conservative Party, which has decided to make a political issue of a non-partisan question, are false and without foundation. The hon. member should be ashamed of creating fear.

* * *

• (1500)

NATIONAL RESOURCES

MINISTER'S STATEMENT ON REFERRAL OF OFFSHORE OWNERSHIP TO SUPREME COURT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Minister who has just come back to the House and who will know that yesterday, at about five minutes to three o'clock, the Minister of Justice, in answer to a question as to whether or not the government was going to refer the question of offshore jurisdiction to the Supreme Court of Canada, said:

—there has been no decision made by the government at this time on that question.

I would like to ask the Prime Minister whether that response by the Minister of Justice yesterday was a truthful response and, if so, would he tell the House of Commons at which time, what time yesterday or today, did the cabinet of Canada meet to make the decision to refer the offshore jurisdiction question to the Supreme Court of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the decision became effective when the order in council was signed some time this morning. I cannot say exactly at what hour.

Mr. Clark: The Prime Minister perhaps wonders why his word is not accepted. Responses like that are the reason.

Some hon. Members: Oh, oh!

TIMING OF CABINET DECISION

Right Hon. Joe Clark (Leader of the Opposition): Let me put the question again. When did cabinet make that decision?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question of what goes on in cabinet, as the right hon. member knows, is a matter for the Privy Council to keep to themselves. When a decision is made by cabinet is when that decision results in an order or in a decision by the Prime Minister.

An hon. Member: Yes?

Mr. Trudeau: That is right. Sometimes you discuss questions and you do not make the decision effective then, because you want to know if certain other things are going to happen, whether negotiations can become effective, and so on. There was discussion of this matter over the past many weeks. The decision became final this morning when the order in council was signed.

TIME OF CABINET MEETING

Right Hon. Joe Clark (Leader of the Opposition): When did the cabinet of Canada meet to make this decision?

Some hon. Members: Oh, oh!

Mr. Clark: And was the Minister of Justice telling the truth to the House of Commons yesterday when he gave his answer?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the cabinet met yesterday, yesterday morning. It took what in effect was a conditional decision, and that decision became effective this morning.

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented on Tuesday, May 18, 1982 and finds that they meet the requirements of the Standing Orders as to form.

* * *

PRIVILEGE

MR. ROBINSON (BURNABY)—ALLEGED UNFOUNDED ANSWER BY MR. KAPLAN

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I rise on a question of privilege, as a result of the answers which were given today during question period by the Solicitor General (Mr. Kaplan).

Some hon. Members: Oh, oh!

An hon. Member: Sit down.

Madam Speaker: Order.

Mr. Robinson (Burnaby): Madam Speaker, I rise on a question of privilege concerning the answer which was given by the Solicitor General during the question period today. I want the record to be very clear that the Solicitor General was in fact yesterday morning given detailed information concerning the allegations which I had made in question period today, and the suggestion that he was not informed that he would be questioned on this matter today is completely without foundation.

Madam Speaker: That really is not a question of privilege, it is debate. I will not even allow the hon. member to respond. I do not recognize that as a question of privilege.

MR. CROSBIE—ALLEGED MISLEADING STATEMENT BY MR. CHRÉTIEN

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question of privilege relates to the answer given by the Minister of Justice (Mr. Chrétien) yesterday.

Some hon. Members: Oh, oh!

Mr. Crosbie: I refer to page—

Madam Speaker: Order. There is some disturbance behind the hon. member for St. John's West. I want to remind the hon. member for Annapolis Valley-Hants (Mr. Nowlan) that the hon. member for St. John's West had risen on a question of privilege just ahead of the hon. member and therefore I will recognize him in his turn. I recognize now the hon. member for St. John's West.

Mr. Crosbie: Madam Speaker, I refer to *Hansard* of yesterday at page 17533 and 17534 where the Minister of Justice, questioned by the Leader of the Opposition (Mr. Clark) as to whether the federal government is considering a unilateral reference on offshore resource ownership to the Supreme Court of Canada, said:

—No decision has been made at this time.

On the next page, in response to a further question about a direct unilateral reference, he said:

Madam Speaker, I said that there has been no decision made by the government at this time on that question.

Madam Speaker, this morning a telex went from the Prime Minister (Mr. Trudeau) to the Premier of Newfoundland informing him that a reference had been filed with the Supreme Court of Canada this morning putting to the Supreme Court of Canada a question, the whole question of offshore ownership of resources off the east coast of Newfoundland. The Minister of Justice himself flew to Newfoundland to make the same announcement at a press conference. Today we have heard from the Prime Minister that a decision was made by the cabinet of Canada yesterday morning.

An hon. Member: Deliberately misleading.

Mr. Crosbie: I do not care whether the decision was conditional or not. The decision was confirmed by order in council last night so that the Minister of Justice has deliberately, on a most important matter, deliberately misled this House, deliberately.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Order. I gather the hon. member is commenting on the way in which the hon. minister or the Right Hon. Prime Minister answered him yesterday and today in the House. I must say to the hon. member that answers of ministers in the House, if they do not satisfy the members, do not constitute a basis for a question of privilege. What the hon. member is doing until now is debating that question. That is his right, he may debate it, but he may debate it at another time and not under the guise of a question of privilege.

Mr. Crosbie: Madam Speaker, I am not debating the adequacy of the answer. I am saying that the privileges of members of this House have been affected by a minister deliberately misleading this House, and that is a breach of the privileges of this House.

Some hon. Members: Hear, hear!

Mr. Crosbie: I do not care if he is in the House or not. He should not be, an outright liar who deceives the members of this House.

Madam Speaker: Order, order. I would like hon. members to try to be a bit less nervous. The only way to get through debate is to do it in an orderly fashion, and I would appreciate the co-operation of hon. members to do just that. Someone was speaking to me. Did I hear the hon. member say that someone had deliberately misled the House?

An hon. Member: You got it right!

An hon. Member: Remember Profumo!

Madam Speaker: That is quite unparliamentary. I am afraid I must ask the hon. member if he wants to confirm that. There are things that cannot be said in this manner, unless they are done under a substantive motion, to charge a member with deliberately misleading the House. I would ask the hon. member if he would withdraw those words.

Hon. Eric Nielsen (Yukon): Madam Speaker, I am sure you will want to consider the distinction between a difference in the subject matter of a debate and a charge that the minister has deliberately misled the House. If ever there was a question of privilege that was a substantive question of privilege, throughout the years in the House, it was the assertion by a member of the House that a minister of the Crown had deliberately misled the House. That is the substance of the question raised by the member for St. John's West. I would submit most strongly, Madam Speaker, that the Chair has an obligation when such an assertion is made that a minister of the Crown is deliberately misleading the House, and that it raises a very substantial question of privilege which must be

considered by the Chair. I also suggest that the Chair has an obligation to hear submissions with respect to the position the hon. member for St. John's West (Mr. Crosbie) is advancing, both pro and con, before coming to a decision. To do otherwise would be very dangerous, and in this very vital and sensitive area of questions of privilege I suggest it behooves the Chair to hear substantial submissions before coming to any premature conclusions.

• (1510)

Some hon. Members: Hear, hear!

Madam Speaker: We are dealing with two things, obviously, and we will make a distinction between the two things. The first thing we have to deal with is the unparliamentary language which was used. That is one point. If the hon. member wants to maintain that accusation or that unparliamentary language and if he wants to insist on that charge, he knows how he can do that. He must give notice of a substantive motion to charge an hon. member with having "deliberately" misled the House. Otherwise, in the course of normal debate, which we are having now, the expression "deliberately misleading the House" cannot be used. It is unparliamentary. Debate can continue on this question of privilege only on the condition that the hon. member for St. John's West (Mr. Crosbie) withdraws those words.

Mr. Nielsen: Madam Speaker, with great respect—

Mr. Cousineau: Order.

An hon. Member: Who is running this House?

Mr. Nielsen: If hon. members opposite will be quiet, I would like to point out that to come to a judgment that words used by the hon. member for St. John's West are unparliamentary would be to prejudge the very matter the hon. member for St. John's West is raising. The hon. member for St. John's West has been very specific in asserting that the Minister of Justice (Mr. Chrétien) has deliberately misled this House. This happened not only during question period yesterday, in which case I agree with the Chair that notice should be given and the question raised in the normal way under the rules, but it also arose again today as a result of the responses given by the Prime Minister (Mr. Trudeau) to the questions advanced by the Leader of the Opposition (Mr. Clark).

Our rules provide that questions of privilege with respect to matters raised during question period on the current day should be raised now, and that was the purpose of the hon. member for St. John's West in raising the matter now. If the Chair finds that, pursuant to her interpretation of the rules, the matter should be raised tomorrow, naturally notice will be given, but I suggest very strongly to the Chair that the hon. member for St. John's West is entitled to be heard now since the matter did arise during today's question period.

Madam Speaker: The hon. member is really going right around the question.

Mr. Harquail: On a point of order, Madam Speaker—

Madam Speaker: I will recognize the hon. member a bit later.

The hon. member for Yukon (Mr. Nielsen) is really going right around the question. There is no question whatever as to the right of the hon. member for St. John's West to submit a question of privilege today, if it follows from the deliberations of today. There is no question about that whatever, and I will hear him for as long as he wants to do just that, but he must raise his question of privilege without using unparliamentary language, which is quite clearly determined in Beauchesne and many other authorities. "Deliberately misleading the House" may not be used in the course of debate or the raising of a question of privilege. If the hon. member wants to maintain that an hon. member has deliberately misled the House, he has to do that through a formal motion, and I will not hear him today on his question of privilege—which he is completely entitled to raise—unless he withdraws those words.

Mr. Crosbie: Madam Speaker, I certainly have no intention of withdrawing any language I have used here, and I certainly wish to proceed with the charge that the Minister of Justice has deliberately misled this House. That is what he did yesterday, as shown by the answers of the Prime Minister to questions raised here today. I am not withdrawing. That is my charge, and I will follow it up with all the formalities as soon as I can. No way am I withdrawing—no way.

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. I take note of what the hon. member has said and, if he wants to lay a formal charge subsequently, he may do that, but the words "deliberately misled" have been pronounced in this House. They are unparliamentary, and the hon. member will have to withdraw them. I ask him to do that, in co-operation with the Chair, who has the responsibility of maintaining order in this House. That is a responsibility the Chair exercises only through rules and practices which hon. members themselves have established. The hon. member is in fact going against himself if he does not co-operate at the present time, but I am sure he will do so and withdraw those words for the time being. If he wants to repeat them in a formal charge under a different procedure, he can do that later on.

Mr. Nielsen: Madam Speaker, surely it must be apparent that to follow the course of requiring the hon. member to withdraw the words he has used, the accusation of deliberately misleading the House, is to come to a pre-judgment on the very matter at issue before the Chair. The Chair has my undertaking and the undertaking of the hon. member for St. John's West that he will give—

Some hon. Members: Order.

Mr. Nielsen: If the jackals over there will be quiet for a moment, we will undertake to give the Chair proper notice tomorrow supported by—

An hon. Member: Jackass.

Mr. Nielsen: The jackasses are all over there. Long before I did, the Prime Minister called them braying donkeys.

We will undertake to give the Chair proper notice tomorrow supported by a substantive motion, but I suggest it would be a gross misinterpretation of our rules to come to a pre-judgment and to require the hon. member for St. John's West to withdraw the very substance of that notice and of that motion before he even has an opportunity to present it to the Chair for discussion by hon. members in the House.

Madam Speaker: No, I am not pre-judging the matter at all. I am only asking the hon. member for St. John's West to withdraw the unparliamentary language he has used in the House. That is precisely the reason we need a motion, so that everyone will know exactly what the minister is being accused of and charged with. That can be done by way of a substantive motion which the hon. member might bring on at a later date, but an unparliamentary expression has been uttered in this House, and I cannot allow the business to proceed without its having been withdrawn. I am sure the hon. member will understand that and that he will withdraw those words for the time being, on the understanding that he may maintain that, if he wishes, in a formal charge on another occasion.

Mr. Nielsen: Madam Speaker, to require that is to require the hon. member for St. John's West to admit that the expression he used was untrue. That is not the case. If the words used were untrue, I am sure the hon. member for St. John's West would withdraw them, but we on this side of the House maintain that they were not untrue, and if the Chair insists on following this course, my only advice to the hon. member for St. John's West is to stick by his words, and we will confront the Chair and the House tomorrow with a substantive motion and proper notice of a question of privilege on this very, very serious matter of the Minister of Justice's deliberately misleading the House by his answers yesterday.

Madam Speaker: I certainly cannot—neither can any other hon. member in the House at the present time—judge whether these accusations are true or untrue, taking into account the way this situation developed.

Mr. Nielsen: That is right.

Madam Speaker: The precise reason we need a motion is so that the whole question can be debated. However, those unparliamentary words cannot be uttered in the course of exposing a question of privilege, and I am afraid I must ask the hon. member for St. John's West to withdraw those words, without prejudice to whatever subsequent procedure he might want to follow.

Mr. Crosbie: Madam Speaker, I naturally wish to co-operate with the Chair, but I am not going to lend myself to any pretence that we have not been deliberately deceived. I have had enough of it, and so have all hon. members on this side of the House. We have had enough of members of the cabinet deceiving us.

Some hon. Members: Hear, hear!

Mr. Crosbie: We have had enough of half-truths and evasions. Yesterday there was a deliberate and serious black and white deception of this House as to what was to happen on the offshore mineral issue. The minister flew to St. John's. His plane was ready and waiting for him after he misled this House. No way will I withdraw, not for one second.

Some hon. Members: Hear, hear!

● (1520)

Madam Speaker: In that case I have no choice but to name the hon. member for St. John's West (Mr. Crosbie).

Some hon. Members: Shame.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, in the circumstances, our parliamentary practice leaves me no choice. It is my duty to move:

That the hon. member for St. John's West (Mr. Crosbie) be suspended from the service of the House for the remainder of this day's sitting.

[*English*]

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

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

Madam Speaker: Call in the members.

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

● (1530)

(Division No. 178)

YEAS

Messrs.

Allmand	Caccia	Corriveau
Appolloni	Campbell	Cosgrove
(Mrs.)	(Miss)	Côté (Mrs.)
Bégin (Miss)	(South West Nova)	Cousineau
Berger	Campbell	Cullen
Blaker	(LaSalle)	Cyr
Bloomfield	Campbell	Dawson
Bockstael	(Cardigan)	de Corneille
Bossy	Chénier	Demers
Breau	Collenette	Deniger
Burghardt	Comtois	Desmarais
Bussières	Corbin	Dingwall

Messrs.

Dion
Dionne (Chicoutimi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Leduc
Lefebvre
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Masters
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Penner
Pepin
Peterson
Pinard
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Yanakis—116.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cooper
Corbett
Crombie
Crouse
Dantzer
Darling
de Jong
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Gamble
Greenaway
Gustafson
Halliday
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Korchinski
Lambert
Lawrence
Lewis
MacDonald (Miss)
Manly
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Wilson
Wise
Young—99.

● (1640)

Madam Speaker: The motion is carried.

Conforming with the decision of this House, I must now ask the hon. member for St. John's West (Mr. Crosbie) to withdraw from the chamber.

I must again ask the hon. member for St. John's West, in conformity with the decision that has been taken by this House, to withdraw from the chamber.

Perhaps the Sergeant-at-Arms could escort the hon. member for St. John's West out of the Chamber.

And Mr. Crosbie having withdrawn:

Madam Speaker: The hon. member for Annapolis Valley-Hants (Mr. Nowlan).

* * *

PRIVILEGE

MR. NOWLAN—NOTICE OF QUESTION TO BE RAISED

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I tried to catch your eye earlier in the afternoon. In view of the events that have transpired I want to review and reflect on the record of the remarks of the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in his answer to the hon. member for Kingston and the Islands (Miss MacDonald) about the implementation of metric. I have a blind constituent who has been threatened and is in the situation of either being liable to be fined or sent to prison because he has not complied with metric. I want to review what the minister said and check my facts again.

I give you formal notice now that I intend to raise a question of privilege on this point.

Madam Speaker: I would just remind the hon. member that the fact that he rose in this House to give me notice does not constitute the proper type of notice. He should give me notice in writing with a brief statement of what constitutes his question of privilege and I will deal with it at another time.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, on that question of privilege I want to say that on the way out of the House the hon. member raised with me the matter of the blind person in his constituency. I told him that he was not correct, that the person was not prosecuted and will not go to jail.

Madam Speaker: Order, please. I am afraid that is debate and I cannot allow it at this time.

* * *

POINT OF ORDER

MR. STEVENS—REQUEST THAT LETTER FROM PRIME MINISTER TO PREMIER OF NEWFOUNDLAND BE TABLED

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I rise on a point of order. In an exchange of questions between the hon. member for St. John's West (Mr. Crosbie) and the Minister of Finance (Mr. MacEachen) during question period, the minister read extensively from what purported to be a letter sent by the Prime Minister of Canada (Mr. Trudeau) to

the Premier of Newfoundland. I think it is the custom of this House that upon request that letter will be tabled.

I am sorry that the Minister of Finance has left the House but the Prime Minister is here and undoubtedly he is familiar with the letter I referred to. I request that the letter from which the Minister of Finance read extracts earlier today be tabled.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, unfortunately I was not here when that exchange occurred; I was meeting with the Prime Minister of Australia. I have no objection to making that letter public but I think it would be discourteous to do so unless the Premier of Newfoundland agreed. I can ascertain—

Some hon. Members: Oh, oh!

Mr. Trudeau: I was not here and do not know the circumstances in which it was read. If hon. members object to reading from it, then that is all the more reason not to ask for production of it.

Some hon. Members: Oh, oh!

Mr. Trudeau: They will have to make up their minds. Madam Speaker, let us try and get this straight. I said that I am prepared to table it.

An hon. Member: Sit down!

Some hon. Members: Oh, oh!

Mr. Trudeau: With this crowd, Madam Speaker, you have to explain everything twice—

Mr. Clark: And change your stride in mid-stream.

Mr. Trudeau: —and three times for the leader, Madam Speaker. I said I am prepared to table it.

Some hon. Members: Oh, oh!

Mr. Trudeau: I said I am prepared to table it if the Premier of Newfoundland—

Some hon. Members: Oh, oh!

Mr. Trudeau: I know he is a laughing matter, and if this is the view of the hon. member he can express it himself.

Is the opposition satisfied, Madam Speaker?

Some hon. Members: Oh, oh!

Mr. Trudeau: No? Let us have a supplementary. I would like to hear that.

Madam Speaker: The Minister of Finance is not in the House at the present time but the Right Hon. Prime Minister has just said that he is prepared to table this letter under certain conditions. I think we should wait until tomorrow to see what kind of consultations can take place and whether the question is posed tomorrow. I might deal with it tomorrow if a decision is made by the minister not to table it.

• (1650)

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. ROBINSON (BURNABY)—ALLEGED CIA INTERVENTION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I have the duty to present a petition on behalf of John Meier of Delta, British Columbia. Mr. Meier makes certain requests of this Parliament. He asks that the House cause a committee of the House to conduct hearings into matters and facts concerning the intervention of the CIA in Canadian elections, as well as penetration by the CIA into Canadian security services. In view of the fact that the Prime Minister (Mr. Trudeau) ordered an inquiry into these matters, I urge that this petition be taken very seriously and that a committee investigate these very serious allegations.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,887, 2,889, 2,895, 2,896, 2,897, 2,939, 2,955, 2,983, 4,173 and 4,280.

[*Text*]

DPW—TRAINING AND EDUCATIONAL SERVICES

Question No. 2,887—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Accommodation Program—Operations and Maintenance at page 32.28, volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and educational services (a) how does the department explain the 100 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): Accommodation operating—vote 10, standard object 04, training and educational services.

Expenditures	1978-79	$166,120
	1979-80	86,929
Decrease		$ 79,191

(a) Training and educational services did not increase by 100 per cent but actually decreased by 48 per cent.

The 1979-80 expenditure of $86,929 was broken into the following categories:

(b)	(c)
Reimbursement for courses after working hours	$14,366
Course fees during normal working hours	47,089
Public Service Commission training courses	24,315
Fees paid to professional and resources persons, including guest speakers, etc.	1,159
Contracts over $2,000 were the following:	
Public Service Commission, Ottawa, Ontario	$20,777
Public Service Commission, Halifax, Nova Scotia	8,217
Algonquin College, Ottawa, Ontario	15,890
Darcy Sweeney Ltd., Scarborough, Ontario	2,125

DPW—PHOTOGRAPHIC SERVICES

Question No. 2,889—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Administration Program at page 32.26, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photographic services (a) how does the department explain the 70 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works):

Expenditure	1978-79	$18,290
	1979-80	31,124
Increase		$12,834

(a) The increase is primarily related to the volume of work assigned to the Canadian Government Photo Centre and Public Archives by the department for photographic services.

(b) and (c) Of the $31,124 reported in the 1979-80 public accounts, $10,601 was paid to the Canadian Government Photo Centre and $12,787 was paid to Public Archives. The balance, $7,736 was for various photographic services throughout the country and for which no individual payment of $2,000 or over was made. The payment to the Canadian Government Photo Centre included Canada Week publicity costs, the Dempster Highway opening publicity costs, general photography, etc. The amount paid to Public Archives was for microfilming services. In 1978-79 payments to the Canadian Government Photo Centre totalled $5,073 and to Public Archives $5,438.

DPW—OTHER BUSINESS SERVICES

Question No. 2,895—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Transportation Program—Operations and Maintenance at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other business services (a) how does the department explain the 103 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works):

Expenditures	1978-79	$16,607
	1979-80	33,725
Increase		$17,118

(a) and (b) The increase is largely attributed to the increase in service fees for the procurement of materials as levied by the Department of Supply and Services.

(c) Payments to DSS in 1979-80 totalled $27,615 compared to $10,952 in 1978-79, an increase of $16,663. Other than to the Department of Supply and Services there were no individual payments in excess of $2,000.

DPW—TRANSPORTATION PROGRAM

Question No. 2,896—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Transportation Program—Operations and Maintenance at page 32.29, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the 340 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works): (a) and (b) The increase in other types of services in 1979-80 is a result of not reporting expenditures in as great a detail as in 1978-79.

Reported in Public Accounts	1978-79	1979-80
Other types of services	$ 4,095	$18,008
Protection services	8,141	8,255*
Snow removal service	14,278	3,728*
Temporary help services	—	2,235*
Printing services	942*	1,072*
Contract business services	—	1,088*
Sundries	3,153*	1,630*
	$26,514	$18,008

*Included above in other types of services

The comparable figure for 1978-79 is $26,514 as compared to $18,008 1979-80 which reflects a decrease of $8,506 in 1979-80.

(c) Contracts over $2,000 were the following:

Bernard Long, Clair, New Brunswick, snow removal	$ 2,791
Manpower Temporary Services, Hamilton, Ontario, secretarial services	$ 2,235
Valley Investigation and Patrol Ltd., Surrey, British Columbia, protection services	$ 8,180

DPW—CATERING SERVICES

Question No. 2,897—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Public Works under the Accommodation Program—Operations and Maintenance at page 32.28, volume II of the 1979-80 Public Accounts of Canada, with particular reference to catering services (a) for what reason did the department require such a service (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Paul J. Cosgrove (Minister of Public Works):

Expenditures	1978-79	$1,277,030
	1979-80	1,001,460
Decrease		$ 275,570

(a), (b) and (c) The federal government (Public Works) is responsible for the operation of the Goose Bay, Labrador facilities and has an agreement to provide meal service to the British and American air forces on a recoverable basis. In addition the department provides a subsidized meal service to all single federal public servants at Goose Bay under the isolated posts regulations. Payments at Goose Bay in 1979-80 were $803,344. The balance of costs were incurred at Ottawa and are for catering service on a cost-recovery basis provided for clients using the Federal Study Centre and the Conference Centre.

Contracts over $2,000 in addition to those listed in public accounts were as follows:

Austrian Catering Service, Ottawa, Ont.	$12,986
Capital Food Services, Ottawa, Ont.	3,210
Jack Edelson Ltd., Ottawa, Ont.	16,795

PARKS CANADA—PHOTOGRAPHIC SERVICES

Question No. 2,939—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Environment for Parks Canada at page 32.10, volume II of the 1979-80 Public Accounts of Canada, with particular reference to photographic services (a) how does the department account for the 955 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): (a) The increase in expenditures for photographic services between 1978-79 and 1979-80 is attributable to two basic administrative changes in 1979-80:

(i) The coding classifications for photographic finishing in 1979-80 was coded to professional and special services instead of materials and supplies as had been the case in 1978-79;

(ii) The Parks Canada program applied strict rules upon expenditures which could be charged to the capital vote with the result that in 1979-80, photographic expenditures were almost exclusively charged to operations rather than to capital projects.

(b)(i) Arthur Holbrook—$3,000.

(ii) Canadian Government Photo Centre—$33,263. (a) production of photographic mural panels for Woodside National Historic Park, $15,557; (b) mounting, lamination and fabrication of photographic display for the Sault Canal, $14,916; (c) mounting and lamination of a special text (49 titles), $2,790.

(iii) Cardinal Research, preparation of a 13-15 minute bilingual version of a 35 mm automated interpretive slide/tape program of Jones Falls, Rideau Canal engineering history and general information, $10,000.

(iv) Department of Supply and Services, payment of service fees, $4,247.

(v) National Film Board, $18,912. (a) 35 mm colour English sound slide presentation of Fort St. Joseph and the Indians, $2,723. (b) 35 mm Bilingual slide and sound presentation, Woodside National Historic Park, $2,983. (c) sound and slide presentation entitled National Parks, $3,850. (d) sound and slide presentation entitled National Parks, $6,573. (e) 35 mm colour bilingual slide and sound presentation, Woodside National Historic Park, $2,783.

PARKS CANADA—EDUCATION SERVICES

Question No. 2,955—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Environment for Parks Canada at page 32.9, volume II of the 1979-80 Public Accounts of Canada, with particular reference to education services, for what reason does the department pay for elementary and secondary education?

Mr. Jim Schroder (Parliamentary Secretary to Minister of the Environment and Minister of State for Science and Technology): Elementary and secondary education costs are paid to school districts for children of employees in Riding Mountain and Prince Albert National Parks. These two parks have employees living in staff accommodation within the park boundaries. Employees pay rent to the Crown based on the Treasury Board Living Accommodation Directive. Grants in lieu of taxes are not paid to municipalities. Instead, agreements are entered into by the department with municipal school boards for both transportation and tuition on a "per student" basis.

PARKS CANADA—MOTION PICTURE PRODUCTION

Question No. 2,983—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of the Environment for Parks Canada at page 32.10, volume II of the 1979-80 Public Accounts of Canada, with particular reference to motion picture production (a) what were the titles of all such motion pictures (b) at what audience were they aimed (c) what cost recovery can be expected from the distribution of the films (d) what was the total cost of the production of each film produced in the fiscal year 1979-80?

Hon. John Roberts (Minister of the Environment and Minister of State for Science and Technology):

(a)	(b)	(d)
1. To Sense the Wonder	Schools, community groups, tourists, general public	$ 99,000

Order Paper Questions

(a)	(b)	(d)
2. A Likely Story	Park visitors, schools, general public	97,082
3. A Day in the National Park	Theatre patrons, park visitors, television viewers, general public	6,100
4. L'Énigme du Saphir	Schools, community groups, general public	10,000
5. La Bataille de Châteauguay	Park visitors, schools, general public	135,000
6. A Day at Fort George	Park visitors, schools	14,000
7. Military Firearms in Canada	Park visitors, schools	6,500
8. Visitors are Coming	Schools, community groups, general public	32,522
9. Cabot	Park visitors, schools	9,230
10. Historic Sites film clips	Television viewers	3,500

(c) No distribution proceeds are expected as these films are made available to groups for education-information purposes.

CONSTRUCTION OF FACILITIES FOR CF-18

Question No. 4,173—**Mr. Corbett:**

1. To date, what amount was spent on the Bagotville base to make way for the new F-18?

2. How much more is it estimated will have to be spent on the base to accomodate the F-18?

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. To date no funds have been spent on the facilities at CFB Bagotville to make way for the new CF-18.

2. Future expenditures on the base infrastructure to adequately accomodate the CF-18 are currently estimated at $19 million.

NEW HORIZONS PROGRAM

Question No. 4,280—**Mr. Herbert:**

In each of the past three fiscal years, how many grants in Quebec of the program New Horizons were for (a) less than (i) $5,000 (ii) $10,000 (iii) $15,000 (iv) $20,000 (b) more than $20,000?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare):

(a)	Less than	(i) $5,000	(ii) $10,000	(iii) $15,000	(iv) $20,000
	1979-1980	324	178	30	5
	1980-1981	269	216	56	15
	1981-1982	250	195	48	16

(b)	More than	$20,000
	1979-1980	3
	1980-1981	6
	1981-1982	4

[*English*]

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

Mr. Stevens: Madam Speaker, again I rise with respect to question No. 2,042 from January of last year. Has the parliamentary secretary any possible explanation as to why the government is denying the people of Canada full knowledge as to what it cost them for the Prime Minister's trip as set out in that question?

Mr. Smith: Madam Speaker, we are not denying anyone any information. As of today we have answered 3,222 questions during this session. The answer is in progress. I am pleased the hon. member has drawn this matter to my attention again and I will, of course, look into the matter on his behalf.

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I am wondering when I may receive a reply to question No. 4,229 which was placed on the Order Paper a good six weeks ago at the invitation and urging of the Minister of Consumer and Corporate Affairs. He could not answer my question in the House and suggested I place it on the Order Paper. It is not a terribly difficult or complex question to answer, but it is very timely in view of the number of young people looking for summer employment. The question deals directly with the criteria this government used to man the Metric Commission information kiosks, and I would appreciate an answer as soon as possible.

Mr. Smith: Madam Speaker, I do not know the answer offhand but I will be pleased to look into this matter on the hon. member's behalf.

Mr. Young: Madam Speaker, can the parliamentary secretary indicate when we can expect an answer to question No. 4,165 concerning a number of related questions with respect to the Main Square apartment buildings in the city of Toronto?

Mr. Smith: Madam Speaker, I am not aware of what stage the answer to that question is at the moment, but I will be happy to look into it on behalf of the hon. member.

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

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

MEASURE TO AMEND

The House resumed from Tuesday, May 18, consideration of Bill C-102, to amend the Department of Energy, Mines and Resources Act, as reported (with an amendment) from the Standing Committee on Energy Legislation, and the motion of Mr. Beatty.

Hon. Ron Huntington (Capilano): Madam Speaker, I am not necessarily very pleased to take part in the debate on this particular amendment. I want to draw hon. members' attention to the trend of "government out of control" which is of increasing concern not just to those of us who have worked through three Parliaments on the Public Accounts Committee, but also to the public and the taxpayers. By debating Bill C-102, an act which gives the Minister of Energy, Mines and Resources (Mr. Lalonde) the power to put in place Crown corporations subject to the approval of cabinet, we are accelerating that trend and are creating a subgovernment which is not subject to public scrutiny.

The arguments of PetroCan were that the people and government of this country needed a window on the energy industry, particularly oil and gas; but just as soon as the window is created we find it being painted black inside and out. Crown corporations are becoming a subgovernment which this House of Commons cannot get a handle on; they are in no way, shape or form accountable to us in this House. This bill only confuses the issue as to whether Crown corporations incorporated under Bill C-102 will come under the Financial Administration Act or the Canada Business Corporations Act. This definitely leaves those of us with some knowledge in this area totally confused, and I understand it leaves the legal profession and experts outside of this House totally confused as well. It is a grey area and will take a long time to sort out.

Before I speak exactly to the narrow limits of the amendment put forward by my colleague and benchmate, the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty), I would like to bring to the House's attention the fact that in the Thirtieth Parliament members on all sides worked for hours and hours, weeks and weeks through four sessions trying to get control of this whole subject of Crown corporations. I remember the day when one of the senior Treasury Board officials was asked how many Crown corporations there were and he did not have the answer. It later came out that there were 478 known Crown corporations.

The committee then started to work on this issue, and officials from the Treasury Board diligently attended every single one of those meetings and subsequently came up with a blue book which was the forerunner to a Crown corporations act. The Public Accounts Committee of the Thirtieth Parliament submitted a very detailed and studied report on this issue where it said Crown corporations must be brought under either the Financial Administration Act or a Crown corporations act so that Canadian taxpayers could see just how this subgovernment was developing.

• (1700)

Of the Crown corporations, either wholly owned, partially owned or subsidiaries of subsidiaries of Crown corporations, there are some 50 that have been given agency of Her Majesty status. What this amendment tries to do is remove from the powers given to the minister of energy agency status that, in our opinion, is totally unnecessary and extremely dangerous in light of the lack of accountability this House and the committees of this House have over the Crown corporation subgovernment.

Agency status was drafted as a chapter in a blue book on Crown corporations. For some reason or other known only in the Privy Council office, it was not included in the text of this book. I assume that kind of knowledge was not to be broadly spread to Members of Parliament or the public at large.

Agency of Her Majesty status is indeed a unique and powerful privilege that I do not believe this House should be conferring on any one minister. Everything the minister of energy has to do in terms of incorporation of Crown corporations can be done under the present structure of going to cabinet and incorporating through governor in council order. But what is happening here is that we are giving the minister the right to confer unbelievable powers on this string of companies that he is creating as he takes control over the whole national energy structure in this country; state control, I might say, Mr. Speaker.

Agency of Her Majesty status exists probably in 50 corporations. We heard that wonderful speech from the hon. member for Regina West (Mr. Benjamin) last night. I would urge everyone to read it. That speech illustrated how shallow our knowledge is in this important area of government business. There are about 50 Crown corporations that have been given the gift of agency of Her Majesty status. Some of the powers that are automatically conferred by that status are immunity from taxation by provinces, and immunity from the law. The law as it applies to other businesses incorporated under the Canada Business Corporations Act does not apply to the gift the Minister of Energy is giving in Bill C-102 to these Crown corporations, the need for which the minister has not yet defined.

The minister is seeking and getting this power which will give these special corporations immunity from provincial legislation and provincial taxation. Not only that, but these corporations get immunity from federal legislation federal laws. They get very special status. These Crown corporations that are given this status, which my colleague is trying to have removed from this bill in the subamendment to which I am speaking, also allows these corporations the special privilege and right to borrow money from any sector at the cost of the

government. There is an automatic government guarantee conferred by giving agency of Her Majesty status. It is questionable.

We already know from the Supreme Court of Ontario ruling which my colleague put on the record last night that the competition act and actions that are unlawful for everybody else in the private sector in Canada will now be lawful for administrators or corporations that are conferred this agency of Her Majesty status in this bill. We as Members of Parliament really do not fully understand the breadth nor the complicated nature of the power being conferred by Bill C-102. It will empower the Minister of Energy to put Crown corporations in place as his need so arises in the marketplace.

In committee the minister told us that rather than use Petro-Canada for these purposes he thought there would probably be more control and it would be safer if special corporations were put in place. Yet my colleague the hon. member for Wellington-Dufferin-Simcoe pointed out that the powers needed were absolutely unnecessary, that they existed, and the agency status of Her Majesty carries a potential for abuse that we in this House do not understand. I join with him in a plea to members opposite and to members in the NDP ranks that we strike from the bill lines 11 to lines 14 found on page 2 because everything the government needs is in place now. Surely we do not have to confer this special status on corporations, the need for which has not yet been defined by the minister.

Having said that, I am very sorry the President of the Treasury Board (Mr. Johnston) is not with us today. He was here last night. He has been very diligent in his duties as a member of the Standing Committee on Public Accounts. He sat through all the hearings and studies on the need for a Crown corporations act in Canada. This was before we started expanding this subgovernment which is now out of control and is not accountable, in spite of what anyone else wants to say in this House, to the committees and the systems under which we operate.

The President of the Treasury Board wrote a book when he was in the private sector called "Fiscalamity". We have read the book. His sincerity and the depth of his concern is known to us all. Having worked as a colleague with him on the Standing Committee on Public Accounts, I know how able and sincere his concerns are. But why, now that he is President of the Treasury Board, is legislation like this coming in that flies in the face of the work of the Lambert Royal Commission on Financial Management and Accountability, and which flies in the face of years of work on the part of the Treasury Board in that department's blue book calling for Crown corporations? Why does it fly in the face of a very good report submitted in the Thirtieth Parliament by the Standing Committee on Public Accounts which laid out major recommendations and conclusions on this subject matter?

What do we have to do in the way of an appeal to the government on behalf of the taxpayers of Canada, an appeal on the part of people who are now becoming genuinely concerned that their freedom is being threatened because the parliamentary system is not working, the bureaucracy and the subgovernment of Crown corporations are in a runaway condition, able to call on the Consolidated Revenue Fund when they fail and they have agency of Her Majesty status?

We are also dealing with the fact that the boards of directors and their powers in the special Crown corporations are not the same and are not subject to the same laws as are businesses incorporated under the Canada Business Corporations Act. This gets back to Professor Florie's warning in 1979 to us in Toronto, which is that government controls the private sector but no one controls the public sector.

My plea and cry in this House to members on the government benches is: "Please wake up and understand the seriousness of what we are doing when we allow Crown corporations to be put in place at the whim of a minister with agency of Her Majesty status." That is a power the minister does not need.

If you had been attending the special committee hearings on Bill C-102, Mr. Speaker, you would have found that the second reading speech of the minister in this House, he had to admit, was somewhat misleading. He mentioned that we needed competition, that this was a way of providing competition in the marketplace and that these Crown corporations were necessary.

What concerns me is that we have moved way beyond the fifty-fifty mix of private-public involvement in the marketplace. These Crown corporations, particularly with the status which we are asking to be removed from the bill, are outside the laws that apply to everyone else. Also, their directors are not accountable as are directors in the private sector.

• (1710)

In committee the minister assured us that the chief executive officers of the new Crown corporations would be appointed from their boards of directors. One just has to look at the incestuous relationships which are now developing within the Crown corporations sector, within the public sector or this subgovernment that is outside the purview of and accountability to the House. Accountability could only come if this major piece of work on the part of the Treasury Board had been implemented in the Crown corporations act. That act has been drafted and is ready to be tabled, but we have not seen it.

I pleaded with the Minister of Energy, Mines and Resources not to come in with a bill like Bill C-102. He had all the power he needed in the present processes to do what he wanted, but he said: "That takes time and there is not time for what I want to do." the powers in Bill C-102, particularly the status we are trying to remove with the amendment to which I am speaking, are far broader than anything that minister or any future minister needs to act on behalf of Canadians.

I believe hon. members of the New Democratic Party and all speakers on this side have said that Bill C-102 is very, very bad. The bill itself should be withdrawn, instead of our being required to struggle with the powers being given to the minister in the bill.

I want to re-emphasize that we are mixing apples and oranges here. The bill talks about the Canada Business Corporations Act. If there is to be any accountability to Parliament, it should come under the Financial Administration Act. The experts cannot tell us how it sorts out. One can listen to a lawyer in committee give a fuzzy answer. When one takes the answer to be analysed by outside lawyers, they say that the entire area is in confusion. The bill is giving unbelievable powers which do not exist anywhere in the private sector to Crown corporations that are shells and phantoms. If there is an area of concern in my gut, it is that Crown corporations do not have the sense of behaviour which is required of the private sector, be it their boards of directors, chief executives or otherwise.

Committees of the House have worked for years on the poor behaviour of Crown corporations and their officers. For example, Polysar was using dummy invoices to transfer profits made onshore to offshore corporations in order to avoid tax in Canada. Also Radio Engineering Products, a Crown corporation which was put in place with Crown money, transferred its assets out of the country so that the government could not seize them. They have the slickest legal minds in the world working in these areas. All we have to do is review the behavioural problems in AECL, particularly in its international dealings, none of which has been properly accounted; commissions being paid to people offshore; and joint contracting deals made with other countries, for example, the Argentina Candu reactor. All these behavioural problems exist when people are not accountable through a system of disclosure.

Hon. members on both sides of the House, Liberal and Conservative, have worked on this question for years. The Auditor General has written reports that the system has been out of control since 1974. With all the warnings of the Auditor General, with all the work of the office of the Comptroller General and the Treasury Board, we have not heard one word about the Crown corporations act, a magnificent piece of work on the part of Treasury Board. We have not heard one word on the reports of the Standing Committee on Public Accounts on the entire matter of bringing accountability to the government and to the House for this whole level of subgovernment.

There are various examples of runaway behavioural problems because these corporations are not accountable. There is no window on their operations. After all these years of work, one really wonders if this place is worth the time, sweat and energy one puts into it, because bureaucracy and that government will do what they want—to hell with accountability. I have just about had it, with all the work which people like myself, the hon. member for Vancouver Quadra (Mr. Clarke), the President of the Treasury Board, one of the Acting Speakers and hon. members on both sides of the House, have done. We have worked our hearts out to bring this issue to account. Then we see Bill C-102 brought in by the Minister of Energy, Mines and Resources which thumbs its nose at those of us who are trying to represent our constituents and the people of Canada in general in an area of accountability. There is something tragic about the entire bill.

All I am doing is speaking to you, Mr. Speaker, or to anyone on the government side who is listening. No minister should have the powers which are conferred in this bill. No corporation, if we do not know the purpose of its formation, should be given agency of Her Majesty's status. This is really the last straw. Anger is starting to build in the country. The government should wake up to the fact that what we want through Part III of the estimates is some decent, honest disclosure; that is what is needed. This bill flies in the face of years of work by hon. members on both sides of the House. It flies in the face of totally apolitical work and dedicated, sincere energy and effort to try to make the system accountable to Canadian taxpayers.

Also there is taxation without representation in the energy package. In the total package of these bills unbelievable powers are being given to a minister of the state. This would not be half bad, but an essential element of Parliament which we inherited from the mother of Parliaments is ministerial responsibility. Obviously from the examples we have had in this session, ministerial responsibiity no longer aplies in this Parliament.

This form of government cannot stick together. It will not work. It will cause anger and frustration. I am awaiting the point of outrage when the people at large really understand how out of control is the entire system. To pour my heart out into this stuff is almost the most thankless thing I have ever experienced in my life. The problem with the Crown corporation issue, which will be aggravated and developed further with Bill C-102, particularly with agency of Her Majesty status therein, is the fact that there is no review. There is no one to question the mandate, or the manner in which the Crown corporation is serving its mandate and its objectives.

We have a comptroller generals act and an Auditor General Act which contain a value for money concept that is the most advanced in the world. It is not that we want supply to return to where the opposition can hold it up by endless debate and impede the government in forward progress, but there is only one alternative to returning to what was pre-1971—an honest, well organized system of information which provides a window, a view and a degree of accountability on how well the mandates and the objectives of Crown corporations are being served by their managers. All too often we find the incestuous relationships of boards of directors being comprised of former public servants or public servants moving out of the department which created the beast into a position as chief executive officer or on the board of directors. How can a board of directors discharge or question a chief executive officer who has been appointed by cabinet or by the Prime Minister (Mr. Trudeau)? We should just think about that. They cannot and they will not.

This whole subgovernment concept, which is further aggravated with the presentation of Bill C-102 and this agency of Her Majesty's status, flies in the face of everything. I plead with members opposite to talk with the minister and allow this amendment, which removes lines 11 to 14 on page 2 from the bill, to pass and to let those people in the Crown corporations create their entities and shells through the normal channels which are available to them and in place right now. Let these

bills provide for some accountability under the Financial Administration Act. Let us stop giving these Crown corporations an automatic and direct guarantee to call on the Consolidated Revenue Fund to rectify their mistakes.

• (1720)

Under this bill the minister can create corporations which will be able to take billions of dollars in the form of government guarantees. For example, I understand that just this fiscal year closing, 1981, there is over $58 billion in known guarantees on contingent liabilities that are not in the public accounts of Canada. If we allow this type of legislation to go through, that situation will be aggravated to the point of national bankruptcy, and I believe that this is what we are really dealing with today. If we are going to allow a bill such as this to be passed, let us make sure that Members of Parliament have the proper tools to have an overview on the bill and access to the disclosure of the needed information to examine the mandate and efficiency with which managers and the boards of directors are serving their objectives. There must be some control over Crown corporations and, above all, there must be accountability.

The need for this accountability in Canada and within the governmental system has arrived. The clock is ticking away in the final hours because I believe that the taxpayers of Canada are close to the point where they will no longer tolerate intervention and interference by the state over the entire marketplace. The Crown corporations of this country are too interrelated, cross-subsidized and have too much communication between their directors to allow any company in the private sector to survive. I do not want to see a fifty-fifty balance of private and public corporations in the marketplace because I believe that would mean too many Crown corporations. The difference between private and public corporations is that a private corporation cannot survive without a bottom line.

It is interesting to see the advantage that Crown corporations have over major private corporations. For example, I was talking to two employees of Canadian Pacific Airlines. They were telling me that the problem they have competing with the very-well-run national airline, Air Canada, is that Air Canada had its debt cancelled and is therefore operating with an unnatural administrative burden. The private sector corporation, which comes under the taxpaying sector under acceptable accountability, just cannot compete with the lighter burden of the Crown corporation.

What is at stake is freedom in the marketplace. As we move from concentration on ownership in the private sector to allow even more concentration on allowing the state sector to have control over our lives, we lose freedom of choice. When we lose that, we have lost our freedom. All through the ages history has told us that when this happens, power over the people is the objective. I want to see this system survive and I want to see Crown corporations and the public services accountable to the institutions. I believe there should be parliamentary reform which will deliver that accountability.

I urge members on the government side to vote for this amendment and strike from Bill C-102 the phrase, "agency of Her Majesty status". Because that in itself has serious implications. I would also urge those members to develop legal answers which would clear up the confusion which exists between the relationship of a corporation under the Canada Business Corporations Act and one accountable through the Financial Administration Act.

In order to have any kind of accountability, any corporations which are created by the minister should come under the Financial Administration Act. The Canada Business Corporations Act content of Bill C-102 confuses the issue and I suppose it is there deliberately to confuse the issue so that we cannot make inquiries within the time frame and workload that we have as Members of Parliament in this place.

The issue which is raised by this amendment which was introduced by the hon. member from Wellington-Dufferin-Simcoe is one of the most serious we have had. The minister does not really need these powers provided to him under this bill and I am surprised that we did not catch his ear after all the pleas we made to him in committee about this. If the intent of this bill is that which we were told in committee, the minister does not need the broader powers he is seeking through this legislation. It is a bad bill, the minister does not need it and I would like to see it withdrawn. All the powers he needs are in place today. In my opinion, agency status is an offence to the President of the Treasury Board, who is a former chairman of the Standing Committee on Public Accounts and a member who has worked hard on this issue for years.

I plead with hon. members to let us bring ourselves back to the point where we have some accountability to the people. Let us not create a subgovernment that not even we can examine and review. I plead with hon. members opposite to support this amendment so that the bill will at least be 50 per cent improved. It is quite hard to improve compost and rot so perhaps we can empty the bin and get rid of the bill altogether.

I close by saying that Crown corporations do not need these powers and should not be allowed to have their mistakes and debts automatically guaranteed by the Government of Canada. I do not believe that these corporations should be exempt from both provincial and federal laws. Crown corporations should be subject to the same law that private corporations work under. The issue we are concerned about is the authority of the cabinet to set up Crown corporations. We are concerned about the whole subgovernment that is outside the reviewing and accountability process that is being called for by the Standing Committee on Public Accounts, by the Auditor General and which the office of the Comptroller General has been attempting to initiate.

I repeat once again that we in the House have no opportunity to examine the mandates given these Crown corporations or to examine the efficiency with which their mandates and objectives are served. There is no control over boards of directors as there is in private sector corporations. If the state is going to be involved in the marketplace, I must ask what is wrong with making Crown corporations subject to the same

laws as the private sector. Why do we need to give an unnatural advantage to Crown corporations in financing and provide them with a legal umbrella and isolation? Why cannot the laws pertaining to cartels, competition, intervention, and all other laws which apply to the private sector not apply to the public sector?

I urge hon. members of the House to support this important amendment, because I do not believe that any one minister should be given this type of power.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I rise to speak briefly on this amendment which was introduced by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty). At page 17576 of *Hansard* for May 18, the hon. member had this to say:

• (1730)

How many instances do we need before members of the House, and particularly members of the NDP, are prepared to show respect for taxpayers' money, money which is coerced from their constituents?

The members of the Conservative Party do not help their case when they try to amend this bill, which I agree is a bad bill because of the way it deals with the set-up of Crown corporations, by going on a right-wing tirade, as the hon. member for Regina West (Mr. Benjamin) pointed out in his speech last night, against the whole principle of Crown corporations. That is the inarticulated major premise of many of their speeches. Nor do they help their position by saying we in this party are prepared to throw taxpayers' money around.

I do not say the hon. member who spoke last was particularly saying this, but I draw his attention to an example in our home province of British Columbia. A Social Credit provincial government, really a conservative provincial government, took all the resources of public Crown corporations that had been set up under the previous NDP government, such as BCRIC, the British Columbia Resource Investment Corporation. Its shares sold at $6 and eventually went up to $8. Now they are down to a little over $3 a share and the shares have gone into fewer and fewer hands.

We have a situation where the government took a public resource which belonged to all the people, "BCRICed" it, and put it into this corporation whose shares have done nothing but go down. It has been poorly managed since they have been there. Who is giving away public money? I just point that out. Otherwise I agree with some of the remarks made by the hon. member for Wellington-Dufferin-Simcoe.

Let me state again briefly the problem that we on this side have with this bill. We have no objection to the government setting up Crown corporations, but we do not see why it cannot come in and set up a Crown corporation by an act of Parliament. Surely that is the proper way to do it. Then after we had debated it, the Crown corporation could be properly set up.

Members opposite have said we cannot do that because it takes too long to go through Parliament. The answer is not to go around Parliament or continue the practice of orders in council setting up corporations and do all of the lawmaking outside Parliament. The logical answer is to reform Parliament. You do not say that we do not have to reform Parliament and therefore you will continue with this kind of lawmaking. The logical way is to reform Parliament and then do the proper kind of law-making.

The other day I pointed out that if the government had not made an order in council amendment without parliamentary scrutiny of the Alaska pipeline act, 1978, it would not be in the exposed position it is in today over the pre-build of that pipeline. We could have had a full debate in the House and then sent the bill to committee to be looked at. Maybe it would not have made what in retrospoect turned out to be an unwise decision.

Our position is that if you want to set up a Crown corporation, which we are not philosophically opposed to—unlike many of my friends to the right—such as in the energy field, there is a proper way of doing it. There may be room for an expanded alternate energy corporation, a conservation program, a neighbourhood energy corporation or an Inuit energy corporation to share in the Beaufort Sea resources in partnership with other Crown corporations. There are all sorts of possibilities. However, it must not be done by a quick order in council by whoever happens to be the energy minister on a particular day and gets support from a couple of cabinet colleagues.

I was only half jokingly referring to the minister when he said he was a socialist and that these are socialist policies. I said they were Stalinist policies, not socialist. Socialist policies would have a lot of reference to the proper working of a parliamentary institution because that is the way to go. I just wanted to clarify that.

I want to reiterate some of the remarks made by the hon. member for Regina West, who said that we would support this amendment, not because we are philosophically opposed to Crown corporations but because we want to make the whole process better. Ultimately, we think the Crown corporations would be better constructed and would work. Unlike some of my friends to the right, we want Crown corporations to work.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): Those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to Section (11) of Standing Order 75, the recorded division on the proposed motion stands deferred.

[*Translation*]

Hon. Yvon Pinard (for Mr. Lalonde) moved:

Motion No. 2

That Bill C-102, an act to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1

(*a*) by striking out lines 37 to 41 of the French version at page 2 and substituting the following therefor:

"(7) Il demeure entendu que ces sociétés ne peuvent constituer d'autres personnes morales dont l'acitivité principale n'est pas une des activités prévues au paragraphe (1)."

(*b*) by striking out lines 36 to 40 at page 2 and lines 1 to 3 at page 3 and substituting the following therefor:

"(8) The Minister shall, not later than the fifteenth sitting day of Parliament after a corporation has been incorporated under subsection (1), table or cause to be tabled in each House a statement giving the reasons for the incorporation of the corporation."

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, very briefly, I should like to point out first of all that in the notice of motion, the French version was printed on both sides by mistake, but in any case, the first part of this amendment, Mr. Speaker, is solely aimed at making the English and French version consistent by changing the wording, and that is achieved by the words "Il demeure attendu"—

As to the second change, Mr. Speaker, its purpose is to make the text more consistent with the rest of the amendments to be introduced under Motion No. 3, and to ensure that when a Crown corporation is established by the minister, a statement giving the reasons for this decision is tabled in the House of Commons to inform members accordingly. I feel, Mr. Speaker, that this information will satisfy the requirements of the committee which was seeking to obtain as much information as possible, and as regards the possibility of discussing this issue on Motion No. 3, most of the committee's objectives will thus be satisfied.

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, we certainly have no objection to this motion and concur with it. Putting in the proper French is something we agreed to in terms of the amendment to what is designated 6(8) at the bottom of page 2.

I point out that this amendment, which would have asked that when the Minister of Energy, Mines and Resources (Mr. Lalonde) is creating a new Crown corporation and the bill has passed committee, that he make a statement in the House giving the reasons, thereby allowing the opportunity for a reply from the opposition, plus questioning. It was interesting how that came about in committee, Mr. Speaker. There happened to be a little bit of background noise and two of the Liberal members accidentally voted with members on our side and, lo and behold, the amendment passed through! I am sure that the officials and the minister have taken them aside and chastised them properly for being so undiligent in their work as to actually agree to something suggested by the opposition.

• (1740)

However, that requirement upon the minister, that he actually make a statement in the House, that he stand up here and say why he should be incorporating a new corporation, apparently was too onerous an obligation to put upon the minister, so we have this amendment that he only make a statement or table a statement. This allows the officials to write the document for him and he can table it in the House. It saves the minister going through the onerous duties and responsibilities of actually reading the statement and then submitting to questions in the House. We all appreciate that that is really an undue obligation to put upon a minister of the Crown, that he go to that effort. Of course, we will agree to any facility that will let the bureaucrats get their work tabled in here quickly without having to interfere with the minister and cause him to have to read what the officials have written for him, and perhaps defend them in reply to questions in the House.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): I declare the motion carried.

Motion (Mr. Lalonde) agreed to.

Mr. Waddell: Mr. Speaker, there is a government amendment that deals with amending Clause 1. I would like to seek unanimous consent to introduce one of our amendments.

Mr. Andre: It is a one-clause bill.

Mr. Waddell: This is to Clause 1, line 18, page 3.

Mr. Andre: We have a motion also.

Mr. Waddell: I understand that my friends to the right in the Conservative Party have a motion, so perhaps we could deal with that. Perhaps I could just give notice that the better way of dealing with our amendment would be to deal with it after the Conservative motion is dealt with and before the government amendment. Because our amendment refers to the original wording of the bill as it is and not the new wording that the government may bring in.

The Acting Speaker (Mr. Blaker): The Chair is aware that the hon. member for Vancouver-Kingsway (Mr. Waddell) will seek the unanimous consent of the House to put an amendment. The way that the amendments are now ordered provides that the amendment put forth by the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) will be first put to the House and then a government amendment put forth by the Minister of Energy, Mines and Resources (Mr. Lalonde). The only suggestion I can make is that while the amendment by the hon. member for Wellington-Dufferin-Simcoe is under debate, the hon. member for Vancouver-Kingsway might want to arrange the matter as to the order of debate on these motions.

Mr. Harvie Andre (for Mr. Beatty) moved:

That Bill C-102, an act to amend the Department of Energy, Mines and Resources Act be amended in Clause 1

(A) By adding immediately after line 3 at page 3 the following:

"7. No corporation incorporated under subsection 6(1) or this section, or of which any shares have been acquired by the Minister thereunder, shall, without the approval of the Governor in Council,

(*a*) procure the incorporation of a corporation or

(*b*) acquire shares of a corporation which by virtue of such acquisition would become a subsidiary, within the meaning of the Canada Business Corporations Act, of the corporation.

(B) By striking out lines 4 and 5 at page 3 and substituting the following therefor:

8. (1) An order of the Governor in Council under subsection 6(1) or section 7 shall be laid".

He said: Mr. Speaker, the intent of this amendment is to provide for the incorporation of subsidiary corporations the same kind of check, minor though it is, that exists in regard to incorporating a new Crown corporation. That is, Mr. Speaker, the gist of this bill when it is fully amended is that the minister, if he wishes to set up a new Crown corporation, must first table a statement in the House of Commons indicating the reasons for the formation of the Crown corporation. There is the ability through a negative resolution, or a positive resolution if introduced by the government, or there will after this amendment is passed, for the House to cause a debate to be held, a three-hour debate with a vote at the end, either concurring or not concurring in the establishment of this Crown corporation.

However, Mr. Speaker, because of the ability of a corporation then to incorporate a subsidiary corporation, we do—without the benefit of this amendment—have the possibility that a Crown corporation could be set up. Whatever minor checks the system provides now in terms of a negative resolution and a statement from the minister, and so on, would be there, but that Crown corporation could set up unlimited subsidiary corporations. Those subsidiary corporations could be established without the knowledge of Parliament, without any indication to Parliament as to the reason for their establishment. Those subsidiary corporations could have the full range of powers of the main Crown corporation. They could undertake debt obligations on behalf of the Crown. They could undertake all manner of activities that could serve as a pork barrel and could serve any number of purposes without there being any way in which this House could even know what they are doing, let alone hold them accountable.

So I would ask government members and the New Democratic Party members to give serious consideration to this motion. It is not going to hamstring the government in any way, shape or form. It simply provides that if we are setting up Crown corporations, whether directly or by way of subsidiary, we at least have the same kind of check, minor though it is, for both types of Crown corporation. This amendment would guarantee that, Mr. Speaker, and in no way, shape or form restrict the government from pursuing the fundamental intent of Bill C-102, offensive as it is to us in a general sense.

We nonetheless would request of the government that if they choose, and they obviously do, to proceed with Bill C-102 and this ability to create Crown corporations, then at least let us acknowledge that in order to be truly honest about the amount of accountability and openness we will have, we must also include subsidiary corporations. This amendment would take care of that problem.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it. Pursuant to section (11) of Standing Order 75, a recorded division on the proposed motion stands deferred.

• (1750)

I have before me a motion standing in the name of the Minister of Energy, Mines and Resources (Mr. Lalonde), but the Chair will recognize the hon. member for Vancouver-Kingsway (Mr. Waddell) on a point of order if he wishes to seek the unanimous consent of the House to put his own motion first.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I so seek that consent. I think it would be easier to deal with our motion briefly at this point since it does refer to the bill as printed now, and I believe there is agreement. I will just put the motion and ask the hon. member for Kootenay West (Mr. Kristiansen) to speak briefly. I move:

Energy, Mines and Resources

That Bill C-102, to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1

(*a*) by striking out line 18 at page 3 and substituting the following therefor:—

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the hon. member, but what I offered him the opportunity to do was to ask for the unanimous consent of the House to put his motion before the government motion. That is what I am prepared to deal with now, if that is all right with the hon. member.

Mr. Waddell: Yes, that is what I ask.

The Acting Speaker (Mr. Blaker): The hon. member for Vancouver-Kingsway seeks the unanimous consent of the House to place his motion ahead of the one which will be presented by the Minister of Energy, Mines and Resources. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Now either the hon. member for Vancouver-Kingsway or the hon. member for Kootenay West (Mr. Kristiansen) may address Motion No. 6.

Mr. Waddell moved:

Motion No. 6

That Bill C-102, to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1

(*a*) by striking out line 18 at page 3 and substituting the following therefor:

"not less than ten members of the House"

(*b*) by striking out lines 38 and 39 at page 3 and substituting the following therefor:

"than five hours and, on the conclusion of such debate or at the expiry of the fifth"

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, I will speak very briefly on what is a rather minor amendment to substitute the number ten for the number 30 which is contained in Bill C-102 as it is now.

A negative resolution is one of the options which will be available to us under this bill. In other legislation the number of members required to call for a negative resolution is ten. For example, Section 52 of the Petroleum Administration Act allows ten members of Parliament to present a negative resolution if they object to the unilateral setting of oil or natural gas prices by the government. The amendment we are putting forward seeks to amend a provision the government agreed to in committee, and that provision would reduce the number from 50 to 30. Our amendment proposes to reduce the number required to initiate a negative resolution from 30 to ten. That seems eminently reasonable to us. It is consistent with other legislative practices. Before the government can act, Members of Parliament should be afforded a better opportunity to fulfil their legitimate functions.

The second part of the amendment would delete the reference at page 3 of the bill to a maximum of three hours' debate and institute in its place a maximum of five hours' debate. The clear reason for that is to ensure that while there is not an unreasonably long and dragged out debate, this House, Members of Parliament and the people of Canada would be protected. Three hours on a Wednesday—or three hours on a Friday especially—would provide very little opportunity to bring about any public recognition of the issues involved.

We propose this amendment for those two basic reasons, and I ask hon. members to support it.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Mr. Andre: On division.

Motion No. 6 (Mr. Waddell) negatived.

Hon. Yvon Pinard (for the Minister of Energy, Mines and Resources) moved:

Motion No. 3

That Bill C-102, to amend the Department of Energy, Mines and Resources Act, be amended in Clause 1 by striking out lines 9 to 50 at page 3, lines 1 to 49 at page 4 and lines 1 and 2 at page 5 and substituting the following therefor:

"(2) An order referred to in subsection (1) shall come into force on the twentieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless, before that time,

(*a*) a motion for the consideration of the House of Commons to the effect that the order be confirmed, signed by a Minister of the Crown, is filed with the Speaker of the House of Commons; or

(*b*) if no motion has been filed under paragraph (*a*), a motion for the consideration of the House of Commons to the effect that the order be revoked signed by not less than thirty members of the House of Commons is filed with the Speaker of the House of Commons.

(3) Where a motion for the consideration of the House of Commons is filed as provided in subsection (2), the House of Commons shall, not later than the sixth sitting day of Parliament following the filing of the motion, take up and consider the motion.

(4) A motion taken up and considered in accordance with subsection (3) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the House of Commons shall forthwith, without further debate or amendment, put every question necessary for the disposition of the motion.

8. If a motion described in paragraph 7(2)(*a*) is taken up and considered by the House of Commons in accordance with subsection 7(3) but is not adopted

by that House, the particular order to which the motion relates shall stand revoked.

9. If a motion described in paragraph 7(2)(*b*) is adopted by the House of Commons, the particular order to which the motion relates shall stand revoked.

&ed1339;-1 10. (1) If a motion described in paragraph 7(2)(*a*) is taken up and considered by the House of Commons in accordance with subsection 7(3) and is adopted by that House, a message shall be sent from the House of Commons informing the Senate that the motion has been so adopted and requesting that the motion be concurred in by the Senate.

(2) Where a request for concurrence in a motion is made to the Senate pursuant to subsection (1), the Senate shall, not later than the fifth sitting day of Parliament following the receipt by the Senate of the request, take up and consider the motion.

(3) A motion taken up and considered in accordance with subsection (2) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the Senate shall forthwith, without further debate or amendment, put every question necessary to determine whether or not the motion in question is concurred in.

(4) If a motion taken up and considered in accordance with subsection (2) is concurred in by the Senate, the particular order to which the motion relates comes into force immediately on the concurrence therein.

(5) If a motion taken up and considered in accordance with subsection (2) is not concurred in by the Senate, the particular order to which the motion relates shall stand revoked.

11. (1) If a motion described in paragraph 7(2)(*b*) is taken up and considered by the House of Commons in accordance with subsection 7(3) but is not adopted by that House, the particular order to which the motion relates shall come into force on the fifth sitting day of Parliament after the failure of the House of Commons to adopt the motion unless before that day a motion to the effect that the order be revoked, signed by not less than fifteen members of the Senate, is filed with the Speaker of the Senate.

(2) Where a motion for the consideration of the Senate is filed as provided in subsection (1), the Senate shall, not later than the sixth sitting day of Parliament following the filing of the motion, take up and consider the motion.

(3) A motion taken up and considered in accordance with subsection (2) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the Senate shall forthwith, without further debate or amendment, put every question necessary for the disposition of the motion.

(4) If a motion taken up and considered in accordance with subsection (2) is adopted by the Senate, the particular order to which the motion relates shall stand revoked.

(5) If a motion taken up and considered in accordance with subsection (2) is not adopted by the Senate, the particular order to which the motion relates comes into force immediately on the failure of the Senate to adopt the motion.

12. An order of the Governor in Council under subsection 6(1) that has been laid before Parliament but has not come into force shall stand revoked on the dissolution or prorogation of Parliament.

13. For the purposes of this act "sitting day of Parliament" means a day on which either House of Parliament sits."

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, very briefly, this amendment contains the procedure for an affirmative or negative resolution. It provides the following.

A motion for negative resolution can only be filed if no motion for affirmative resolution has been filed.

Where a motion for affirmative resolution is filed, if the House does not adopt the motion, the order is revoked and therefore the Senate does not play any role.

Where a motion for affirmative resolution is adopted by the House, the Senate will have an opportunity to look at the order. If the Senate concurs with the House, the order will come into force. If the Senate does not concur with the House, the order is revoked.

Where a motion for negative resolution is filed, if the House adopts the motion, the order is revoked and the Senate has no role to play.

Where a motion for negative resolution is filed, if the House does not adopt the motion, the Senate has an opportunity to consider the order. If the Senate concurs with the House, the order enters into force. If the Senate does not concur with the House, the order is revoked.

Finally, it should be noted that the amendment provides for the situation where there is a dissolution or prorogation of Parliament. In this case, an order that has been laid before Parliament but has not come into force is revoked.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, we debated this matter in committee at some length, and before we got to committee the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) gave a very succinct and well-thought-out speech on this issue in the House. The hon. member for Skeena (Mr. Fulton) did likewise. Both opposition parties agreed that this negative resolution procedure is an inadequate procedure at best. As the hon. member for Wellington-Dufferin-Simcoe pointed out, at the worst it is perhaps even an unconstitutional procedure.

This matter was debated in the committee with some care. The government has moved to bring an amendment forward, but it seems to us that we are still in the odious position of dealing with a bill containing a negative resolution aspect.

The reason we introduced an amendment a few minutes ago—and perhaps this should have been said then—is that there can be parties in the House which do not have 30 members. For example, in 1979 when I first came to this House, my party had only 26 members. Even if we had wanted to do so, we could not have mustered the 30 members necessary to deal with a negative resolution. Now we have 32. What is the magic in the number 30? If the government really wanted to be democratic, it could have reduced the number to ten. Perhaps we are past that, but we are still dealing with the negative resolution problem.

This goes back to the original problem of creating a Crown corporation. The government has basically asked to be allowed to create Crown corporations by order in council and, to allow some semblance of parliamentary scrutiny, the government has said it will allow a negative resolution, tabling and so forth. However, that does not really allow for a full and fair debate in Parliament such as there would be if the government brought in a bill and we had second reading debate and committee study and the bill returned to the House for third reading. That is the proper way to deal with matters and that is why Clause 1 of this bill is still defective.

I see it is six o'clock, Mr. Speaker. Perhaps I can conclude my remarks very briefly when we debate this, probably next Tuesday, and we will have a vote shortly thereafter.

The Acting Speaker (Mr. Blaker): The Chair is not clear as to the intent of the hon. member for Vancouver-Kingsway.

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

The Acting Speaker (Mr. Blaker): Is it the hon. member's wish that I call it six o'clock and not put the question?

Mr. Waddell: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): It being six o'clock, this House stands adjourned until two o'clock tomorrow afternoon, pursuant to Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, May 20, 1982

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ADMINISTRATION

DEMAND FOR RESIGNATION—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, the Liberal government's economic program is a disastrous failure. Unemployment continues to increase, interest rates remain high, and inflation is rising. The country is sick unto death. Therefore I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That this House demands the resignation of the Prime Minister and his cabinet before Canada goes down the tube.

The Right Hon. Leader of the Opposition (Mr. Clark) and the PC Party are Canada's only hope.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN NATIONAL RAILWAYS

LAY-OFFS IN WINNIPEG—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, the ill-advised VIA Rail cutbacks, the Canadian National Railways laying off of 1,200 at the Transcona shops in Winnipeg, and the disastrous economic policies imposed on Canadians by the government have caused the worst unemployment since the Depression. I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Minister of Employment and Immigration, who has ample evidence of the failure of his policies in his own home city, take immediate action to reverse the spiralling unemployment in Winnipeg and across the country by putting a halt to the laying off of 1,200 people at the CNR's Transcona shops in Winnipeg.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

HUMAN RIGHTS

CALL FOR RELEASE BY SOVIET AUTHORITIES OF UKRAINIAN POET, IVAN SVITLYCHNY—MOTION UNDER S.O. 43

Hon. Don Mazankowski (Vegreville): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, which I believe will have the support of all hon. members of the House.

In 1972 the Ukrainian literary scholar and poet, Ivan Svitlychny, was given a 12-year sentence for alleged anti-Soviet crimes. He spent seven years in a strict regime labour camp, and is currently serving five years in internal exile. In the past year he has suffered two strokes and is in grave condition. His left side is paralysed, he cannot talk, his spine is damaged, and he has severe kidney problems. If he is to survive it is imperative that he be released into the care of his sister in New Jersey so that he can obtain the necessary medical treatment. I therefore move, seconded by the hon. member for Don Valley East (Mr. Smith) and the hon. member for Mission-Port Moody (Mr. Rose):

That, in light of Mr. Svitlychny's serious condition, this House urge Soviet authorities to release Ivan Svitlychny under provision of Article 100 of the Russian SFSR Corrective Labour Code, which states that convicted persons suffering from serious illnesses can have their sentences commuted, and that Mr. Svitlychny be allowed to join his sister in New Jersey.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Does the House agree to the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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DISARMAMENT

SUPPORT FOR NUCLEAR WEAPONS FREEZE—MOTION UNDER S.O. 43

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent necessity on this day of the Canadian women's petition for peace. Under the authority of

the President of the Privy Council (Mr. Pinard), who is the minister responsible for emergency planning, the government continues to distribute civil defence information, including "Eleven Steps to Survival". Again and again at the SCEAND hearings on security and disarmament, members heard testimony that there would be no survival after a nuclear exchange. I therefore move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That the minister cease advising Canadians that there are 11 steps to survival after a nuclear exchange, that he heed the words of one of the government's own senior advisers, Dr. G. R. Lindsey, chief of the Department of National Defence operational research and analysis branch, that "a nuclear war would be effectively the end of life as known", and that the government promote survival by pressing for a nuclear weapons freeze and a no-first-use pledge at the UN next month, and an end to Cruise missile test plans in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEMBERS OF PARLIAMENT

SUGGESTED CUT IN INDEMNITY—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency. I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That all Members of Parliament voluntarily accept a 10 per cent cut in their basic indemnity during the remaining duration of the Thirty-second Parliament and that the $1.5 million per year arising from this salary cut be used to create 1,000 annual student summer jobs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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• (1410)

PIPELINES

BUILDING OF NATURAL GAS PIPELINE TO ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, the Minister of Energy, Mines and Resources has for months been promising Atlantic Canadians that the natural gas pipeline is going from Quebec to that region. The Prime Minister has stated that it is as vital a link in the unity of this country as is the railroad. I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That this House invite the government to show its sincerity toward Atlantic Canada and endorse the pipeline to cross the St. Lawrence by unanimously accepting this motion, or to show its scorn and contempt for Atlantic Canadians by rejecting it.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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IMMIGRATION

ADMISSION OF POLISH REFUGEES—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, last evening hundreds gathered on Parliament Hill to join in congratulating the Polish Alliance of Canada as it observed its 75th anniversary. They listened with great expectancy to the words of the Minister of State for Multiculturism to hear some announcement on how a greater number of Poles might be admitted to Canada from the Austrian refugee camps, but none came. I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That the government strip the red tape and delaying bureaucratic tactics so as to admit to this country a greater number of Polish refugees from Austria, and within a much shorter period of time.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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MEMBERS OF PARLIAMENT

SPEECH MADE BY MR. EVANS ON BUDGET—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 to ask this House to condemn the remarks alleged to have been made by the hon. member for Ottawa Centre (Mr. Evans) when he accused Canadians who expected more from the November budget of trying to scrounge a free lunch. What other comments could one expect from a test-tube economist who has spent all his working life in text-book economics or lapping up free lunches himself at the public trough? I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the hon. member for Ottawa Centre, the former parliamentary secretary to the Minister of Finance, apologize to Canadians for his boorish and inaccurate comments on the intent and impact of that disastrous document the government had the gall to call a budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADIAN ARMED FORCES

CALL FOR REVIEW OF PAY SCALES—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, the pay and benefit scales in the Canadian Armed Forces are at a pitifully low level. The Liberal government adds insult to injury by significantly raising the rents on permanent married quarters and forcing occupants to pay for all utilities and heating costs. The vast majority of PMQs are over 30 years old and poorly insulated. This will result in extremely high heating costs during Canada's severe winters. This expense, added to the already high cost of living facing our Armed Forces families, with no compensating increase in pay, is nothing short of criminal. Therefore I move, seconded by the hon. member for Calgary South (Mr. Thomson):

That this House direct the Minister of National Defence to refer immediately the pay scales, allowances and benefits, including rental rates, of the Armed Forces, to the Task Force on Taxation and Northern Benefits as a very special and very urgent case so that we may restore the members of the Canadian Armed Forces to a standard of living they so richly deserve.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

SUGGESTED PROVISION OF FARM LOANS AT REDUCED INTEREST RATE—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, meetings held yesterday and today with groups affiliated with the Canadian Federation of Agriculture further substantiate the need for lower-cost farm credit for those farmers in financial difficulty. Under the provisions of Standing Order 43, therefore, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House instruct the Minister of Finance and the Minister of Agriculture to introduce immediately legislation providing for loans at 10 per cent for such farmers through the Farm Credit Corporation as well as extending the small business bond concept to permit the use of funds available from the retiring generation of farmers to be reloaned at lower rates made possible through the deferral of capital gains tax on such funds.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

LEVEL OF INTEREST RATES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance who is aware, I am sure, of the low level of consumer confidence as indicated by the Conference Board index which showed the level of confidence peaked at 96 in 1980 when his first budget came out. It is now down to 61, the lowest level in history. The minister surely must share some of the responsibility for this shattering drop in confidence.

In order to do something to reverse this serious lack of confidence, will the minister today hold out some hope concerning interest rates, by stating to Canadians that if rates in the United States drop, as is expected, he will allow Canadian rates to drop by an equivalent amount?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is absolutely no difference in principle between the hon. member and myself.

Mr. Crosbie: That is a terrible thing to say.

Mr. MacEachen: I have taken the view he has implied in his question, that in order to have any chance of a quick recovery the first essential is a drop in U.S. interest rates. Obviously that would create conditions in Canada which would make it possible for a lowering of interest rates in this country.

Mr. Wilson: Madam Speaker, the minister did not answer the question. He did not say that he would allow interest rates to go down an equivalent amount.

REQUEST FOR COMMITMENT TO REDUCE INTEREST RATES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, it was announced today that there was a drop in housing starts of 58 per cent in the first part of this year, specifically in single-family dwellings. Obviously this has created a tremendous loss of jobs, so the question of lower interest rates is absolutely critical. I ask the minister again: will he make a precise commitment that if U.S. interest rates—on which he blames all our problems in this country—go down in the near future, he will allow an equivalent drop in Canadian interest rates, including the mortgage rate which is so important to housing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, may I assure the hon. member that the most welcome development from my point of view would be a drop in U.S. interest rates. It is my view that if there were a drop of several percentage points in the United States, that would make it possible for a drop to occur in Canada. That is clear.

The hon. member has asked me to give an assurance that there would be an equivalent drop in Canada. I cannot give him a precise assurance of that kind. What I can say is that we have been making representations to the American authorities since the Summit of last August—most recently in Paris and Helsinki—urging them to reduce their deficit so that there can be a drop in interest rates. I have every expectation that the American administration is attempting to work out an arrangement with Congress in order to reduce the deficit and make lower rates possible in that country.

GOVERNMENT POSITION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, for about 18 months now we have had the minister blaming everything on the United States, saying our interest rate problems are caused by the U.S., and our unemployment problems are caused by the United States. He cannot have it both ways. He either gives a clear commitment to get the confidence level in Canada moving up again, or he gets off this bandwagon of blaming everything on the United States which he has been on for the last 18 months.

Again the question is: will he give that clear commitment to Canadians of an equivalent drop in our interest rates when the U.S. rates come down? If not, will he admit that the problems in Canada are made-in-Canada problems resulting from his budget and his economic policies?

• (1420)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I find the hon. member's line of reasoning rather distorted. It was not myself who raised the question of the United States; it was not myself in question period today who attributed the high interest rates to the United States; it was the hon. member.

Mr. Wilson: Every other day you have, Allan. You cannot get off like that.

Mr. MacEachen: It is a fact that is acknowledged by every finance minister in the industrialized world. I recently met with 22 finance ministers. Every one of them signed an agreed to communique, making the very point which the hon. member is making, namely, that very high interest rates in the United States are a block to recovery. No one wants lower rates in the United States more than myself. Now the hon. member talks about confidence. I think that the quickest way to create a greater lack of confidence in the country would be to accept the hon. member's suggestion and make a commitment today that, regardless of what happens or what the market forces are, there would be an equivalent drop in interest rates in Canada as in the United States.

Mr. Wilson: You cannot have it both ways.

Mr. MacEachen: The hon. member's suggestion is not the kind of confidence-building upon which I would like to embark.

SMALL BUSINESS AND FARMING SECTORS

Mr. Otto Jelinek (Halton): Madam Speaker, my question is for the Minister of Finance. Since it is very obvious that the minister is not prepared to take any action to ease his high interest rate policy generally, could the minister tell us now what he intends to do to ease the burden which he and his government created, specifically for the small-business man and farmer, or is the minister prepared to sit back on his bankrupt policies and watch the demise of these vital sectors of our economy which, as he knows, are responsible for over 60 per cent of the labour force in Canada? What action is he prepared to take specifically to aid those two very important sectors of our economy?

Mr. Paproski: He could resign. That would be a start.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question was largely rhetorical. It was not a request for information of any kind.

Mr. Munro (Esquimalt-Saanich): What's the matter with your hearing?

Mr. MacEachen: I would tell the hon. member that I am very conscious of the problems of the small-business sector and of the farming sector. We have taken special steps already to assist both sectors. When and if there are new measures to be taken, I will announce them in the House at the appropriate time.

Mr. Jelinek: Madam Speaker, if the minister is suggesting that the small business bond is the answer to this question, I can tell him that, according to the director of marketing for Canada for the Bank of Nova Scotia, that applications for the Small Business Development Bond are down 94 per cent compared to the number of applications made in the original Small Business Development Bond program. In fact, a poll taken of 20 banks in my own riding of Halton indicates that no loans have been written as a result of the ineffective bond that was created as a result of the minister's budget in November. However, if the minister wants a specific question, I will ask it now.

SMALL BUSINESS BOND PROGRAM

Mr. Otto Jelinek (Halton): Madam Speaker, is the minister prepared to ease the restrictions on the current small business bond program and return it to its original state so that small businessmen and farmers can take advantage of that bond now when they need it, and before it is too late? Let us have some action from the minister.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the change in the Small Business Development Bond made at budget time was intended to ensure that the available funds would flow to the most needy groups in the country.

Mr. Wilson: No one is getting it, though.

Mr. MacEachen: That was the intention. If the hon. member is asking me not to concern myself with the most needy cases and to restructure the bond in such a way that those who need the money less will get it more quickly, then it is a suggestion I would have to think about very deeply. I would urge the hon. member not to dismiss changes made in the budget to the bond as quickly as he has done. For instance, the change to apply the bond to unincorporated businesses and farmers was made as a result of representations from both sides of the House. Yesterday I was able to tell the Canadian Federation of Agriculture that $100 million has gone into the farming sector as a result of that specific change to the business bond. I think that is rather significant.

• (1425)

STATEMENTS ATTRIBUTED TO GOVERNMENT SUPPORTERS—REQUEST FOR ACTION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. A short while ago ten Quebec backbench Liberals, and then the Solicitor General, complained bitterly about the government's economic policy. The Solicitor General put it somewhat euphemistically when he said that the budget was "a disaster".

Today *La Presse* revealed that another group of Liberals, this time 15, are very critical of the government's economic policy. In a leaked document, a copy of which I have here, these Liberals say that the economic situtation is "very serious" and that the government must demonstrate that it has "the will and determination to govern". Since these Liberal members have finally joined the rest of the people of Canada in acknowledging the disastrous economic performance of the government, when can the people of Canada finally expect some action from the Government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is referring to a leaked document, as he said, which presumably appeared in the newspapers. I do not know what that document is, but I do not have any reason to believe that it was signed by members of this caucus. It was considerations that were being presented to them on the economy, but in a general sense, if the hon. member is quoting members on this side as believing that the economic situation is very serious in Canada and calls for remedial action, of course he is stating what the government has been saying all along.

Mr. Broadbent: No, Madam Speaker, they point out what we have been saying on this side of the House for months, that the government lacks the will to act, and needs to acquire that will. I would be happy to send this over to the Prime Minister. It has 15 Liberal names attached, including a minister of the Crown.

ROLE OF BUREAUCRATS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I should like to quote to the Prime Minister one of the judgments they make. They say that the "structure of government departments frustrates effective action by ministers and prevents an imaginative, action-oriented approach". Given this very serious indictment of cabinet, does the Prime Minister agree that it is the bureaucrats who now have control of policy, not the elected members of cabinet? Has cabinet lost control?

Right Hon. P. E. Trudeau (Prime Minister): Once again, Madam Speaker, I am speaking without having had the benefit, as has the hon. member, of reading that document. But it is a common thing in this caucus, at any rate, that we are very frank and open in caucus—

Some hon. Members: Oh, oh!

Mr. Trudeau: —and within ourselves we are constantly trying to improve the mechanics of government and the machinery of government.

An hon. Member: By advertising!

Some hon. Members: Oh, oh!

Mr. Trudeau: Conservative members should not be jealous, Madam Speaker, because one question out of three goes to the NDP. They should let me answer the question, and they can bellow when their own leader is asking a question.

Mr. Shields: Don't be so testy.

Mr. Trudeau: I am not testy; I just think you are ridiculous, that is all.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. I would urge members to answer the questions rather than the hecklers.

Mr. Broadbent: Madam Speaker, the Prime Minister should be aware that the people of the country are not particularly interested in whether he thinks people are ridiculous or whether he is testy; they would like a Prime Minister who is really interested in governing Canada. I think that is what they would like.

Some hon. Members: Hear, hear!

WESTERN CANADIAN ISSUES

Hon. Edward Broadbent (Oshawa): Madam Speaker, there is a final judgment on which I should like to ask the Prime Minister to express his opinion, testy or otherwise, today. In the document they say—and it is a particular concern to an important part of the country—that "western issues and concerns" are "still not properly reflected in the decision-making process" of the government. What a condemnation! I should like to ask the Prime Minister, more than two years after the 1980 election, whether he agrees with this document signed by 15 Liberal backbenchers, including one minister of the Crown, which states that the government has ignored western issues?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member offered to send the document over to me. I do not have any knowledge of that document and I do not even know if it is authentic.

I can assure the hon. member that the process of self-criticism on this side of the House is one which I encourage. If the hon. member is so devoid of ideas that he has to reach back a couple of months to some statements made in the House—

Mr. Broadbent: Three weeks.

Mr. Trudeau: The hon. member quoted some incident that happened two or three months ago. He quoted from a letter from the Solicitor General which I believe was written before Christmas, and he says this is two weeks.

An hon. Member: It was held up by the mail.

Mr. Trudeau: I repeat that the hon. member is searching back to before Christmas to find actions of members on this side of the House in order to develop ideas for him to ask in question period. If this is an expression of my testiness, I just do not know by what judgement this House abides.

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PUBLIC WORKS

WASHINGTON EMBASSY ARCHITECTURAL CONTRACT—MANDATE OF SELECTION COMMITTEE

Hon. David Crombie (Rosedale): Madam Speaker, my question is also for the Prime Minister. It relates to the selection of the architect for the construction of the new embassy in Washington. I am sure the Prime Minister recalls that when the selection panel for choosing the architect was set up there was a statement made by the government. That statement said at that time that the purpose, the mandate of the selection panel, was to "select by fair and objective evaluation, the firm considered to be the most suitable". That is a direct quote from the government's own statement.

What the government clearly had in mind at that time was to establish a panel to select—not a committee to advise. Why has the Prime Minister acted in such a high-handed manner to overrule the mandate of the panel and to reject the unanimous choice of the selection panel, which was the world renowned Canadian architectural firm of Zeidler Roberts?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have a statement by one of the members of the panel which appeared in a newspaper a couple of days ago. He is quoted as saying that the panel generally felt that any of the 11 was physically capable of handling that kind of project.

Mr. Clark: Who said it?

Mr. Trudeau: "The major weight was the firm's designability on that particular problem or what we foresaw as the problem—" There is a misunderstanding, I believe, in the opposition's mind on this, because repeatedly—and this was true of a motion moved by the hon. member for St. John's a couple of days ago—there is somehow the feeling there was some plans or specific project submitted to this panel. That was not the case. There was no demand or request for a design, a mockup, a maquette, or any kind of detailed design. There was an assessment by this panel of some 300 possible candidates, and 11 were narrowed down as being able to do the job.

From then on, one has to ask oneself if the choice of four, and then one out of four, was to determine the government in accepting that choice. I have held from the beginning that there was no undertaking of that kind, and the government does not intend to give that kind of undertaking. We want to know, among a small group of architectural firms, which are competent to build a building such as this, and then we will make the choice.

Mr. Crombie: Madam Speaker, surely the Prime Minister understands by now that, by his action, he has hurt the professional reputation of a good number of very fine architectural firms.

Some hon. Members: Oh, oh!

Mr. Crombie: Indeed, he has broken faith with the architectural community. He has corrupted a process which was objective and open to all. That is the process which he has corrupted.

AMBASSADOR'S MEMORANDUM

Hon. David Crombie (Rosedale): Madam Speaker, in order to clear up any confusion whatsoever, will the Prime Minister now make public the memorandum which was written to the government by Ambassador Ritchie outlining the unanimous choice of Ambassador Ritchie's group of the architectural firm of Ziedler Roberts? Would the Prime Minister make that memorandum public?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is returning to the point I made the other day. The assumption seems to lie with the hon. member, as it did with the hon. member from St. John—

Mr. Crosbie: St. John's West.

Mr. Trudeau: St. John's West and other points.

Some hon. Members: Oh, oh!

Mr. Trudeau: The assumption seems to be that the unanimous choice number one would have to be the government's choice. That has been the position of the member for St. John's and seems to be the position of the member from Toronto, somewhere—Rosedale.

Some hon. Members: Oh, oh!

Mr. Crombie: Very funny.

Mr. Broadbent: Why not just pack it in?

Mr. Trudeau: Madam Speaker, the rules ask for me not to refer to a member by name. I do not remember the riding of every member in the House.

Some hon. Members: Shame!

Some hon. Members: Oh, oh!

Madam Speaker: Order. The hon. member for Hamilton-Wentworth.

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AIRPORTS

STATUS OF DORVAL AND MIRABEL AIRPORTS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Transport. He will know that Canada's two national air carriers do not want their domestic long haul operations moved to the Mirabel Taj Mahal airport. Any such decision by the government will not only be costly and inconvenient to the airlines, it will be disastrous to the Canadian consumer, and any shift will be done at the expense of the Dorval area as well. In view of that fact that there is a gang of 18 Quebec Liberal Members of Parliament, including three Cabinet ministers, who are pressuring the Minister of Transport to make up his mind, will he leave the Dorval-Mirabel matter at the status quo and remove the uncertainty faced by both airlines and passengers?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I was indeed aware of the fact that the carriers, united in the Air Transport Association of Canada, are unsympathetic to a move to Mirabel. I thank the hon. member for expressing the views of his party, as a whole, presumably, or are there other different views on the subject, and I will take them into account when I make a decision.

REQUEST THAT DECISION BE ANNOUNCED IN PARLIAMENT

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, can we get a commitment from the Minister of Transport that whatever decision he makes regarding a possible switch from Dorval to Mirabel will be announced while the House of Commons is sitting, and that he will not go the deplorable VIA Rail route and announce it during a recess? In addition, will the minister also table the comprehensive reports on the Dorval-Mirabel situation when he makes the decision so that the travelling public will know what motivated the government's resolution of this very important matter?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am being more careful these days when I indicate dates for things I will do. I will not do so in this case. I want to assure the hon. member that when the decision is made it will be announced and fully explained so that everyone will have a chance to take a whack at it.

Mr. Scott (Hamilton-Wentworth): Here, in the House?

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[*Translation*]

AIR TRANSPORT

STATUS OF OFFERS BY FOREIGN AIR COMPANIES ON USE OF MIRABEL AS DISTRIBUTION CENTRE

Mr. Yves Demers (Duvernay): Madam Speaker, my question is also directed to the Minister of Transport. Early in 1979, at meetings the members for Laval and the northern Montreal area had with senior officials of the Department of Transport, the latter said that they were in favour of transferring all flights from Dorval to Mirabel, because if there was a transfer, foreign airlines, and more specifically the Japanese, would be inclined to make Mirabel the distribution centre for their air freight to North and South America. This would, of course, give a considerable boost to the economy and the metropolitan area. Would the airlines in question still be willing to do so?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would really need a map to visualize the distances involved, for instance, from Japan to South America. However, I would say that a distinction should be made between two kinds of air freight. There is specialized air freight, and from that point of view, there is no real advantage in transferring carriers from Dorval to Mirabel, since the Japanese could very well come to Mirabel without going anywhere else or they could use it as a stopover en route to other countries. However, in another scenario, carriers specialized in Japanese air freight would come to Mirabel and then rely on Mirabel to forward their cargo to other Canadian airports. In that case, of course, a transfer of all routes to Mirabel would possibly offer a number of advantages.

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• (1440)

[*English*]

CANADIAN NATIONAL RAILWAYS

ANNOUNCEMENT OF LAY-OFFS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, yesterday the CNR announced that it would be shutting down its main repair shops in Transcona, Point St. Charles, and Moncton for some six to eight weeks over and above the usual four-week shutdown. These lay-offs will affect 3,150 families across the system. Does the minister approve of this decision to have the CNR outdo the CPR by shutting down for an even longer period of time, or will he tell the CNR today that this

kind of irresponsible behaviour on the part of a Crown corporation is no longer tolerable? Will he make an arrangement with the CNR to have it cancel the lay-offs and to continue to employ these many workers at doing the great amount of work waiting to be done?

People could be working at repairing existing equipment, or in building the Transcontinental equipment that the minister promised when he announced his ill-conceived VIA cutbacks last fall. There is no shortage of work, Madam Speaker. Why is the Minister of Transport not making that kind of arrangement with Canadian National Railways?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am sure that if I did make that kind of decision, namely, if every day, as soon as I got to the office in the morning, I gave instructions to Air Canada, the CN and other Crown corporations for which I am responsible, then several members of this House would be the first to criticize me for doing so. The role of the minister, as far as Crown corporations are concerned, is to indicate general policy guidelines and not to try to butt into the day to day activities of these corporations. Of course I regret the situation that led to these lay-offs as much as the hon. member, but I would like to point out that as a result of unemployment insurance and collective agreements, these employees will, in most cases, be receiving up to 80 per cent of their salary during the lay-off period.

[*English*]

Mr. Blaikie: Madam Speaker, a lay-off of 1,200 people in one shop is not day to day activity, and the minister did not mind butting into VIA Rail when he saw fit to tear the passenger rail system apart.

Some hon. Members: Hear, hear!

Mr. Blaikie: All those who work for the railway or those who are otherwise interested in the future of transportation in this country will not soon forget this particular Minister of Transport.

NOTIFICATION OF UNIONS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my supplementary question is directed to the Minister of Transport. Does the minister approve of the fact that the trade unions concerned in these lay-offs had to hear about them from the local radio news? If he does approve, are we to understand that the government has now instructed Crown corporations to treat trade unions with the same contempt as the Liberals treat Parliament?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, because I have already answered the rest of the question, I simply want to make a distinction between the decision which the government made concerning VIA, which was a policy decision relating to the amount of money, the amount of subsidy the Government of Canada was willing to give VIA and the extent of the losses which could be sustained, and the policy concerning how many people should be laid off over what period of time which, in my view, relates to the daily operation of a Crown corporation.

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PIPELINES

BUILDING OF NATURAL GAS PIPELINE TO ATLANTIC PROVINCES

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is directed to the Prime Minister and to assist him, my constituency is Fundy-Royal. The Prime Minister will recall that he spoke to the Board of Trade in Halifax, Nova Scotia. During the course of that discussion he stated:

—that a Liberal government will take immediate action—

The Prime Minister said there would be immediate action.

—to ensure the full co-operation of all parties in the construction of a natural gas pipeline to Quebec City and the maritimes.

He went on to say that the gas pipeline would be reversible. He said that in January, 1980, nearly two and one half years ago.

Will the Prime Minister now tell people in Atlantic Canada his interpretation of the words "immediate action"? Will he instruct the Minister of Energy, Mines and Resources to take action now, forthwith, immediately, right away, instantly, to provide, without delay, a schedule for the natural gas pipeline to cross the St. Lawrence River into the Atlantic provinces and reinforce the Prime Minister's determination to have it reversible?

Mr. Lawrence: As soon as possible!

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I may refer the hon. member to the decisions handed down by the National Energy Board and confirmed by the Government of Canada, which include a schedule that is public knowledge. There has been some delay in getting the program started in Quebec, for all sorts of reasons connected with labour relations issues and obtaining the approval of the provincial government. We expect the gas pipeline to reach Trois-Rivières this fall and Quebec City some time next spring in 1983.

[*English*]

Mr. Corbett: Madam Speaker, it is quite obvious, upon examining the record, that the Prime Minister's pledge that the gas pipeline would go into the Atlantic provinces was as hollow as his pledge not to increase the price of gasoline.

ENERGY

DEVELOPMENT OF OIL SHALES IN NEW BRUNSWICK

Mr. Bob Corbett (Fundy-Royal): I direct my supplementary question to the Minister of Energy, Mines and Resources. Knowing full well that just a few weeks ago, in Charlottetown, the Prime Minister stated that, now that the Alsands project is dead, the government will be diverting funds to other areas of the economy to help make regions self-sufficient, will he recognize the viability and potential of the oil shales in the Moncton Basin in New Brunswick, which would amount to 10 billion to 20 billion barrels of oil, and be as generous with New Brunswick as he was with the province of Saskatchewan in setting up a pilot project to explore the possibilities of getting at that oil?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, these projects are being given careful consideration by my department on the basis of their respective economic viability, and in so far as projects such as the one mentioned by the hon. member can be expected to provide appreciable economic energy benefits in comparison with other projects, we shall obviously be examining them with great interest.

* * *

[*English*]

COMMUNICATIONS

USE OF CANADIAN SPACE SATELLITES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Communications who, I understand, is leaving shortly to go to Calgary to meet with his provincial counterparts on the issue of communications policy and Pay TV. I also understand that his officials have recently been meeting in Washington with members of the Federal Communications Commission with respect to changes to the 1972 letters of understanding between the two countries, which limit Canadian access to American satellites. Could the minister tell the House the nature of the amendments he is proposing? Specifically, is he proposing to allow the Americans to use our made-in-Canada satellites for direct-to-home broadcasting and rebroadcasting, an activity which is illegal in Canada? We have invented and paid for the technology, but we are not allowed to use it. Is it true that the minister will allow the Americans to use it first?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the hon. member is quite right in saying that there was, indeed, a very high level meeting of Canadian and U.S. officials last week in Washington. They agreed to set up a joint working group at a very senior level to look at the whole question of transport of data flow, transport or use of satellites, and the whole issue of orbital separations for satellites. These discussions of last Thursday will be followed by further discussions over the next few months. I think it actually points out or highlights the fact that when one looks at the over-all range of communications issues between Canada and the United States, our relations are indeed going ahead and progressing on an even keel.

Concerning the possible use of Canadian satellites by the U.S., it is my position, and the position of the government, that as long as those satellites are not required for use by Canadians we should be in a position to export, so to speak, the use of Canadian satellite channels to the United States, thereby allowing Telesat Canada to increase revenue and, in the long range, make the use of satellites in this country cheaper.

TRANSMISSION OF SIGNALS FROM FLORIDA

Miss Pat Carney (Vancouver Centre): Madam Speaker, I would like to direct my supplementary question to the Minister of Communications. I would point out that the revenues which are being talked about barely cover the launch costs for the next five satellites. I would also like to point out to the minister that Telesat is so embarrassed by the amount of American capacity on Canadian satellites that it is selling, that it has renumbered the satellites backwards. Therefore, we will launch Anik C-3 first, then Anik C-2, then Anik C-1.

• (1450)

Madam Speaker: Order.

An hon. Member: It is an explanation. The minister should know that.

Miss Carney: I would like to point out to the minister that it was designed originally for Canadians, specifically northern Canadians. Can he explain why the system is being designed to pick up Florida?

Hon. Francis Fox (Minister of Communications): Madam Speaker, obviously once again if we do have excess capacity, and that is the view of Telesat and its board of directors, the strong recommendation to the government from Telesat is that we should, in this interim period when we have an excess capacity, rent this excess capacity to the Americans because there is no demand for that type of commercial service in Canada at this stage. When there is indeed a commercial demand in Canada, we will make those satellite channels available. I have great difficulty understanding the hon. member's position. On this side of the House we are indeed interested in exporting high technology products to the Americans. The use of the satellite channel is an example of exporting some high technology products.

* * *

MINES AND MINING

LAY-OFFS IN LABRADOR AND NORTHERN QUEBEC

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Mines. It is in relation to a telegram sent by the mayor and

councillors of Labrador City to the Minister of National Revenue concerning the plight faced by mine workers in Labrador City, northern Quebec and surrounding areas because of the declining market for iron ore. Madam Speaker, has the Minister of State for Mines recommended to the Minister of Finance a response to the Minister of National Revenue which would bring satisfaction to the residents of Labrador City who are faced with a serious crisis in their local economy as a result of the iron ore cutbacks?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the telegram has not been brought to my attention yet. I will answer the question when I am made aware of its contents.

EFFECT OF PROPOSED UNITED STATES LEGISLATION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the Minister of State for Mines will also know, I presume, of a bill introduced to the United States Congress by Senator Peter Domenici who has suggested that United States consumers of uranium have their allowable imports restricted to 20 per cent of consumption in any particular nuclear installation. That will have a tremendously devastating impact on uranium mining in places like Kirkland Lake where we might see as many as 2,000 mine workers unemployed as a result of such legislation. What action is the Minister of State for Mines recommending to the Secretary of State for External Affairs and the government, to ensure that this type of countervailing measure in retaliation for the confiscatory aspects of the National Energy Program is stopped immediately?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I should like to make one point very clear to the hon. member. There is no uranium mined in Kirkland Lake at all. It is gold, pretty well. The uranium mining that takes place in Ontario is in Elliot Lake.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mrs. Erola: I should like to assure the hon. member that we are aware of the situation and are following it very closely.

* * *

INDIAN AFFAIRS

PROVISION OF JOB CREATION FUNDS FOR MICMAC INDIAN BAND

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. One of the problems in reaching a tripartite agreement with the Micmac people of Restigouche in the province of Quebec concerning fishing rights is the Quebec government's concern about too much pressure on salmon stock. It wants some assurance from the federal government that funds will be made available for job creation so that the Indian people will not be completely dependent upon the fishing resource.

Will the minister assure the House that job-creation funds and a proper economic development program will be put in place so that the Micmacs and the Quebec government can agree on a fishing quota that will not harm the salmon stock? Will the federal government meet its responsibilities for economic development on this reserve which has had over 80 per cent unemployment?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member knows that one of the major economic issues of this government, as a result of the last budget, was to put a top priority on economic development for natives to the tune of $245 million over the next four years. Approximately $75 million is to be allocated this year. This is in addition to all the other moneys presently programmed which the hon. member will note in the votes in our estimates for economic development for native people. So, of course, Restigouche will be considered in that context.

I hope the hon. member is not misled. The feeling of the Indian chief at Restigouche is that they want the Quebec government to continue to agree to the quota it set some weeks ago and not try to alleviate the responsibility for changing its mind by switching the blame to the federal government at this particular time.

PROTECTION OF MIC MAC FISHING RIGHTS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, we have heard many times about the $75 million that is supposed to be allocated for Indian economic development. We have not seen any of it yet, and neither have the Indian people. In view of the deteriorating situation in the negotiations with the Micmac people and the Quebec government, will the minister assure the Micmac people that, if a mutually satisfactory agreement cannot be reached, the aboriginal rights of the Micmac people regarding fishing will be protected and that there will be no repetition of last year's disgraceful raid?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would be prepared, and I am sure every member of this House would be prepared also, to take every possible step to avoid the unfortunate situation that happened at Restigouche last year. That is why my officials met with the Quebec officials yesterday and today, for that very purpose, to protect the quota that the Indian people regard as evidence of their Indian fishing rights in that particular area. That is a quota that was recognized some weeks ago by the Quebec government. We hope to reinstal that quota. We hope that Quebec will keep to its commitment on the previous quota that it agreed to some weeks ago. We feel that the Indian people then will regard this

as evidence of good faith in terms of their fishing rights in the Restigouche area.

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PUBLIC SERVICE

CONTRACTUAL STATUS OF FORMER SENIOR OFFICIALS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, you will recall a question I asked the minister responsible for Canada Mortgage and Housing Corporation with respect to the number of senior officials who have cashed in their optimum pension rights to change their status from that of employment to contractual arrangement. I thank the minister for a letter he wrote to me saying that only three of the former senior executives of the corporation have entered into this kind of arrangement.

I would like to address a question to the President of the Treasury Board with regard to the issue of persons receiving dual benefits in terms of pensions and salaries. Could he tell me whether the practice, now obvious in Canada Mortgage and Housing, is widespread throughout the Public Service? To refresh his memory, the question is with respect to senior civil servants who cash in their optimum pension rights and change their status from that of employment to a contractual arrangement, receiving two salaries from the Public Service.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the practice has been, and continues to be, that where public servants are hired on contract after retirement, care is taken to ensure that they do not receive a benefit beyond that which they would have received had they continued as employees of the federal government. That has been the practice in the past. If the hon. member knows of other circumstances in that department, I would be glad to take this question as a representation and ask my colleague responsible for the Canada Mortgage and Housing Corporation to look into the matter.

REQUEST FOR MINISTERIAL INVESTIGATION

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, it would not be in anyone's interest for me to give names of people in several departments of the Public Service who are not only receiving the optimum pension rights but contractual payments which are higher than their salary was before they changed their status with the corporation. Unless the minister provides us here with a more positive answer, namely, that he will look into the situation and stop it, I will have to name some of these public servants who have entered into these arrangements with several departments of the federal government.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I would invite the hon. member to speak to me privately on the matter. I have told him what the policy of the government is and what the policy of the Treasury Board is. I have just explained to him that maybe that should not be the case. Obviously there are public servants who are very valuable and should be maintained on contract. However, they should not, by virtue of that arrangement, receive more than they would receive had they continued as employees in the Public Service. That is the policy. If there are abuses which have not been brought to my attention, I would like to know what they are. I invite the hon. member to bring them to my attention privately.

* * *

• (1500)

PETITION

MR. ROBINSON (BURNABY)—ALLEGED CIA INTERVENTION

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the two hundred and forty-fifth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Burnaby (Mr. Robinson) on Wednesday, May 19, 1982, and finds that it meets the requirements of the Standing Orders as to form.

* * *

PRIVILEGE

MR. CROSBIE—ALLEGED MISLEADING STATEMENT BY MR. CHRÉTIEN

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise on a question of privilege of which I gave you notice this morning and which arises out of events which occurred in this House on Tuesday and Wednesday of this week.

All the precedents and authorities indicate that it is a breach of the privileges of the House for a member deliberately to mislead the House and, in particular, for a cabinet minister to do so. Incidentally, I will move a motion when I conclude my remarks, which I trust will be succinct and to the point.

As I understand it, what I must do now is establish a prima facie case that this House was deliberately misled by the Minister of Justice (Mr. Chrétien) and then, if Your Honour finds that the motion I will move is in order, there would be a debate on it and a vote as to whether this matter should be referred to the Standing Committee on Privileges and Elections.

Madam Speaker: Order, please. The hon. member worded his notice to me very carefully, and I ask him if he would very kindly avoid referring to "deliberately misleading" the House. The hon. member can expose any facts he wishes to put forward without mentioning those words which, of course, I must consider to be unparliamentary. There have been numerous occasions when allegations of the kind the hon. member now wants to bring forward have been brought forward, and hon. members have been able to expose their questions of privilege without using this kind of language. Such language

puts the Chair in a very difficult position, the Chair wanting to hear the case on the one hand but, on the other hand, not being able to accept unparliamentary language.

I am just warning the hon. member because he used those words in reference to a document. I am not saying he intends to use them during the remainder of his intervention, but it would be easier if everyone kept in mind that it would be difficult for the Chair to accept any unparliamentary language in the course of this question of privilege.

Hon. Erik Nielsen (Yukon): Madam Speaker, I must rise and speak to that point because it is my submission—

Mr. Breau: You can't speak on that point.

Some hon. Members: Order.

Mr. Crosbie: Sit down.

Mr. Nielsen: It is my submission, Madam Speaker, based on a very recent precedent of this House, that the course to be followed by the hon. member for St. John's West (Mr. Crosbie) is quite in order.

Mr. Speaker Jerome gave a very lengthy and well reasoned ruling on February 28, 1978 on a similar question of privilege raised at that time by the then hon. member for Durham-Northumberland, and that is to be found at page 3293 of *Hansard* for February 28, 1978.

Mr. Lawrence: And 3294.

Mr. Nielsen: The ruling commences at pages 3293, but on page 3294, in an extremely well reasoned judgment, Mr. Speaker Jerome very carefully and in some depth went into the history of what to him appeared to be a Catch-22 situation.

It is not reasonable to expect a question of privilege, based as this one is on an accusation of deliberately misleading the House, to avoid the very pith and substance of the question of privilege, and that is the problem which confronted Mr. Speaker Jerome. As recorded in the left-hand column at the bottom of page 3294, Mr. Speaker Jerome said:

> There are two other rather important precedents to which I would like to refer for the benefit of hon. members. I have them here and would be glad to have them copied and distributed to any members who might be interested in the discussion. One of them refers to a case in our own *Journals* which is reported on March 11, 1890, when Sir Richard J. Cartwright moved a motion of criticism of another member of the House which contained in it, first of all, an allegation of directly misleading the House and, finally, concluded by saying that the conduct of a certain member in the premises was and had been discreditable, corrupt and scandalous. That matter was debated by the House as a substantive motion—

And there will be a substantive motion moved here today by the hon. member for St. John's West.

> —and after debate the decision was taken that the matter would be referred to a committee for further examination.

Mr. Speaker Jerome went on to consider a further precedent in the British House which occurred on June 15, 1965, and he briefly described it. The charge in that case involved racist propaganda. In the substance of his ruling Mr. Speaker Jerome said, as recorded in the right-hand column:

> This does raise a very slight question as to whether or not in a substantive motion, since it is the very intention of the motion, language can be used which appears otherwise to be prohibited. My preliminary decision is that since the motion directs itself to that kind of criticism, obviously that language would have to be embodied in a motion and certainly would have to be permitted during the course of the debate, because I cannot see how the House could address itself to a substantive motion making that kind of allegation and complaint unless it was prepared to deal with it in specific terms. That question seems to remain—

Madam Speaker: Order, please. I would like to ask a question of the hon. member for Yukon (Mr. Nielsen) so that I can follow his argument.

I have looked at that particular ruling of Mr. Speaker Jerome, and it seems to me that the hon. member is now saying that he was referring to a substantive motion. If I remember that precedent, there was a substantive motion under another type of procedure which can be used in this House whereby the allegations or accusations made were quite clearly written out and spelled out.

We have a different situation just now whereby the hon. member for St. John's West (Mr. Crosbie) is raising a question of privilege. That is why I cannot allow a reference to "deliberately misleading" because to the present time no one has found a prima facie case of deliberate misleading. If the Chair does find that, obviously some kind of motion will come forward and the language allowed to be used might be different. I am not saying it will without looking into the circumstances, but it might be different. I will now ask the hon. member for Yukon to answer my question because I do not have the ruling under my eyes at this moment.

The hon. member is referring to a substantive motion in which a clear accusation had been made about an hon. member. Therefore, since the accusation might have been that of deliberately misleading, then in the presentation of the accusation or in the defence thereof it is quite obvious that some of these words had to be used.

I refer the hon. member to the question raised by the then hon. member for Durham-Northumberland. He debated his question of privilege without using any of the words the Chair could not allow. He exposed the facts, which I am asking the hon. member to do now.

Mr. Nielsen: Madam Speaker, the case is on all fours with that which was rised by the then hon. member for Durham-Northumberland in 1978. If Mr. Speaker Jerome's ruling is very carefully examined, it is obvious that the process we are embarked upon here today is precisely the process involved then, and I was present in the House at the time the then hon. member for Durham-Northumberland raised that question of privilege. Indeed, I participated in the debate on that occasion. What happened was that a notice of intention to raise a question of privilege was given by the then hon. member for Northumberland-Durham. In that notice, the words "deliberately misleading" were used.

• (1510)

The hon. member for St. John's West has meticulously avoided the use of those words in the notice given to the Chair

on this question. After having given the notice there was a debate in order to satisfy the Chair at that time that there existed a prima facie case of privilege.

At the conclusion of the submission by the hon. member for Durham-Northumberland he presented, as is the intention of the hon. member for St. John's West in this case, a motion which, if the Chair had found a prima facie case, would have been put to the House and the normal process would follow. That is precisely what we are doing here.

In that motion that was presented at the closing of his submission, the hon. member for Northumberland-Durham used the words "deliberately misleading". It was to that process that Mr. Speaker Jerome directed his attention in the precedent I am citing for the Chair today. It is clear from the preamble on page 3293 of *Hansard* that that is what took place on that occasion.

My submission is that we are following precisely that precedent in precisely that chronology.

The argument is an important one, Madam Speaker, and I should like to have the undivided attention of the Chair. I urge the Clerk to advise the Speaker, but in the meantime I want to be heard in an undivided way.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Nielsen: I thank you for the courtesy of giving me that undivided attention, Madam Speaker.

In my submission, the circumstances here are on all fours with that case, and the proper course to be followed would be for the hon. member for St. John's West to be heard on his question, as clearly Mr. Speaker Jerome considered that there is no alternative other than to endure the use of words used in the debate to support his argument which would otherwise, as he said, be prohibited. At the end of that submission he will be proposing that substantive motion and it will contain those words which would otherwise be considered unparliamentary.

I have no doubt that the Chair will want to hear other submissions on the substance of whether a prima facie case exists. The thought occurred to me in the meantime that if the Chair wishes to have my copy of—

Madam Speaker: I thank the hon. member. The Clerk was giving me a copy of that ruling so that I could follow the hon. member's argument. It would have been helpful if that process had not been disrupted. I do need the copy and I would ask the Clerk to give it to me now.

Mr. Nielsen: The thought occurred to me that a way to ease the difficulty would be to put the motion right now and subsequent submissions could be made to you on the basis of that motion. That clearly has to be found to be in order.

Madam Speaker: No, I do not think it is in order. Unparliamentary language cannot be used because, except under a certain procedure, members cannot be accused of having done certain things to the House. Therefore, I submit that I think it is entirely possible to do otherwise. The hon. member for St. John's West could expose the facts that he wants to expose to the House in view of his question of privilege without using those words which I would have to consider to be unparliamentary. Once the motion is before the House, the situation might be different and I would examine it then on its merit.

If I could have the co-operation of the House to clear this matter up, I hope it will be possible for the hon. member to submit his question of privilege in this way. Unless the hon. member gives me time to read this whole judgment and the whole question of privilege that was presented at another time, I do not think in the first part of the presentation of the question of privilege by the hon. member for Durham-Northumberland in the precedent which the hon. member for Yukon has quoted that any kind of unparliamentary language was used. The matter discussed was very much related to the kind of allegation that we are looking into today, however.

Mr. Nielsen: Madam Speaker, I direct your attention specifically to page 3294 of *Hansard* for February 28, 1978. The Chair has the ruling now. On that page in the right-hand column, half-way through the second paragraph, Mr. Speaker Jerome had this to say:

> My preliminary decision is that since the motion directs itself to that kind of criticism, obviously that language would have to be embodied in a motion—

Which it is.

> —and certainly would have to be permitted during the course of the debate, because I cannot see how the House could address itself to a substantive motion making that kind of allegation and complaint unless it was prepared to deal with it in specific terms.

I have admired your position in the past, Madam Speaker, for not creating new precedents and for adhering religiously to precedents already on our books. I submit to you that those terms of Mr. Jerome's ruling, in such a specific fashion, would be very difficult to avoid in prohibiting now debate on language which he says is proper to debate in a motion which in this case stands on all fours with the question he had to deal with in 1978 and which we want to proceed with now.

Madam Speaker: I would certainly want to follow the precedents which were established in this House by previous Speakers because I think they are a wealth of wisdom that I should rely on when I make decisions. But precisely because I want to follow those precedents and those traditions, it seems to me that what the hon. member is referring to is language that was permitted once the motion was before the House. We are not yet at this point. I will stand corrected if I am not following the hon. member's argument properly, but it seems to me that was permitted once the motion was before the House and not at the preliminary stage of the examination of the question of privilege. That is to say, once the Speaker found a prima facie question of privilege, then some language had to be admitted so that hon. members could make their case.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, you are absolutely right. In fact, the member for Yukon (Mr. Nielsen) quoted, out of context, part of the second paragraph of *Hansard* which I have here before me. It is important to remember that in this particular case, as you yourself said earlier, the Speaker of the House had ordered unparliamentary expressions to be removed from the notice of the question of privilege. Subsequently, the Speaker had second thoughts and said that he would accept unparliamentary language in a motion, provided the motion was before the House. However, today's situation is different. In fact, the onus is on the member for St. John's West (Mr. Crosbie) to prove to the Chair that there is a prima facie case for a question of privilege, and a motion can be presented only if the Chair decides that such is the case. Therefore, as long as the motion is not before the House, the issue of whether or not a motion may contain an expression that otherwise would be unparliamentary does not exist.

In the circumstances, I fail to understand the point the member for Yukon is trying to make, because there is no motion before the House, and if the member for St. John's West had wished to put a substantive motion before the House, under the provisions of Standing Order 42, 48 hours' notice would have had to be given, which was not done.

[*English*]

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I should like to make a brief contribution to this question, if I may. I want to participate in the argument. As I see it, we have to face a simple, pragmatic problem. I ask you how the hon. member for St. John's West (Mr. Crosbie) can establish a prima facie case of somebody wilfully misleading the House if he is not able to use those terms in the course of his discussion? That is the question we have to decide. If we want to make a prima facie case that there was deliberate misleading of this House, then I think it is almost impossible to do so unless we use euphemisms. Are we to say "dm" for "deliberately misleading", or use some other euphemism? We have to be able to use those terms, not in any unparliamentary sense, but simply to establish on a reasonable basis our prima facie case.

• (1520)

Madam Speaker: There is a difference, depending on the way in which hon. members choose to present a problem to the House. If hon. members wanted to have the latitude of formally accusing another member of this House of doing a certain thing, then they could have followed the route of presenting a substantive motion before the House which could be debated in those terms. That substantive motion could have been worded so as to contain the kind of accusations which some hon. members would now like me to consider as having been made.

A question of privilege is being raised, which is quite different from a substantive motion where an hon. member exercises a very serious sense of responsibility in making his accusations about an hon. member. That is a different procedure. If hon. members want to follow that procedure, I am in their hands. Under that procedure I can allow them to conduct themselves in a different way. However, since the hon. member for St. John's West chose to raise a question of privilege, I must rigorously follow the procedures which govern a question of privilege; that is to say, allow him to expose his question of privilege and warn him, as I did a few minutes ago, that since he was acting under this particular procedure he could not use unparliamentary language because I would then have to ask him to withdraw.

Therefore, I think the hon. member can, as some hon. members have done before in quite similar situations, expose the facts. That is what I need. The facts are needed in order to determine whether there is a prima facie case of privilege. A motion could then come before the House and I would judge that particular situation according to the circumstances. But for the time being it is either one route or the other. I am governed by our rules, which are quite clear on that, and I have to adhere to them or there will not be order in the House. I am sure the hon. member for St. John's West can expose his question of privilege in this manner and we can go on with the business of hearing him.

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I hesitate to become embroiled in this matter because my party supported the hon. member for St. John's West (Mr. Crosbie) yesterday in the vote. However, the opposition House leader invited other members to make submissions to Madam Speaker and I thank the hon. member for his *Hansard* reference of February 28, 1978. The whole text of Speaker Jerome's ruling was not revealed and I would just like to quote a couple of paragraphs, where he says:

> My first reference is to the nineteenth edition of Erskine May at pages 367 and 428. At page 367, under the heading "Rules Governing Subject-Matter of Motions", it is stated that certain matters cannot be debated save upon a substantive motion which admits of a distinct vote of the House. Among these is the conduct of members of either House of Parliament. I am summarizing that slightly, but the reference is there.
>
> At page 428 of May's nineteenth edition, under the heading "Reflections on the Sovereign, etc.", it is stated that unless the discussion is based upon a substantive motion, drawn in proper terms, reflections must not be cast in debate upon the conduct of the sovereign, etc, and among those enumerated are members of either House of Parliament.

Speaker Jerome goes on to cite a number of other references, but I will let the expanded text speak for itself.

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I would like to clarify a misunderstanding which exists in my mind regarding the practices and traditions of the House. Perhaps you can clarify them for me.

As I understand the situation, whenever one complains about a breach of privilege in the House—it does not matter whether it is unparliamentary language or whatever—one has to give a notice of motion to the Chair. It has been the tradition and practice for as long as I can remember, both in the British House of Commons and in this House of Commons,

that the notice of motion has to contain the substantive motion which the member is going to rely upon if the Chair finds a prima facie case.

The difficulty back in 1978 which was clearly faced by Speaker Jerome was exactly the same situation you are facing today, with all due respect. It is a Catch-22 situation. How can a member complain of someone deliberately misleading someone else in the House but be unable to use that language? After exhaustively going into the precedents, spending at least a week, if I remember correctly, on the research involved, I think Speaker Jerome came out with the clear unequivocal position that obviously that language had to be permitted in a debate on the notice of motion—not on the substantive motion itself but on the notice of motion—and could be used in the notice of motion because it had to be used in the substantive motion.

As I understand the situation now facing the Chair, there is a claim that that language can be used in debate only after the substantive motion is put; in other words, only after the Chair finds there is a prima facie case. I feel compelled, Madam Speaker, to draw your attention to rule 81(2) which, as I understand it, requires the substantive motion to be included in the notice of motion.

As a matter of fact, if there is any doubt whatsoever in your mind, I point out to you that in 1978 I was permitted to use that language in the debate in this House; I was permitted to use that language in the notice of motion, and in the subsequent substantive motion. In actual fact the Chair found there was no prima facie case at that time. So we never reached the stage where the motion was actually put, because the Chair found there was no prima facie case.

Under those circumstances, Madam Speaker, I feel that if you are following—as I am sure you desire to—the precedent of such an eminent Speaker with the legal training and background which Mr. Speaker Jerome had—

Some hon. Members: Oh, oh!

Some hon. Members: Shame, shame!

Mr. Lawrence: —with the training and background that Speaker Jerome had, Madam Speaker, I feel that the precedent and tradition is that we should follow the results of the exhaustive research carried out by the Speaker at that time.

Madam Speaker: In answer to the hon. member for Durham-Northumberland (Mr. Lawrence) I will have to point out to him exactly what happened in these particular circumstances. First of all, the motion sent to me by the hon. member for St. John's West does not contain any language which I could consider to be unparliamentary. It is very carefully worded and does not contain a reference to "deliberately misleading" the House. Therefore, I could find that this question of privilege was raised in a very legitimate manner.

Secondly, the hon. member for Durham-Northumberland I think forgets that my esteemed predecessor, Mr. Speaker Jerome, who was very highly trained in the legal profession, asked the hon. member to change the wording of his motion because he felt he could not accept the wording "deliberately misleading". He concluded by saying:

• (1530)

> I would think, therefore, that the action would be to strike out the hon. member's notice of privilege because it contained the word "deliberately", on the basis of clear precedents.

That is why the hon. member was able to proceed, because he concurred with this demand from the Speaker. Mr. Speaker Jerome went on to say:

> It is entirely without prejudice to the hon. member to raise the matter again in a substantive motion after he has had the opportunity to consult these precedents.

It seems to me that I am following exactly what my predecessor had suggested to the House to do.

Mr. Nielsen: Madam Speaker, you used a phrase twice which I am sure you did not intend to use.

Mr. Pinard: Be serious.

Some hon. Members: Oh, oh!

Mr. Nielsen: You referred to receiving the "motion" from the hon. member for St. John's West. I am sure you intended to say "notice". You also referred to Mr. Speaker Jerome's request in his ruling that the hon. member for Durham-Northumberland change the wording of his "motion". I am sure you intended to use the word "notice", as Mr. Speaker Jerome used that word.

Mr. Smith: That's what Madam Speaker said.

Mr. Nielsen: No, I am afraid that when the "blues" come to Madam Speaker she will notice those two observations. I am sure she intended to say "notice".

Mr. Smith: You are wrong.

Mr. Nielsen: I just want to make one or two brief points, Madam Speaker. First, it has always been ruled, in my experience here, that a question of privilege has to contain a motion. I cannot recollect any instance other than that if a charge is made the nature of the charge is usually right up front so that people know what they are dealing with, particularly those who are participating in a discussion as to whether or not a prima facie case exists. You yourself have said that you have to know the facts. One of the principal facts in this whole discussion is going to be the deliberate nature of the misleading. That fact is central to all of the discussion that will flow here.

Second, I cannot recall any ruling—there may well be one but I cannot recall it—that requires a substantive motion, such as the one intended to be moved here and the one moved on the occasion of the question raised by the then hon. member for Durham-Northumberland, to be moved at the end of the argument rather than at the beginning. Indeed, I cannot recall any instance where the motion followed the finding of a prima

facie case. Indeed, it was always up front because that was part of the finding. Once a case is found, then the very motion is put to the House.

My friend the hon. member for Durham-Northumberland (Mr. Lawrence) quoted Beauchesne's Citation 81(2). In my submission, Citation 81, Subparagraph (2), should not be read as a mandatory direction that a motion can only follow the finding of a prima facie case or can only follow the submission of argument by the hon. member phrasing the quesiton of privilege. The proper interpretation of Citation 81(2) in my submission is that, unless there is a substantive motion moved by at least the conclusion of the argument, then the question of privilege is not well founded and, indeed, there is nothing to put to the House.

I submit very strongly that Citation 81(2) which I have cited to you does not rule out the practice of putting such a substantive motion up front in the argument. I can recall no precedent in this House to prevent that course being followed.

In any event, just to deal very briefly with the point raised by the government House leader in his very brief, and in my respectful opinion ineffectual, intervention, he made the point that a substantive motion had to be preceded by 48 hours' notice. That, of course, is nonsense. Mr. Speaker Jerome found it to be nonsense. As reported on page 3294 of *Hansard* for February 28, 1978, Mr. Speaker Jerome said:

> If the action was deliberate and was then the subject of a substantive motion—

As this will be.

> —as required by the precedents, it might be argued by the mover of that substantive motion that rather than having the substantive motion dealt with in its regular place under private members' notices of motions, for example, it ought to enjoy the precedence accorded to privileged motions.

That is why, because of the uniqueness and rarity of substantive questions of privilege arising in the House of Commons, it enjoys the kind of procedence that Mr. Speaker Jerome points out motions based on privilege ought to enjoy.

Just so there is no inferences left that I am leaving anything out with respect to the brief and slight intervention by the acting House leader for the New Democratic Party, Mr. Speaker Jerome's judgment starts on page 3293 of *Hansard* for February 28, 1978 and concludes on page 3295.

There were other subsequent interventions based on that question of privilege. I commend not just the reading of that ruling to the hon. member who made the brief intervention, but a study of it, which I have given to the ruling.

Mr. Pinard: Madam Speaker, I will try not to be too long, despite the good advice given by my colleague from the Yukon. Very briefly, may I draw your attention to Beauchesne's fifth edition, Citation 85. It describes the kind of motion that usually follows a complaint of a breach of privilege. Citation 85 reads:

> A complaint of a breach of privilege must conclude with a motion providing the House an opportunity to take some action. That action is normally the reference of the matter to the Standing Committee on Privileges and Elections for examination.

That is a substantive motion which does not require any other notice but a notice to raise a question of privilege, as was done by the hon. member for St. John's West. On the other hand, if the hon. member for St. John's West was to move another substantive motion accusing a minister of deliberately misleading the House, we would have to take into consideration a quote from Erskine May found on pages 367 and 368, which reads:

> "Matters to be dealt with by a substantive motion."—Certain matters cannot be debated, save upon a substantive motion which admits of a distinct vote of the House. Among these are the conduct of the sovereign—

And so on. We have also the conduct of:

> —members of either house of Parliament and judges of the superior courts of the United Kingdom—

Therefore, there are two separate points. First, if hon. members opposite choose the procedure of complaining of breach of privilege, then members are not allowed, according to a ruling by Mr. Speaker Jerome, to use unparliamentary language in exposing facts. If you come to the conclusion that there is a prima facie case of privilege, Madam Speaker, then you allow a motion to be put. This type of motion does not contain any offensive language because it is a mere reference to the Standing Committee on Privileges and Elections for consideration of the matter.

Mr. Nielsen: Not at all.

Mr. Pinard: On the other hand, if the hon. member for St. John's West was a little more courageous and had the courage to move a straightforward motion accusing the Minister of Justice (Mr. Chrétien) formally of deliberately misleading the House, then he would have had to give the normal notice under Standing Order 42 and suffer the consequences of his motion. But we would not be allowed to debate that today.

Hon. members opposite have chosen an indirect way to do this and they must live with the procedure as it is. Therefore, hon. members opposite are ill-founded in their approach in trying to seize this opportunity to add to the offence and insult of yesterday against the Minister of Justice (Mr. Chrétien) and against this institution by trying to use more unparliamentary language through pleading a case wherein they pretend to suffer a breach of privilege.

• (1540)

Madam Speaker: It is quite obvious that we are really confusing two types of procedure. The hon. member for Yukon has just quoted precedents about notices of motions and different types of motions, but he confused the two types of motions in indicating to the Chair what the conduct of the Chair should be. It is quite obvious to me, having looked into the rules and precedents of the House, that having chosen the route of raising a question of privilege, the hon. member for St. John's West should now expose his question of privilege, but of course he should not use unparliamentary language. At this point or during the course of his presentation, or even in the notice he has given—he has given me notice but he has not given the motion he would like to move—he could give the

Chair or the House an idea of the kind of motion he would be prepared to move if the Chair finds a prima facie case of privilege.

The other procedure would require quite different behaviour and conduct on the part of members and on the part of the Chair. If the hon. member wants to conform to the procedure which I think is well established in the House, if he would deal with his question of privilege, accept the warning I have given him, and follow the example of some hon. members on that side who have previously dealt with matters of this nature, then I would hear him and I would be delighted to hear him.

I caution the House that indeed this is a very delicate situation wherein members using strong language to make their arguments must be reminded that unless they make a formal charge under a different procedure, they have to give up something. What they have to give up is the use of strong language which the Chair cannot accept if they use a particular type of procedure.

Mr. Nielsen: Madam Speaker, I will be very brief but I do not want the record to stand as it is. With great respect to your remarks, I was not confused when I was making my submissions. I was not referring to a notice of motion when I referred to the notice of privilege which was given to you today by the hon. member for St. John's West. I am quite aware of the distinction between a notice of privilege and a notice of motion. We are talking about a notice of privilege and a substantive motion which will follow upon that notice of privilege. No confusion exists in my mind. I just wanted to put the record straight on that score.

Mr. Crosbie: Madam Speaker, naturally I want to restrict myself to whatever the Chair dictates, no matter what contortions that might require. I am alleging or suggesting that on last Tuesday, May 18, there was a breach of the privileges of the House due to the misconduct of the Minister of Justice (Mr. Chrétien) in certain answers he made to certain questions. I would like to establish now, if I can, the prima facie evidence that this occurred.

I refer to Tuesday's *Hansard* at page 17533. That afternoon at around 2.55, the Right Hon. Leader of the Opposition (Mr. Clark) asked a question because—and this is part of the factual background—there had been a report on CJYQ radio in St. John's, Newfoundland at one o'clock Newfoundland time—which is, as Madam Speaker knows, 11.30 Ottawa time—that the Government of Canada had made a decision to refer the question of offshore mineral resources to the Supreme Court of Canada. I also tell the House that the basis of that story came from the office of the Minister of National Revenue (Mr. Rompkey), who is a minister from Newfoundland.

Then following that broadcast by CJYQ radio in St. John's, CP sent out a story stating the same thing. I have the CP story here. At 1.31 on Tuesday afternoon before question period started, Canadian Press sent out a story to the same effect. I have it in my hand, as a matter of fact:

> The federal government is considering a unilateral reference on offshore resource ownership to the Supreme Court of Canada as early as this week, federal sources said Tuesday.

It referred to a secret meeting on Friday between the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Newfoundland minister. It continued:

> Sources said Prime Minister Trudeau and Lalonde met Monday night with the five Liberal MPs from Newfoundland to discuss the government's options, including a quick Supreme Court reference.

At my request, the Leader of the Opposition asked the Minister of Justice the following question, as reported at page 17533 of *Hansard*:

> Madam Speaker, my question is to the Prime Minister and the Minister of Justice who will know that there are news reports today indicating that the federal government is considering a unilateral reference on offshore resource ownership to the Supreme Court of Canada, and is considering doing that as early as this week. Is that the case?

The answer of the Minister of Justice was:

> Madam Speaker, if the government does make a decision to that effect, this will be announced as soon as the decision has been made. No decision has been made at this time.

Then on the next page, after other supplementary questions, the Right Hon. Leader of the Opposition asked:

> Madam Speaker, is the Minister of Justice and the Government of Canada considering a direct unilateral reference of the offshore question to the Supreme Court of Canada? It is a simple question. Yes or no?

The Minister of Justice answered:

> Madam Speaker, I said that there has been no decision made by the government at this time on that question.

Then he went on with the rest of his answer.

Later on that Tuesday, or I guess it was probably early Wednesday morning, there was a report in *The Globe and Mail* of Toronto that the minister was proceeding to St. John's that morning to inform the people of Newfoundland—

Mr. McGrath: That paper is out at nine o'clock.

Mr. Crosbie: It was reported in *The Globe and Mail* of May 19 that he was going down to Newfoundland to inform them that the government was asking the Supreme Court of Canada to decide who owns the rich Hibernia oil field. It read:

> Sources in Ottawa told *The Globe and Mail* that the question the federal government will be putting before the Supreme Court will be restricted to Hibernia rather than the more comprehensive question—

Mr. McGrath: That paper was printed the night before.

Mr. Crosbie: Yes, that paper was printed on Tuesday evening. The next morning, that is the morning of May 19, the Minister of Justice flew to Newfoundland with the Minister of National Revenue. They arrived there at twelve noon or 10.30 Ottawa time, which indicates that they left here at 7 to 7.30 a.m., less than 24 hours after the Minister of Justice said that no decision had been made on the issue.

Not only that, but just before twelve noon on Wednesday, officials from the Department of Justice appeared in the Supreme Court registry in Ottawa and filed a reference with the registry containing the question on the offshore and all

other necessary documentation. It would strain credulity to believe that all the intricate work necessary to prepare those documents could have been done by the Department of Justice between 2.55 Tuesday afternoon and the next morning at twelve noon.

In any event, on the same Wednesday the minister, after having had lunch with the defeated leader of the Liberal Party of Newfoundland who announced all this at 2.15, or 15 minutes before the minister called a press conference in Newfoundland to give to the public the letter from the Prime Minister (Mr. Trudeau) to Premier Peckford and went on to say that this reference was being made. At 2.45 Newfoundland time, a telex started to arrive in the war room in the Confederation Building at St. John's from the Prime Minister to Premier Peckford. The minister had started 15 minutes before the Premier started to get the letter from the Prime Minister, who was so fastidious here yesterday about tabling that letter in the House. He wanted to ask Premier Peckford whether he should table it, the Premier who did not even get the letter before the Minister of Justice made it or the substance of it public in Newfoundland last Wednesday.

Mr. Chrétien: I did not make it public.

Mr. Crosbie: In any event, Madam Speaker—

Mr. Chrétien: I rise on a question of privilege.

Some hon. Members: We are on one now.

Madam Speaker: Order. The hon. minister might rise on a point of order, but he cannot rise on a question of privilege because I cannot hear two questions of privilege at the same time.

Mr. Crosbie: The minister—

Mr. Chrétien: I did not have the letter.

Mr. Crosbie: I will not argue about that.

Mr. Chrétien: Then don't say it.

An hon. Member: Your microphone.

Mr. Crosbie: I am telling you, Madam Speaker, that whoever operates these microphones has a lot to answer for.

• (1550)

This telex started to arrive at a quarter to three on Wednesday afternoon, just 24 hours after the minister said in the House of Commons that no decision had been reached on this most important and sensitive question.

In order to keep the time in sequence, Madam Speaker, I refer you to Wednesday's *Hansard*, May 19, in which the Right Hon. Leader of the Opposition had an opportunity to question the Prime Minister, who entered the House at about ten minutes to three—in fact, at three o'clock since it is marked "1500". The Right Hon. Leader of the Opposition asked the Prime Minister this question at page 17592 of *Hansard*:

> I would like to ask the Prime Minister whether that response by the Minister of Justice yesterday was a truthful response, and, if so, would he tell the House of Commons at which time, what time yesterday or today, did the cabinet of Canada meet to make a decision to refer the offshore jurisdiction question to the Supreme Court of Canada?

The reply of the Prime Minister was:

> —the decision became effective when the order in council was signed some time this morning. I cannot say exactly at what hour.

That was an evasion, of course, so the Right Hon. Leader of the Opposition asked several more questions. I read from page 17952 of *Hansard* where he asked:

> When did the cabinet of Canada meet to make this decision?

And:

> —was the Minister of Justice telling the truth to the House of Commons yesterday when he gave his answer?

The reply by the Prime Minister was:

> Madam Speaker, the cabinet met yesterday, yesterday morning. It took what in effect was a conditional decision, and that decision became effective this morning.

The Prime Minister himself has confirmed that there was a cabinet meeting on Tuesday morning where they made a decision which he chooses to call conditional. The Prime Minister went on to say that "the decision became effective this morning." That is, Wednesday morning.

It is a peculiar thing, but I am advised that the copy of the order in council sent to Newfoundland—the copy that the Newfoundland government has—is dated May 18. That is my advice.

In any event, at three o'clock in the House the Prime Minister said that there was a cabinet meeting Tuesday morning, before the Minister of Justice answered the questions in this House that this decision was made which he calls conditional. A decision is a decision, conditional or not. The matter had obviously been discussed. It is like getting pregnant. You cannot get half or a quarter pregnant; you are either pregnant or not. You make a decision or you do not. You do not make a half pregnant decision. But that was the Prime Minister's response.

In order to establish my prima facie case we must remember that the minister said that there was no decision made and that about 17 hours later he left for Newfoundland in a government aircraft. There must have been a fantastic flurry Tuesday afternoon and night in cabinet offices and in the Department of Justice that the minister had to hurtle to St. John's on a jet on Wednesday to advise them that the government was referring this question to the Supreme Court of Canada.

Could I just point out to you, Madam Speaker, what the ordinary person understands by the word "decision". The ordinary person understands a decision to be a decision, not when some order in council is signed. I refer to the large Oxford dictionary which says this about the word "decision".

Mr. Broadbent: The large one, John?

Mr. Crosbie: That is the small one. I am quoting from the large. The large Oxford dictionary says "decision" means "the action of deciding (a contest, controversy, question) a settlement, a determination or the action of deciding". It goes on to say "the making up of one's mind on any point or on a course of action; a resolution; determination".

Why do I refer to the definition of "decision"? Because there is an attempt to quibble about what that word means. There was already an attempt made by the Minister of Justice, as he is quoted in a Canadian Press story today, to say: "When it is not signed it is not a decision." There is a new principle now. You do not make a decision until something is signed. If I decide to walk across the street, it is not a decision until I sign it. If I decide to leave this building to go somewhere, it is not a decision until it is signed. If the government or one of its committees makes a decision, it is not a decision until somebody produces written evidence of the decision. They no longer have memories or no longer know what they have decided. It is nothing until somebody puts it into writing and it is signed as an order in council. That will not wash with the people of this country.

What does all this add up to? What it does add up to is that this House was not given a true and correct answer to the question that was asked by the Right Hon. Leader of the Opposition on Tuesday which dealt with a most serious public question. Is this a breach of privilege? How can the parliamentary system of government function if members of the House, and the public, cannot obtain or no longer expect to obtain factual, true and correct answers from ministers—not equivocations which will be based on the minister later saying that there was no decision because there was no order in council passed. Everyone in the country knows that a decision was made when the cabinet met on Tuesday morning. Suppose the decision was conditional as the Prime Minister said it was, conditional on what?

There was no communication between the Prime Minister or his ministers and the Newfoundland government from Friday of last week when the Minister of Energy, Mines and Resources met with the Newfoundland minister of energy, mines and resources until the Minister of Justice flew to Newfoundland to have his press conference. The decision was not conditional upon the government of Newfoundland agreeing. It was not conditional on the government of Newfoundland being asked to do something. It was not conditional on the government of Newfoundland being informed. The Newfoundland government was not informed. It heard about the decision after the defeated Liberal leader of the opposition in Newfoundland heard about it. He has repudiated the whole course of action which, of course, is irrelevant.

After just having laid out these facts as I know them, I want to end by saying that these facts naturally can only be prima facie until someone with the power to investigate and look into this matter can do so and summon witnesses to be heard.

If our system has reached the point where we can no longer trust what we are told by ministers of the Crown in the House, if we have come to the point where evasion, half-truths, specious reasoning is given to us instead of factual answers to questions—because all the Leader of the Opposition asked for was facts—then the parliamentary system of government can no longer work in the House. It can no longer work if we have to study every answer and refer to the dictionary after answers to all our questions in order to look up every word they have used, to see what the dictionary says it means or what the Liberal cabinet minister understood it to mean in the twisted confines of that cabinet minister's mind.

I would like to end by quoting from Macbeth:

> I pull in resolution, and begin
> To doubt the equivocation of the fiend
> That lies like truth; Fear not till Birnam wood
> Do come to Dunsinane;—

Birnam wood is coming to Dunsinane because we doubt the fiend that lies like truth. Therefore, after we are concluded here, if you find there is a prima facie case—which I hope you will because this has to be put a stop to and we owe it to the people of Canada to see that this is put a stop to—I will move:

> That it is the opinion of this House:
>
> That in stating to the House on Tuesday, May 18, at page 17534 of *Hansard* in reply to a question from the Leader of the Opposition, that "there has been no decision made by the government at this time on that question," the Minister of Justice was deliberately misleading the House;
>
> And, that this House therefore resolves: That the matter of the deliberately misleading statement made to the House by the Minister of Justice on Tuesday, May 18, be referred to the Standing Committee on Privileges and Elections;
>
> And that the committee report to the House as to whether the statements of the Minister of Justice constitute a contempt of the House, and whether the conduct of the minister is consistent with that expected of a minister of the Crown.

That is the motion I will move because I believe this kind of sharp practice and pretence must be stopped. This deviousness and this kind of answer must be stopped.

Let me also say that I am quite prepared to put my seat on the line, and if there is a proper forum to investigate this matter I charge that minister with deliberately misrepresenting the truth to the House. I am prepared to back that up. I am prepared to resign if a fair and proper forum finds that he did not knowingly and deliberately mislead the House. I am prepared to run again when the government sets a date for a by-election, if they dare to set a by-election date. I will then be back here again with ten times the majority I had the last time.

• (1600)

I also want the Minister of Justice to put his seat on the line. I want him to resign if such a committee finds that he deliberately misled the House, as he in fact did yesterday in a disgraceful and pusillanimous manner.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Resign!

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Chrétien: Madam Speaker, I do not know why the hon. member becomes exercised, makes a big fuss and tries to be a little *bouffant* as he did yesterday, because the facts themselves today just prove what is the problem. I would like very clearly to say that when I answered the Leader of the Opposition (Mr. Clark) in the House on Tuesday, I stated the truth. There was this problem concerning the offshore which has been in front of the cabinet for a long time. The hon. member knows that some months ago I communicated with the minister of justice in Newfoundland, Mr. Ottenheimer, and suggested that we go directly to the Supreme Court in order to shorten the process and make sure that there was a decision. There was an election, and so on, so the decision was not made. There were discussions, there were some procedures which had to be followed, and the matter was reviewed from time to time.

Therefore, when I rose in the House on Tuesday afternoon it was one of the plans, and we had obviously been ready for a long time because all of the documents were ready. I hope the opposition will not start to blame a minister because he does his work properly and gets ready to act when the time comes. So I was ready, and I came to the House. The Leader of the Opposition asked me a question and I said there was no final decision, and it was confirmed—

Mr. Clark: No decision at all; don't weasel.

Mr. Chrétien: No decision, yes, were the words I used. So, no decision was made. The Prime Minister (Mr. Trudeau) very clearly described it. There was a decision which had been made with some conditions attached. Of course, I did not want to mislead the House. I just said that there was no decision because some conditions had to be met.

In the afternoon when I left this House at three o'clock and went back to the cabinet—because the cabinet was sitting—I had to entertain some more discussions, with my officials and with some ministers and, by the end of the afternoon, I was satisfied that I could proceed. But by that time it was around seven o'clock.

Mr. Nielsen: Making it worse.

Mr. Chrétien: So the order in council could not be passed until the morning after. Because no one was in their office, I gave instructions for the processing of the order in council only in the morning. In fact, the order in council was passed at ten o'clock on Wednesday morning by the Deputy Governor General.

I did not want to mislead the House. There was no final decision. The hon. member said that I purposely wanted to mislead the House. Yesterday he misled the House, and I am sure it was involuntary, because he rose in the House and he said:

> Today the Minister of Justice met with the leader of the Liberal Party of Newfoundland . . . rather than with the minister of justice for Newfoundland. He refused to meet with the minister of justice—

I do not say that the hon. member wanted to mislead the House, but that is, in fact, what he has done, because I left on Wednesday morning and I had given instructions on Tuesday night to make an appointment for me with Mr. Ottenheimer. His office was called. When I arrived in St. John's, I asked my assistant to call the office of Mr. Ottenheimer. Mr. Ottenhemier agreed to meet me at 3.30 in the afternoon. Later on he called and cancelled the meeting.

The hon. member for St. John's West accused me of refusing to meet Mr. Ottenheimer.

Mr. McGrath: Before the press conference!

Mr. Chrétien: I did not call him to cancel the meeting. He did not attach any condition. I went there and informed him that I was in St. John's and that I wanted to have a meeting. I did not personally talk to him. A time was set for 3.30. I have worked with Mr. Ottenheimer for years. I have no grievance against him. We might disagree, but I respect him as the attorney-general and I wanted to see him. But he cancelled the meeting.

I do not say that the hon. member for St. John's West wanted to mislead the House of Commons. He probably interpreted that the meeting had been cancelled, or perhaps he was not even aware that the meeting had been agreed upon. So he said the same thing this afternoon. What was his intention a minute ago? He withdrew what he said. He said that I was there, giving the letter of the Prime Minister to the press, before the Premier of Newfoundland had received the letter. I am sorry, I did not have the letter. The letter was sent by the Prime Minister to Mr. Peckford. I was not a messenger. I do not say that the hon. member wanted to deliberately mislead the House, but he did not state the truth, because I did not have the letter.

When we are debating in the House and replying to questions, I think it should be understood that if I had been satisfied when I rose in my seat that there was a decision, and that I was to proceed the same day, the day after, or Wednesday, if I had been sure I would have said so. I have been a member of this House for 19 years, 15 years in the cabinet. I have always dealt with the House on a reasonable basis. I know that there are some affirmations made on a daily basis which are sometimes contradictory.

The hon. member for St. John's West tries to define when a decision has been made. I am telling hon. members that, in my own mind, there was no final decision because I had to meet certain conditions. If these conditions had not been met in the afternoon, I would not have been in Newfoundland the day after. I would have had to wait and perhaps would never have gone. I am not privileged to discuss what goes on in the cabinet, nor why I was not ready to proceed. That is part of cabinet confidentiality. Hon. members have been here long enough to realize that there is some constraint when one is in the cabinet. I just say that I stated the situation as it existed in my mind. I did not want to mislead anyone.

I was surprised at the hon. member yesterday, because when I heard about what he said, I said I found it a bit ridiculous. I said: "It is too bad I am not there because the members of the

House will realize that there was nothing done to deliberately mislead the House at all."

[*Translation*]

Madam Speaker, the House of Commons is recognized as an institution that respects its members. When the Leader of the Opposition asked me the question, I was not particularly aggressive. In any case, I thrive on aggressive questions and I enjoy Parliament. I have spent nineteen years in the House, and I am very fond of parliamentary debate. I certainly never run away from a debate. So if I had wanted to start a debate at three minutes to three—it takes time for the Leader of the Opposition to make up his mind to ask a question—at three to three I might have tried to engage in a little skirmish with the Leader of the Opposition. However, I merely said: The decision has not been finalized. That is clearly what was in my mind. I then continued consultations with my department and my colleagues, and at the end of the afternoon, I decided to go to Newfoundland, and the order in council was passed Wednesday morning.

I am not going to split hairs about the exact instant of legality and all that, but that is what happened. I had no intention of doing anything that would be in contempt of the House. Today, Madam Speaker, I could actually rise on two questions of privilege before this House, if I really wanted to make a nuisance of myself as some people do occasionally. The hon. member for St. John's West (Mr. Crosbie) accused me just now of having given the letter to the press before it reached Mr. Peckford. That is not true. I did not even have the damned letter. Excuse me, Madam Speaker, I withdraw that word. I did not have the letter. I could accuse the hon. member for St. John's West and like him, do nothing but talk, talk, talk, and I could do it but it is really not worth it. I did not have the letter.

Furthermore, the hon. member accused me of having refused to see Mr. Ottenheimer, which is totally ridiculous, since Mr. Ottenheimer himself cancelled the meeting. I did not have to see him, but I felt that although it was a difficult situation, it was my duty, on arriving in St. John's, to try to meet my colleague Mr. Ottenheimer in order to explain to him personally why we were proceeding in this way and during our meeting perhaps try to find a way to settle the problem. We have heard any number of speeches on certain issues, as the House will recall. I would rather not look back, but hon. members are aware that we have had incredible arguments about the Constitution in the House and with the Newfoundland government. And we managed to settle our differences. Perhaps this is going to help speed up the process of finding a solution. I hope so, but it does not mean that I wanted to lie to the House and break the rules of Parliament. It does not make sense. This is ridiculous. It is really childish. Today we have not heard a single question on the substance of what we have done.

• (1610)

[*English*]

A member of the opposition wanted to know why we had done it, if there was any reason to do that.

Mr. Clark: We cannot believe what you say.

Mr. Chrétien: Joe, come on!

An hon. Member: Come on again.

Mr. Chrétien: Joe, I said there was no final decision. The hon. member—

Mr. Clark: You did not say that. You did not say that. That is a lie.

Mr. Chrétien: Joe, I just say—Madam Speaker, it is quite clear that I have been very candid this afternoon with the House of Commons.

Some hon. Members: Hear, hear!

Mr. Chrétien: I have been candid. I said exactly what happened. They can laugh if they want to; I am not impressed at all. I just say that yesterday—on Tuesday—I did not mislead the House. I had no intention of doing that. I said what was in my mind and is still in my mind, just the plain truth.

Some hon. Members: Oh, oh!

Mr. Chrétien: I have some obligations to my colleagues. When they authorize you to do something and they say, "You do that when you meet certain conditions", in my mind, until the conditions are met, it is not authorized.

An hon. Member: Right on!

Mr. Chrétien: It is the basic principle of cabinet solidarity—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Chrétien: —that you respect the decision of the cabinet.

Some hon. Members: Hear, hear!

Mr. Chrétien: That is exactly what I have done. Madam Speaker, if I look at the question of legality, there are a lot of people on the other side who have been members of the Privy Council. You yourself, Madam Speaker, have been a member. Of course, at times, before the moment that there is a conditional decision made by the cabinet and an order in council, there is some change. The legal decision is made when the order in council is passed.

Mr. Clark: You did not say the "legal".

Mr. Chrétien: I could have just sat back on that today. The facts are there. Nobody can say that the order in council was not delivered, and signed too, signed by the Deputy Governor

General of Canada before ten o'clock on Wednesday. So there was no decision until that time.

Mr. Clark: When was it signed by cabinet?

Mr. Chrétien: There are some decisions of the cabinet that come back, that do not turn into orders in council.

Some hon. Members: Oh, oh!

Mr. Clark: When was it signed by cabinet?

Mr. Pinard: Conditional decisions.

Mr. Clark: When did the minister sign it?

Mr. Chrétien: Since when does cabinet sign decisions? It is recorded but not signed.

Mr. Clark: Orders in council are signed.

Mr. Chrétien: What is very disappointing is that after two days there is no question on the substance. They just want to make a big fuss about procedure.

Mr. Nielsen: About lying.

Mr. Chrétien: We have lost an hour and a half, an hour and fifteen minutes of the House's time again today on a question like that. I do not want to accuse the member for St. John's West of misleading the House. I could, but I understand that he made two mistakes within one day. It should be a lesson to him not to speak that much. I stated the truth, Madam Speaker, and I said that I had no intention of misleading the House. The decision was not final. The final decision was made on Tuesday night and the order in council was passed on Wednesday morning. I went to Newfoundland. I wanted to meet with Mr. Ottenheimer, but he decided to cancel the meeting. I was very disappointed. I hope that the decision is made, as that is important in substance, and that his decision will lead to an agreement. There was a lot of discussion on the Constitution and we got an agreement. So I hope this will help us to make a decision. As far as I am concerned, Madam Speaker, I say all this is a tempest in a teapot.

Some hon. Members: Hear, hear!

Mr. Rose: Madam Speaker, I want to be very careful about the words I use today, and contrary to some other times I am probably going to be much more dependent upon a text than I usually am.

As you know, Madam Speaker, yesterday I and my party supported the member for St. John's West. We regret that yesterday we could not support the Speaker on a vote, but because we disagree with the Speaker on one instance—on one ruling—it does not follow automatically that we have no respect for the Speaker or that the Speaker has not done an excellent job over the past two very, very trying years.

Some hon. Members: Hear, hear!

Mr. Rose: We do believe, Madam Speaker, that the House was misled Tuesday afternoon when the Minister of Justice (Mr. Chrétien) stood in his place and first tried to evade the question posed to him by the Right Hon. Leader of the Opposition (Mr. Clark). I will not go through the quotes on that, but it had to do with a unilateral Supreme Court reference regarding the Newfoundland offshore jurisdiction. Later in the same question period the Minister of Justice stated, as reported at page 17534 of *Hansard*—and this is not the entire quote but I think is the significant part:

> There has been no decision made by the government at this time on that question.

The timing of the justice minister's statement immediately followed a cabinet meeting in the morning. The Prime Minister (Mr. Trudeau), on the other hand, yesterday, not on Tuesday but on Wednesday—and I think he said this to protect his minister—after first attempting to fudge the question again, had the following to say, and I quote *Hansard* at page 17592:

> —the decision became effective when the order in council was signed some time this morning—

Meaning Wednesday morning.

I am not going to go through the elaborate sequence of what went on here, as expressed by the hon. member for St John's West in the Privy Council office, or in the minister's office in Newfoundland regarding the Supreme Court reference. It has been adequately covered and I have no need to repeat that again. But later in the same question period, again in an answer to the Leader of the Opposition, the Prime Minister said this, and I quote from *Hansard* at page 17592:

> —the cabinet met yesterday, yesterday morning. It took what in effect was a conditional decision, and that decision became effective this morning.

The decision was taken; therefore there was no question about whether there was a decision there, but it was a decision that was conditional. Note the adjective. But it became effective only "this morning". Here I think we have the crux of the question whether or not we have a case of privilege. The Minister of Justice is on record as saying that there was no decision whatsoever, and I supported that with a quote; no decision had been arrived at. He did not use any qualifying word with "decision". We have a contradictory one by the Prime Minister the next day, saying that a conditional decision was taken.

Surely, Madam Speaker, the essential question here is not whether a decision is conditional or not. If it is a decision, it is a decision. A decision is a decision regardless of what modifiers you put in front of the word, and what other legalistic manoeuvring you might use to explain what happened.

All the Minister of Justice needed to do on Tuesday to avoid the charge that has been levelled at him, the charge that is under dispute at the moment, was to state on Tuesday what the Prime Minister said on Wednesday, that a conditional decision was reached—he did not have to say what the decision was—instead of saying there had been no decision.

• (1620)

Thus, I feel that the members of this House and the people of Canada were misled, and I do not put an adverb in front of "misled" because I follow Your Honour's ruling on that matter earlier.

There is no doubt that the Hibernia question is important and vital to our economy and to our energy self-sufficiency, especially since the tar sands megaprojects have collapsed around the head of the Minister of Energy, Mines and Resources. The jurisdiction questions need to be settled quickly; there is no question about that, and that may have caused a frantic deathbed reference to the Supreme Court of Canada by the government, I do not know. The government does not confide in me very often, in spite of what my hon. friends to my right might think. However, that is not the question either. That is not the question we are dealing with here. The point is that in this place we can only operate on trust and openness. Members of Parliament must never doubt and must never be given cause to doubt the veracity of a minister of the Crown. We voted to support the member for St. John's West, and we contintue to do so because I and my party are sick of contempt for this Parliament by the government.

Some hon. Members: Hear, hear!

Mr. Rose: Day after day in this House we are treated to evasive answers or non-answers to legitimate questions put to ministers.

Mr. Cullen: You should hear the questions.

Mr. Rose: Legitimate questions are put to ministers of the Crown by the opposition.

Mr. Cullen: Pointless.

Mr. Rose: We have an inability to cross-examine important ministers of the Crown because they are not in this House. They are spirited away to the Senate, and that also frustrates us. Ministers talk out the clock in committees. That is another of their practices which we find extremely irritating. Their answers are designed to confuse, obfuscate or generally twist or reshape questions, and that is unacceptable. That is what I think has led to the most hostile, rancorous and inefficient Parliament we have had certainly in my memory, which goes back to 1968.

I am almost ready to conclude, Madam Speaker. We sympathize with your position and understand that unless the Minister of Justice admits that his reply was designed intentionally or deliberately to mislead, Your Honour will have some difficulty proving it. Nevertheless, I request that the Speaker's office review the facts as I have presented them, and once that is done, I am convinced a ruling fair to all parties will result.

We agree with the intent of the motion put forward by the hon. member for St. John's West and, if it is found that there is a prima facie case with respect to this issue, we will support a reference to the Standing Committee on Privileges and Elections.

Hon. Jake Epp (Provencher): Madam Speaker, I will be brief. Every Member of Parliament who wishes to rise in this House on issues such as this must proceed carefully because this issue is important and critical. That being the case, a Member of Parliament has to search his mind carefully in preparing his intervention for a debate such as this.

As I understand it, the matter before the House is not the conduct of the hon. member for St. John's West (Mr. Crosbie). The matter before the House is the answers of the Minister of Justice (Mr. Chrétien), nothing less and nothing more, and whether those answers conformed with the truth.

The Minister of Justice made a number of arguments designed to obfuscate. He raised questions about the presentation of the hon. member for St. John's West. That is not the issue. The issue is whether the answers the minister gave in the House on Tuesday of this week were the truth. In his answer recorded at page 17533 of *Hansard*, at no time did the minister put any conditions before the word "decision". He did not use the words "a final decision". That did not enter *Hansard*. He did not use the words "a legal decision." That did not enter *Hansard*. He did not use the words "a conditional decision". Yesterday the Prime Minister (Mr. Trudeau) tried to put that image on the decision referred to last Tuesday, but last Tuesday the minister was quite clear. He said "no decision", and that is the issue. Was there a decision or was there not a decision?

I appreciate the remarks of the hon. member for Mission-Port Moody (Mr. Rose). He said that in order to protect the privileges of members of this House the truth must prevail in this place. That matter goes beyond whether the hon. member for St. John's West or, for that matter, the Right Hon. Leader of the Opposition (Mr. Clark) receive truthful answers to whether, by extension through this House, the people of Canada receive truthful answers as well. That is extremely important for our country at this time.

I am not talking about political or regional differences. When members of this House and ministers of the Crown rise and speak in this place, they must be believed and what they say must be the truth. That is a very serious matter as we look at our country at this moment. It is too easy to say that the answer given was in tune with the political times or that the end justifies the means—

Mr. Pinard: Be serious.

Mr. Epp: —or that situational ethics are the order of the day. The issue is whether the words of the minister were the truth.

The situation the Chair now faces is the question of a decision. If it was not a decision, as the minister likes to put forward—it was not a decision until the order in council was signed. By extension, do we then use the same argument in the legislative process that the cabinet has made no decision until a bill has been proclaimed?

Mr. Pinard: Ridiculous.

Mr. Epp: If that is so, what are we debating when the government brings forward a bill which, as I understand it, is a motion based on a cabinet decision? At what stage does it become a decision? Up to that time what is it, only an opinion?

The minister had a choice other than the one suggested by the hon. member for Mission-Port Moody. The hon. member for Mission-Port Moody correctly stated that the minister could have said it was a conditional decision, that it was not finalized or whatever, but no conditions were placed before the word "decision". The minister could have chosen another action; he could simply have said he would not answer the question or that he had no answer.

Mr. Nielsen: Or he could have apologized.

Mr. Epp: That is right. He has the right in this House simply to give no answer, but he did not choose to take that route. The route he chose was to say there had been no decision. Now he lives with it and this House has to live with it.

• (1630)

I do not want to burden you any further by getting into what I feel is another natural point in this argument, Madam Speaker, and that is the federal-provincial argument and what it means in terms of the extension of truth from this place to the partners of the federation. That is another issue and I know you have narrowed this to the issue that I believe I defined; it is not a matter of the conduct of the hon. member for St. John's West but the word of the Minister of Justice. I believe the chronology has been put forward very well by the hon. member for St. John's West and it has been confirmed by the hon. member for Mission-Port Moody.

As an individual member, as I see it the question is on the word "decision" without qualifiers, without conditions, and what members of the House would naturally draw from the use of that word by a minister. When the minister used the words "no decision" and later found out that a decision had been made, I can come to no other conclusion but that, in the chronology of the use of the minister's words, a decision had been made and that it had been made prior to his rising in the House to deny it.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I should like to submit to you very strongly that we do not have before us what amounts to a prima facie case for a question of privilege. What has been suggested to you yesterday and today is that the words used by the Minister of Justice (Mr. Chrétien) amounted to deliberately misleading the House. I think the key word is the word "deliberately".

What we have to do is look at how the phrase "deliberately misleading the House" entered parliamentary precedents. It will be found at page 142 of Erskine May in reference to the well known Profumo case in England in 1963 in the following statement:

> The House may treat the making of a deliberately misleading statement as a contempt.
>
> In 1963 the House resolved that in making a personal statement which contained words which he later admitted not to be true, a former member had been guilty of a grave contempt.

In order to come to the conclusion that the House has been deliberately misled, that has to be established as a fact. In the Profumo case it was quite clearly established as a fact when the former minister stood up in the House—and it was almost unprecedented in parliamentary history—and said that he had lied to the House. Is that the case we have today? No, we have the exact opposite. We have the Minister of Justice standing up in the House just a few minutes ago and saying that he did not intend to mislead the House; he did not mean to mislead the House. He said it exhaustively, he said it repeatedly, he said it clearly, and he could not have been more specific about it.

Let us see what Bourinot has to say about the matter. Bourinot is not often referred to these days but at page 351 of the fourth edition there appears the following statement:

> A member's words, in explanation or relating to the meaning of his speech or in a statement of fact as to his own position or intention, are to be taken as true and not afterwards in debate to be called in question. The words which he states himself to have used, are to be considered as the words actually spoken; and the sense in which he says they were uttered, as the sense in which they are to be taken in debate. If a member disavows the use of words attributed to him, and objected to, the matter must end.
>
> It has frequently been formally ruled by speakers in the Canadian Commons that a statement by an honourable member respecting himself and peculiarly within his own knowledge must be accepted but it is not unparliamentary to temperately criticise statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

What are we dealing with here? Are we dealing with someone who was elected to this House last week in a by-election? No. We are dealing with a man who has given 19 years of his life to this House. We all know this man. Hon. members opposite should be fair; they know this man and what the House of Commons means to him, what Canada means to him. No one fought more valiantly for Canada in the referendum in Quebec than the minister. He stood in this House today and said that he did not mean to mislead the House, but hon. members opposite doubt him. I accept his word and anybody in this House with guts and integrity will accept his word.

Some hon. Members: Hear, hear!

Mr. Smith: Once he has clarified the situation, that is the end of it. We have a tradition in this House that we accept the word of an hon. member, and if there is anyone in this House whose word I am glad to accept, it is that of the Minister of Justice. He has proven himself as a man of integrity in over 20 years in this House.

Some hon. Members: Hear, hear!

Mr. Smith: Today we have a dispute about the facts. I suppose you might say that. We all know the reference on page

12 of Beauchesne that says that that certainly is not a question of privilege. There may be some confusion about when a decision is made. Is a decision made when a consensus is reached in cabinet? Is it when four ministers, or whatever number, sign it? Is it made when the Deputy Governor General signs the order in council?

Quite frankly, Madam Speaker, I do not think it is particularly pertinent when the decision was made. That is not the issue; the issue is whether the minister intentionally and deliberately misled the House. He has given us his word that he did not.

Mr. Crosbie: Yes, he did.

Mr. Smith: That is the end of it. Quite frankly, Madam Speaker, I am disappointed, when this man of integrity has given his word that he did not mislead the House, that we even have any continuation of this debate.

There certainly is not a prima facie case of privilege here and the sooner this question is disposed of the better. Then we can start treating our colleague with the honour and dignity that he deserves.

Some hon. Members: Hear, hear!

Hon. James A. McGrath (St. John's East): Madam Speaker, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith), who just took his seat, put his finger right on the problem: We have to be able to rely on ministers giving truthful and factual answers in this House. That is what we are talking about.

It is interesting that the hon. parliamentary secretary cited the Profumo case. It might be well for us to remember that Mr. Profumo, who was minister of war in the British government, resigned from the House not because his actions were a threat to national security, not because he was found to be consorting with a prostitute, but because he was found to be lying to the House.

Mr. Pinard: And he admitted it.

Mr. McGrath: That is a very serious matter.

Mr. Clark: He was honest.

Mr. McGrath: Madam Speaker, my privileges are affected by the question put before the House by the hon. member for St. John's West (Mr. Crosbie). If I cannot be satisfied that I can rely on receiving honest and factual answers to the questions that I raise in this House, then I cannot function as a member of this House, and I cannot effectively serve my country, my province or my constituency. It is as simple as that.

I listened to the Minister of Justice, for whom I have great respect. From his seat he says "Come on!" and tends to cast some doubt upon that. The fact of the matter is, however, that the record shows, in my view, that there is a prima facie case to be made that the minister deliberately misled the House.

That is all you have to decide, Madam Speaker. You do not have to decide if the minister deliberately misled the House; that is for the House to decide. You merely have to decide that there is a prima facie case that the minister deliberately misled the House.

When is a decision not a decision? On May 18, the Minister of Justice stood in the House and said:

> Madam Speaker, I said that there has been no decision made by the government at this time on that question.

• (1640)

It was not "no conditional decision"; it was "no decision". That was in reply to a very simple and straightforward question put to him by the Right Hon. Leader of the Opposition (Mr. Clark).

The following day in the House the Right Hon. Prime Minister (Mr. Trudeau) said, and I quote from page 17592 of *Hansard:*

> Madam Speaker, the cabinet met yesterday, yesterday morning. It took what in effect was a conditional decision, and that decision became effective this morning.

We are not concerned about when the decision became effective; what is at issue here is when the decision was made. And we have it on the authority of the Prime Minister that the decision was made on the morning of the day that the Minister of Justice stood in his place in the House and told the House that no decision had been made. That is the whole question we have before us here today.

The question of the implementation of the decision is irrelevant. The question of the decision being conditional is irrelevant. Conditional on what? Madam Speaker, it is obvious that the decision had been made. The implementation was conditional on the Minister of Justice getting on an airplane and going to St. John's and announcing it at a press conference. That was the process of implementation, but that is not our concern. Our concern here is that the decision had been made on the day the Minister of Justice stood in his place in this House and said that no decision had been made.

I believe, Madam Speaker, and I submit to you with great respect, that this is a very important question. I do not want to talk about the substance of the question in terms of the impact it will have on federal-provincial relations, on the future of my province or the future of the development of the important Hibernia field, important though that may be. I am concerned with the effect it is going to have on how I can continue to function as a member of this House if I cannot rely on ministers to give honest, factual answers to the House.

Some hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, that is what is at issue here. The record shows the minister's answer in this House to the Right Hon. Leader of the Opposition at page 17534 of *Hansard* on May 18. There is the subsequent action of the Minister of Justice in preparing the documents, ordering an aircraft, going to St. John's, Newfoundland, and then arranging a press conference and announcing the decision.

Then, Madam Speaker, the Prime Minister himself, at page 17592 of *Hansard* on May 19, talks about a decision having been made the previous morning. He calls it "a conditional decision", but the fact is that the decision had been made by cabinet. Whether or not it had been signed as an order in council by the Governor General in Council, whether or not other conditions had been met such as placing certain documents before the Supreme Court of Canada, whether or not there was a meeting with the defeated leader of the Liberal Party in Newfoundland, whether or not the press conference in Newfoundland had taken place, all that is irrelevant because that is the process of implementation. What is relevant is the fact that the decision was made on the morning of the day that the Minister of Justice stood in his place in this House and staked his reputation on saying to this House that in fact no decision had been made.

Therefore, Madam Speaker, I submit to you that there is a prima facie case that the minister has deliberately misled the House.

[*Translation*]

Mr. Pinard: Madam Speaker, I shall try to be very brief. It would be difficult to add much to what has already been said by my parliamentary secretary, and I shall try not to waste the time of the House by repeating what he has said so well. I must point out that the references he indicated are very apt, and that it is a long-established practice in this House that when an hon. member, who is also a minister of the Crown, gives explanations and above all gives his word that he did not intend to deliberately mislead the House, that hon. members should take him at his word and that should be the end of it. I submit that the insistence of the members opposite on trying to continue the debate is offensive and insulting, when the Minister of Justice of Canada (Mr. Chrétien) has given his word that he did not wish to deliberately mislead the House in answering a question. Therefore, the references brought to your attention by my parliamentary secretary should be sufficient to settle the issue once and for all.

I shall, if I may, add the following. The minister's reply, which is being used to accuse the Minister of Justice, should be taken in context. In the light of the explanations given by the minister today, this should be sufficient to settle the issue, because he said that what was in his mind when he said that no decision had been made at that time, was that no final decision had been made. He did not use the word "final" but that is what he intended to say and what he meant, in view of the fact of parliamentary procedure and law that a cabinet decision which requires an order in council is not final until the order in council is signed by the Governor General or his deputy.

And in what context did he give his answer, since the members opposite are putting so fine a point on the words used by the Minister of Justice? Anyone who reads the question put by the Leader of the Official Opposition and what follows will realize that, in fact, there was nothing, considering both the question and the answer, there was nothing false in what was indicated by the Minister of Justice. The question was, and I quote from page 17534 of *Hansard*, May 18, 1982:

> Madam Speaker, is the Minister of Justice and the Government of Canada considering a direct unilateral reference of the offshore question to the Supreme Court of Canada? It is a simple question. Yes or no?

The Leader of the Opposition asked whether we wanted to go before the Supreme Court of Canada. The Minister of Justice said, and I quote:

> Madam Speaker, I said that there has been no decision made by the government at this time on that question.

"No decision made . . . at this time on that question" means that in fact, nothing has been decided as yet, and any decision, if there is one, has to be conditional, as explained the next day by the Right Hon. Prime Minister (Mr. Trudeau). However, the words of the Minister of Justice should be sufficient to settle the issue, since he himself said:

> There has been no decision made by the government at this time on that question.

This means that there was nothing final. That is clear. To go on with the quote:

> The question that the right hon. member is asking me today is a very surprising one. He used to tell us that the best thing to do in difficult circumstances was go to the Supreme Court.

And Madam Speaker, what really spoiled the opposition's so-called case—the icing on the cake, as it were—is that the hon. member for Yukon (Mr. Nielsen) said just two words too many after the reply given by the Minister of Justice. He said, and I quote:

> Are you?

In French this reads, and I quote:

> Allez-vous le faire?

Does this indicate some concern on the part of the Progressive Conservative House Leader? It means that he believed the Minister of Justice when the latter said nothing final had been decided as yet, since the hon. member for Yukon felt the need to come back and ask the Minister of Justice: But are you going to do it? And he did so, because he understood that no final decision had been made. Madam Speaker, if we look at the English text and read the comment reported in *Hansard* on page 17534, the Minister of Justice said at the end of his reply, and I quote:

[*English*]

> He used to tell us that the best thing to do in difficult circumstances was to go to the Supreme Court.
>
> **Mr. Nielsen:** Are you?

[*Translation*]

Mr. Pinard: In the circumstances, it seems obvious that the hon. member for Yukon, in the light of the answer given by the Minister of Justice, did, in fact, understand that the Minister

of Justice had just said nothing final had been decided as yet, and that should be sufficient to set aside all their complaints and grievances concerning the intentions of the Minister of Justice or the meaning of the words he spoke in answer to the question put to him in this particular context.

Therefore, Madam Speaker, considering the facts and on the face of the answer provided by the Minister of Justice, it would seem that the minister has not said anything that conflicts with reality. And if his words were ambiguous or incomplete or confusing, if there was any lack of precision, he has today, as a minister and a member of this House, given his word that he did not intend to mislead the House, and he has given explanations for his answer. It seems to me that on the basis of parliamentary practice, this is sufficient to settle the matter once and for all. His words must be accepted, and his answer interpreted in the light of the additional explanations given today, which I feel were not even necessary, but which he thought it was his duty to give. In the circumstances, I must say once more that I find it unconscionable and offensive that opposition members with the status of those who have risen in the House up to now, should wish to continue to doubt the word and undermine the credibility of the Minister of Justice of Canada and to misuse our parliamentary institutions, in that they refuse to take into account a simple aspect of parliamentary practice according to which, when a member gives his word in the House, it is to be accepted as such and casting doubts as to the reputation and the intentions of the hon. member in question must cease.

Therefore, for all these reasons, Madam Speaker, including the references produced so eloquently by my parliamentary secretary and which are extremely apt and deal with the matter, and also the facts themselves and the explanations provided by the Minister of Justice (Mr. Chrétien) with respect to his reply, and considering the redundant comments of the member for Yukon (Mr. Nielsen) following the reply given by the Minister of Justice, and finally, considering the Minister of Justice for Canada gave his word, I suggest, with due respect, that the matter should be settled immediately, and that there is absolutely no prima facie case for a question of privilege and that we should proceed with consideration of the motion proposed by the New Democratic Party.

• (1650)

[*English*]

Mr. Hnatyshyn: Madam Speaker, I want to be brief and deal precisely with the issue before us. What I think both the President of the Privy Council (Mr. Pinard) and his parliamentary secretary have asked you to do is unacceptable in this House. They have asked you to make a ruling as to whether or not you believe the minister has been telling the truth. I do not think that is your role and function, Madam Speaker. I do not think the minister can stand up now in answer to a question of privilege raised by my colleague, the hon. member for St. John's West, and give reasons and excuses why he said what he said.

If he really intended to persuade us in this House that the statement was actual fact, he would have taken the first opportunity and instructed the House at three o'clock today that he would be making a statement of clarification. He chose not to do that. He chose not to take the initiative in this matter, and only in response to the case put forward by my colleague from St. John's West did he then try to explain exactly what he did mean by his answer.

Mr. Pinard: He had no choice.

Mr. Hnatyshyn: The question here is not whether you or I or the member for St. John's West was questioning the word and the truth of what the Minister of Justice (Mr. Chrétien) said. It is not any of us who do that. Rather it is the Prime Minister (Mr. Trudeau) who has put into question the veracity of what the Minister of Justice said on Tuesday last. It is nothing that the member for St. John's West has said. The Prime Minister said that a decision was taken with respect to the whole issue in cabinet prior to the minister coming into the House. For a minister now to stand up and insert a word such as "final", or for the Prime Minister to try to explain it by using a word such as "conditional", has absolutely no relevance to the question here at all.

The Prime Minister by his words has indicated that what the Minister of Justice said was untrue. That is basically what you have to consider, Madam Speaker, in determining whether or not there is a prima facie case. It is not for you to consider whether or not the Minister of Justice said that he did not mean that or that he did not mean to deliberately mislead the House.

You have to determine in your responsibility whether or not the statement made by the Minister of Justice on a very important issue, a very complex issue, the matter of the control of the offshore resources, of which you can take judicial notice, was in fact a correct statement made by the Minister of Justice, of whether there is a reasonable basis to conclude that was a false answer, that there was knowledge on the part of the minister that a decision had been made by cabinet.

I ask you, Madam Speaker, to consider the length of the reference to the Supreme Court of Canada. The reference contains three pages and a map of the Hibernia area. This is a complicated and detailed reference to the Supreme Court of Canada with supporting documentation, which is not a matter on which a decision is made overnight or conditionally.

The minister will have the opportunity, if we have the matter referred to the committee, to explain precisely what did transpire, what actions took place and at what time meetings took place. He will have the opportunity to explain himself. But that is not our role in the House today. Our role is purely and simply to determine whether or not the Prime Minister was right in saying that the Minister of Justice was not telling the truth when he said in answering a question in the House that no decision had been made.

The Minister of Justice says that this is all a procedural matter. I, for one, do not accept the fact that whether a statement made in this House is true or not is exclusively a procedural matter. Quite the contrary. I think it is fundamental that we in this House can believe statements by members on all sides of the House. Certainly the Minister of Justice has a greater and an exceptional responsibility in this House with respect to the matter of truth, whether it is a question of misleading us and whether the misleading information is deliberate or not.

I ask you to look at this question as a fair and reasonable person on the basis of the record alone, quite apart from any explanations about aircraft, times of consultation and conditions that were to be discussed, conditions which the Minister of Justice did not specify, although he had an opportunity to do so. We gave him a wide range. All of those things can come out in committee. If you look at the record, Madam Speaker, the minister has *ex post facto* said to us in this House that he did not intend to mislead us. But that is the decision for another forum, another committee.

For the minister to say in his statement that no decision had been made is tantamount to us in the House of Commons saying that if we pass a particular bill which is then passed by the Senate, somehow we have not made a decision in this House until Royal Assent takes place. That is what the Minister of Justice is asking us to believe. That should not be believed by any reasonable person.

I simply say in my humble submission to you, Madam Speaker, that a reasonable prima facie case has been established to have the committee consider exactly what has transpired and, to return with a recommendation to this House as to whether the statement was true or not. The only thing you have before you on which to make that determination is the statement made by the Minister of Justice on Tuesday last and the statement made by the Prime Minister yesterday. I submit there is a prima facie case here in which a wrong and untruthful answer was given to the House of Commons, and it is for the committee to determine what the circumstances were.

Hon. Bryce Mackasey (Lincoln): Madam Speaker, my contribution will be brief and I hope it will be important. It may surprise even my Liberal friends when I say that I share the same sentiments in what has been said by virtually everyone who has spoken.

Perhaps what impressed me the most was the contribution made by the hon. member for Mission-Port Moody (Mr. Rose) who, I think, reminded us that there are really two sets of rules which govern the effectiveness and reflect on the integrity of the House of Commons. First are the written rules. We have many experts, whether advocates of Erskine May, Beauchesne or whatever. As one who has been in this House a long time, what are equally important to the written rules are the unwritten rules of tradition and procedure. They are the rather mysterious chemicals that make this place operate. I suppose those of us who have been in the House for many years appreciate that tradition and procedure are even more important than the written rules. I often listen to members in this House who are lawyers by profession who interpret rules, who define words and who quote one expert, only to have everything they say contradicted. The rules are there and it is up to members of the House to interpret them. I am speaking now about written rules.

Like many members here, I have sat in the opposition, I have sat in the House as a government member and as a member of cabinet. I have the dubious distinction of sitting here for two years listening to the question period and noting its evolution. I come to the acrimony which the hon. member for Mission-Port Moody thinks is creeping into the question period. I worry about that. In recent years questions in the question period seem to be preceded by rather long preambles, semi-speeches, if you want, perhaps because of television. Also answers tend at times to be a little vague, a little less forthcoming and a little less explanatory than we would perhaps like them to be. That is not really new, but the unwritten rule which keeps this place going is important to me—the right of an hon. member to stand in his place and say: "What I am telling you is the truth". I am surprised that that prerogative is even questioned.

• (1700)

I can remember many years ago when I was a minister that one of my favourite members, Mr. Stanfield, was sitting opposite and I was in the embarrassing situation of a document having been leaked to the *Toronto Star*. Mr. Stanfield, as House leader of the day, and Mr. Baldwin immediately jumped up to criticize and complain that the document had been leaked before it had been released in the House—the usual thing. I simply rose and said to Mr. Stanfield, "You will have to accept the tradition and the custom that I, as an honourable gentleman, am telling you that I did not leak the document; I had no knowledge of the document being leaked". It was significant that tradition in those days was so strong that it put an end to the very debate and an end to the whole question. If I recall, Mr. Stanfield withdrew the motion to send the whole issue to the Standing Committee on Privileges and Elections.

I, too, was conscious of my responsibilities as a minister not to hide specifically behind the tradition, but to be as forthright, open and expansive as possible in my answer; otherwise tradition would be abused and disappear. This is one of the privileges of hon. members. We are talking about privileges which have accumulated over hundreds of years of parliamentary practice, privileges which we want to see retained. One privilege we have as members is that when we rise in our places to make statements, the statements are accepted as the truth if we insist that they are.

The significant thing which brought me to my feet was that the Minister of Justice (Mr. Chrétien), who in my mind is one of the most professional, honest and forthright members of the House, rose to his feet, understanding the full implications of his words, and categorically said: "I did not intend to mislead the House". To question that bothers me as an individual

member worried about my privileges. We should think about it for a moment, particularly the hon. member for Saskatoon West (Mr. Hnatyshyn) who has just left the chamber. The hon. member quoted Shakespeare, that Brutus was an honourable man. Either he believes that the minister's word is not to be challenged or he challenges it.

Personally, I could see the House disintegrate if some of these unwritten rules are flaunted, taken advantage of by the minister, ignored by the member, by innuendo or what have you. I do not think the record of the Minister of Justice warrants the type of doubt which has been expressed. It seems to me that the moment the minister said: "My word as an honourable gentleman is that I did not deliberately mislead the House", that should have ended the matter. The key word is "deliberate". It is not whether a conclusion or a decision is final or qualified or whether a cabinet decision is a cabinet decision.

I can remember as a new member of cabinet being very pleased because a decision of cabinet—or at least I thought it was a cabinet decision—gave me certain latitude in a collective agreement to give a particular group a COLA clause. I spent my day quite excitedly, preparing my negotiations based on that, only to find when I read the fine print that there were important qualifications to the decision.

Perhaps Parliament wants to address itself—and perhaps it should—as to when a decision is not a decision. Is a decision a decision when it is qualified? Is a decision not a decision until it is described by the minister as the final decision? It seems to me that all of these matters are important, but not nearly as important as the parliamentary tradition that when a member rises in the House of Commons and says "I am telling the truth", it is the word of an honourable gentleman and it should not be questioned in the House. The moment a member or a minister rises in his place and says that, the inference is clear that he will pay the price when and if it is ever determined that he has lied. There are historical precedents in other Houses for that. If hon. members opposite are willing to rise in their places to say that he lied, not just deliberately misled the House, when the minister stood in the House today and said that he had no intention of misleading the House, then they are entering into a very dangerous area.

Perhaps Madam Speaker will want to take into consideration when a decision is not a decision, but that is not the issue. The issue is whether the Minister of Justice in his answer yesterday deliberately misled the House. In his defence he said that he did not, and based upon precedent, that is the word of an hon. member of the House. No one in the House can tell me that the Minister of Justice is not an honourable gentleman, that his 20 years in the House do not comprise a mignificent record. It grieves me that anyone in the House would want to leave the impression, by inference, that the hon. minister is not so honourable and is prepared to lie. I cannot bring myself to believe that, but it is really what Madam Speaker must decide over the course of events—whether the minister deliberately lied when he said that he had no intention of misleading the House, either deliberately or unintentionally.

Mr. Cullen: Madam Speaker, I rise on a point of order. Since you have been in the chair since two o'clock and you have to occupy it on a permanent basis, perhaps there would be all-party consent to have a ten minute break.

Madam Speaker: I thank the hon. member very much, but I think I can continue.

Mr. John Gamble (York North): Madam Speaker, my remarks will be brief. I listened with some considerable interest to the comments of the hon. member for Lincoln (Mr. Mackasey), falling as they did upon the general line of argument established by the parliamentary secretary to the government House leader and the government House leader himself. In terms of their submission, it really amounts to this; Once a minister of the Crown has risen in his place and said, "I did not intentionally mislead the House", that is the end of the issue and Madam Speaker's function has ended. I hardly think that that is the approach which should be taken, having regard to some inconsistencies to which I will draw Your Honour's attention. However, let me just deal with some of the remarks which have been made in terms of long service.

We are dealing not only with a member of government and a minister of the Crown, but with the Attorney General of Canada, the chief legal officer of the country. The hon. member for Lincoln said that in the event the House cannot rely upon some of the unwritten rules, it will disintegrate. I submit that it will disintegrate if we cannot, as members of the House, come to rely upon the truth of statements made here. If we as members are persistent in this issue, it is because the arguments presented and the evidence given heretofore at least arouse a suspicion in our minds. The timing is extremely close, but if it were timing alone, I am sure Your Honour's decision as to whether there is a prima facie case of the minister intentionally misleading the House and accordingly depriving all hon. members of their rights and privileges would be easily reached. However, I direct your attention to a quotation which has already been made, a quotation from *Hansard* of yesterday, as reported at page 17592, in the answer of the Prime Minister (Mr. Trudeau), wherein he said:

> Madam Speaker, the cabinet met yesterday, yesterday morning.

I am sure Madam Speaker will recall the statement made by the Minister of Justice (Mr. Chrétien) today. In response to questions of members on this side of the House concerning when the cabinet met, the Minister of Justice said: "The cabinet was meeting when I left the room on Tuesday and it met until seven o'clock in the evening". There is a clear contradiction in the two statements. Is the Prime Minister telling us the truth and, in fact, did the cabinet meet on Tuesday morning as it normally does; or are we to believe the Attorney General when he tell us that the cabinet was meeting when he left the House after question period on Tuesday and continued to sit until seven o'clock? There alone, without any explanation, are sufficient grounds, in my submission, for finding that there is a prima facie case that you might then conclude represented an intentional misleading of the House by the Minister of Justice and Attorney General which should

result in the reference of the entire question for debate and the gathering of sufficient evidence to substantiate the claim made by the Attorney General when he stands in his place and says on his own: "Believe me when I tell you that I did not intentionally mislead the House". If that is all that is required, we should not have wasted this time. This entire matter should have been concluded with that statement.

• (1710)

I submit that that kind of proposition is ludicrous and makes light of the entire process. There is sufficient evidence before you now which should lead you to the conclusion that there is at least a prima facie case to be referred for further evidence. That other evidence might include such issues as what were the alleged conditions attached to the decision that had already been made but was not final to which the Attorney General referred on three occasions when he spoke this afternoon. He gave us no indication what they were. I submit that that issue would not have been pertinent had it not been for the clear contradiction in evidence which is gained from an examination of the Prime Minister's response to this issue yesterday and the contradictory statements, which have been made by the Attorney General today.

Mr. Jim Peterson (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Madam Speaker, as I understand it, the charge which has been levelled by the member for St. John's West (Mr. Crosbie) is one of the most serious charges which can be laid against a member of the House, that of deliberately misleading the House. Many members, including the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) and the government House leader, have gone through the legal precedents which prevail and have been honoured for many years.

I would merely like to restrict my comments to the facts as they exist. The precise question asked of the minister in the House on Tuesday afternoon was; "Is the federal government considering unilateral action?" The Minister's response was that if the government does make a decision to that effect, it will be announced when it is made. "No decision has been made at this time."

In his role as the Attorney General of Canada, it would naturally be his obligation and responsibility to pursue before our courts the interests of the Government of Canada on behalf of all Canadians.

Neither I, nor any member of the House, to my understanding, is privy to what goes on in cabinet because that is not how our system operates. Decisions could not be made under the confusion which would exist if we had to release verbatim transcripts of every cabinet meeting. Therefore, let us hypothesize that for many months the issue of offshore ownership has been a very important part of our National Energy Program and that it has been before cabinet and discussed there. Let us assume that many options have been canvassed and that one of those options, as I am sure all intelligent people will realize, has been the question of having the Supreme Court of Canada determine once and for all who owns those offshore resources. Let us hypothesize that cabinet at one point would have said to the minister responsible that it is his responsibility should he make the decision to pursue that action; it would lie in his hands and within his capability. Therefore, the answer to the question when the decision was made to take that course of action is that it would have been made at the precise time that the Attorney General of Canada, acting on behalf of Canadians, decided that he was prepared to act on that particular matter.

He has told us in the House today that he did not make up his mind on that precise matter until about 7 p.m. on Tuesday evening. I think the objective facts will probably support that statement. Had he made up his mind at an earlier time it probably would have been prudent for him to organize his transportation to Newfoundland prior to having made that decision.

No, the facts as brought out indicate that the decision to which we are referring—the decision regarding which the question was asked—was made on the evening of Tuesday, May 18, after question period. Therefore, I fail to see how on the narrow question before the House, that of the minister having misled the House, we can have any doubt.

As to the question of deliberately misleading the House, the minister indicated that he has not ever intended to mislead the House. Therefore, I submit two points: first, on the facts there is not even a prima facie case that he misled the House; second, there can be no doubt that he could not have done that deliberately.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Madam Speaker: Order. In accordance with Standing Order 40, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver South (Mr. Fraser)—Search and Rescue—(a) Tax exemption sought for West Coast helicopter (b) Position of minister; the hon. member for Argenteuil-Papineau (Mr. Gourd)—Airports—Transportation between Dorval and Mirabel—Inquiry respecting date of minister's announcement; the hon. member for Winnipeg North (Mr. Orlikow)—Canadian Pacific Railway—(a) Announcement of lay-offs (b) Request that employees be retained in employment.

[*English*]

PRIVILEGE

MR. CROSBIE—ALLEGED MISLEADING STATEMENT BY MR. CHRÉTIEN

The House resumed the question of privilege of Mr. Crosbie.

Mr. Nielsen: Madam Speaker, I will try to be brief in my intervention. I hope that I can assure the Chair and other hon. members that my intervention will be the last one from the members of my party in this discussion in the hope that we might be able to proceed with the allotted day by 5.30 p.m.

I might say at the outset that because of the serious nature of the question which the Chair has to decide, I submit most strenuously that when you have heard all the representations that you intend to hear in your discretion, you take the matter under serious and careful advisement.

I would like to lay the groundwork for what I have to say by once again emphasizing the statements that were made last May 18, by the Minister of Justice. I read from page 17533 of *Hansard*. While great emphasis has been placed on the phraseology, and I quote, "No decision has been made at this time", not so much emphasis has been placed on an earlier phrase which appears in the same sentence of that answer by the minister. The whole answer is:

> Madam Speaker, if the government does make a decision to that effect, this will be announced as soon as the decision has been made.

The clear inference there is that there has been no decision made, that when the decision is made it will be announced as soon as it has been made. I leave it to the Chair to determine whether the announcement was made as soon as the decision was made, whenever the Chair might find that to have occurred.

• (1720)

But by far the stronger wording of the minister's answer is that last sentence: "No decision has been made at this time". The minister did not say that no final decision had been made at that time. He did not say that no ultimate decision had been made at that time. He did not say that no conditional decision had been made at that time. He did not say that there had been any provisional decision made at that time. He did not say that there was no absolute decision made at that time. He did not say that there was no conclusive decision made at that time, or unalterable decision, or definitive decision, or complete decision, or last decision.

Mr. Nowlan: Or ironclad decision.

Mr. Nielsen: Or ironclad decision, as I hear my colleague remind me. There was no qualification whatsoever on the words that the minister used, a minister who is very skilled in the use of words, he being of a profession which earns its living from the use of words, and he being the Minister of Justice in this House. Also, Madam Speaker, I might remind you that he had the experience before which he is once again going through. This is not the first occasion on which this minister has been involved in circumstances of this kind. Indeed, he was the subject of the precedent to which I referred the Chair when a question of privilege on the same subject matter was raised by the then hon. member for Durham-Northumberland.

Mr. Peterson: Smear, smear.

Mr. Chrétien: What was the decision?

Mr. Smith: What was the outcome of that?

Mr. Nielsen: Well, the minister can read the decision; I have given him the quotation.

Mr. Chrétien: Yes, I would like the decision of the House and the Speaker.

Mr. Nielsen: I refer the House again to page 3294 of *Hansard*, to the decision on February 28, 1978—

Mr. Peterson: The second time you have tried to smear him.

Mr. Nielsen: —wherein Mr. Speaker Jerome said, in the right-hand column:

> The last area of guidance which the hon. member for Northumberland-Durham sought related to my own ruling of April 19, 1977, in which I indicated that—

I underscore the following words:

> —in order to found a question of privilege, the allegation would have to be not simply that the House had been misled, but had been deliberately misled.

It does not say anything about a motion there, Madam Speaker. Mr. Speaker Jerome said "in order to found a question of privilege". That is what we are doing right now. He stated:

> —in order to found a question of privilege, the allegation would have to be not simply that the House had been misled, but had been deliberately misled.

I took the trouble to look up the previous ruling of Mr. Speaker Jerome on April 19, 1977, which is to be found on page 4766 of *Hansard* for that date, in the right-hand column, the second paragraph from the end, wherein he stated:

> If it is to be pursued by way of a question of privilege, I wish to stress again that in order to qualify as a question of privilege the Chair would have to find that not only had there been actions by the minister to mislead hon. members, but that those actions were calculated and deliberate by the minister for that purpose.

What evidence is there before Your Honour in order to come to that conclusion? There is the evidence of the words used by the minister and the clear evidence, in my submission, that a decision had in fact been made at the time by the government, and the government is the cabinet. To quote the words accurately, "a decision by the government" had been made at the time that the minister used those words in the House of Commons.

It has been asserted here today by the hon. member for Lincoln (Mr. Mackasey) and others that the matter has been completely disposed of because the minister rose and said that he did not intend to mislead the House. Those who favour that argument suggest that that disposes of Your Honour's obligation—

Mr. Smith: That is what "deliberate" means.

Mr. Nielsen: —and that Your Honour then has no alternative but to find that there is no longer a prima facie case of privilege in view of the statement of the minister that he did not intend to mislead and in view of what the parliamentary secretary called "explanations given by the minister", as he put it in a second point.

In my respectful submission, that does not dispose of the obligation of the Chair. In my submission, the sole obligation of the Chair is to determine whether or not there exists a prima facie case of privilege. To adopt the point of view of the hon. member for Lincoln and of the parliamentary secretary would mean that we would be accepting a practice wherein Your Honour would be making a decision which is under the sole jurisdiction of this House to make. Because if you find that there is a question of privilege, then, of course, the House would vote on the substantive motion. Naturally, that would carry in the government's favour and would dispose of the matter. However, it would not dispose, in my respectful submission, of the obligation of the Chair to take that intervening step and to deal with the question as to whether or not, on the basis of what you have heard, there exists a prima facie case of privilege.

What Your Honour has heard is that the government, in fact, made a decision before the minister made those statements in the House. I respectfully submit that nothing could be clearer on the face of the record itself. I therefore suggest that the evidence is quite compelling that there does exist that prima facie case.

All the minister had to say last Tuesday was, "Yes, the government has made a decision on that matter, but it has not been finalized. The Governor General or his aide must sign it in order to perfect the decision." He did not say that. The Prime Minister tried to say it the following day, but that was a little too late.

The cure is not for the Chair to duck its obligation, as suggested by the hon. member for Lincoln and the Parliamentary Secretary to the President of the Privy Council (Mr. Smith). Indeed, if your reason and logic tell you, Madam Speaker, that a decision is not a decision until the Governor General signs it, you would have to accept the proposition that no decision was made with respect to the patriation of the Constitution until Her Majesty signed it on that day last month, that it was not a decision until she signed it. That is where the kind of logic of the parliamentary secretary and the hon. member for Lincoln takes one. Surely we cannot adopt that kind of Alice in Wonderland reasoning.

Mr. Chrétien: You are missing the point.

Mr. Peterson: It was when Mr. Chrétien decided.

Mr. Chrétien: I am the Attorney General. I made the decision.

Mr. Nielsen: I would like to make one final point. If Your Honour finds that there is no prima facie case of privilege and, subsequently, no motion to put to the House, where are we left on this side? Every single day in question period we hear the type of question as was asked by the hon. member for Spadina (Mr. Heap) on May 19, when he directed a question to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Gray) concerning canvas footwear. The response by the minister, as reported on page 17590 of *Hansard*, was:

> Madam Speaker, the existence of the canvas footwear loophole was taken into account by the government when it made the decision—

The hon. member for Spadina would have the right to ask, if Your Honour does not find a prima facie case of privilege exists here, "How can I believe that the cabinet has made a decision on this question? It may not be final." That is where that kind of reasoning leads us if we are to accept the position advanced by government members.

• (1730)

At page 17586 of *Hansard* the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall) in response to a question of the member for Vancouver-Kingsway (Mr. Waddell), said as the parliamentary secretary:

> —a complete review is taking place at present as to whether or not we will pursue this particular program.

How can we believe that that is a decision that has been taken?

Madam Speaker, clear logic compels us to come to the conclusion that there was in fact a decision made by the government before the minister made his statements in the House that no such decision was made. I would ask, Madam Speaker, that you take the matter under advisement and that you come to the conclusion, the compelling conclusion, that there is indeed a prima facie case of privilege in the right of the member for St. John's West, and that his motion be then put to the House and the usual procedure adopted of calling for a vote on that motion.

Mr. Mackasey: I rise on a point of order, Madam Speaker. I am not sure the hon. member is quoting me correctly, unless I check the "blues". I have no recollection of having said that this disposes of the case. The points needs emphasizing that the word of an hon. gentleman has been an unwritten rule, Madam Speaker. My point was to remind the House and the Chair that there was a new element here that was not there yesterday, that is, the word of a minister. The statement of the minister today that he did not deliberately mislead the House is an additional argument that you must take into consideration and give the weight it deserves.

Madam Speaker: That is not really a point of order. Since the hon. member for Yukon (Mr. Nielsen) did tell me he would be the last speaker on this side—

Mr. Yurko: Madam Speaker, I want to have my say on such an important matter.

Madam Speaker: The Chair feels now that it has been sufficiently informed and has heard all of the views that need

to be heard to enlighten the Chair on this particular question of privilege.

I will, of course, take this question under advisement, taking into account the importance of the contributions that were made.

Mr. Yurko: On a point of privilege, my privilege is in this House.

Madam Speaker: The hon. member for Edmonton East (Mr. Yurko).

Mr. Yurko: Madam Speaker, I want to suggest that before this House is the personal integrity of a member—

Madam Speaker: Is the hon. member rising on a point of order, because I did say that I would not allow any more speakers on this particular question of privilege?

Mr. Yurko: Madam Speaker, I have been trying to speak on this matter for the last three-quarters of an hour and I have been popping up in my place. As the only independent member in this House, when the personal integrity of a member of this House is in question it is incumbent upon an independent member who has no affiliation with the political parties to say something. I have demanded the right to say something when the personal integrity of a member of this House is in question. I think it is a very important matter, so I demand the right to speak on the issue.

Madam Speaker: I do not deny that the hon. member might have a right to express himself in this House, but on this particular question, as the hon. member knows, it is left to the discretion of the Chair to determine when the Chair is sufficiently enlightened or informed on a particular question and to cut off the debate at a certain point. That is precisely what I did, use my discretion.

Mr. Yurko: Other people have spoken several times. Under the rules a member does have the right to speak in this House at a certain point on a matter as important as this is before this House.

Madam Speaker: I do not deny that right but I used my discretion. The hon. member for St. John's East (Mr. McGrath) on a point of order.

* * *

POINT OF ORDER

MR. McGRATH—TABLING BY MR. MacEACHEN OF LETTER TO PREMIER OF NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, it is just to clear up a matter that was raised yesterday. In our proceedings at page 17587 the Acting Prime Minister, the Minister of Finance (Mr. MacEachen), in replying to a question from the hon. member for St. John's West (Mr. Crosbie) quoted extensively, and that can be found in *Hansard*, from a letter that had been sent to the Premier of Newfoundland. Indeed, it is worth noting that he quoted from the letter before it had even been received by the Premier of Newfoundland. In any event, Madam Speaker, if you quote from a document, under our rules and I give you Beauchesne's, citation 327, if you quote from a document, it is incumbent then upon the minister who quotes from the document to lay it on the Table of the House, and I so ask.

Madam Speaker: I did look into that matter and it seems quite clear from *Hansard* that the hon. Minister of Finance (Mr. MacEachen) identified an official document and quoted from it quite extensively, twice, I believe. Therefore, I believe the document should be tabled if asked for, and the hon. member is doing just that. But the hon. minister is not in the House at the present time. Probably he will want to conform with that at some later time.

* * *

PRIVILEGE

MR. NOWLAN—NOTICE OF QUESTION TO BE RAISED

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, the Minister of Consumer and Corporate Affairs (Mr. Ouellet) is not in the House. I have given you notice of a question of privilege that I would raise following the question of privilege that was raised today. It is not going to be as long as the one you have just heard. However, as the minister is not here, I would ask that it be stood until the minister is here. He was here for part of this debate, and it is not going to affect it. I would prefer also, as I said in my letter to you, Madam Speaker, so as to check a few of the facts regarding my blind constituent who was affronted by the Metric Commission, to have my question of privilege stood over until Tuesday when I again will see him personally.

Madam Speaker: Yes, I have a letter here from the hon. member but it does not really constitute a notice of a question of privilege. I will read it back to him and he will understand the position. He writes:

> I am writing to give you notice of my intention to raise a point of privilege, fully aware of the difficulty of proving it in terms of forming a precedent and also the wisdom of raising it today.

Then he goes on to say:

> I would like to delay the formal presentation of my point of privilege until next week.

Therefore, when the hon. member feels that he wants to raise that question of privilege, he will have to give me another written notice.

Mr. Nowlan: Thank you, Madam Speaker.

Order Paper Questions

MESSAGE FROM THE SENATE

Madam Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-25, an act to amend the act of incorporation of the association known as the Army, Navy and Air Force Veterans in Canada, to which the concurrence of this House is desired.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MISS JEWETT—DESIRE OF WOMEN OF CANADA FOR WORLD PEACE AND DISARMAMENT

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I am very pleased and honoured today to present to the House of Commons the women's petition for peace which represents the desire of the women of Canada for world peace and disarmament. The names of thousands of Canadian women will be added to the petition to be presented at the United Nations special session on disarmanent in June where the goal is for 500 million women from many countries of the world to speak out for peace.

Some hon. Members: Hear, hear!

MR. TAYLOR—REINSTATEMENT OF CAPITAL PUNISHMENT FOR MURDER AND THE LASH FOR RAPE

Mr. Gordon Taylor (Bow River): Madam Speaker, I have great pleasure in presenting a petition on behalf of some 400 Canadians living in or near the village of Gibsons, British Columbia, in the federal constituency of Comox-Powell River. This petition requests that capital punishment be reinstated for murder and that the lash be returned for rape. Our society is built on crime being punished. When the ultimate crime of murder occurs, the punishment should be the ultimate punishment, death. A person who deliberately plans and executes a murder of another human being has no right to live. My petitioners pray that the House of Commons will reflect the thinking of the majority of the people of Canada, and reinstate capital punishment for murder and the lash for rape of innocent women and girls.

* * *

● (1740)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,827, 2,828, 2,862, 2,863, 2,869, 2,908, 2,911, 2,912, 2,914, 2,918, 2,919, 2,942, 2,957, 2,967, 2,979, 3,128, 3,134, 3,135, 4,181 and 4,274.

[*Text*]

NATIONAL HEALTH AND WELFARE—EDUCATION LEAVE COSTS

Question No. 2,827—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of National Health and Welfare at page 13.6, volume I of the 1979-80 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $777,155 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. (a) and (b) Treasury Board Policy: chapter 110 sub-chapter 5 of the Personnel Management Manual—Conditions Governing Education, Training and Development, including Subsidization.

2 and 3. Nil.

4. Over 60 per cent of the employees granted educational leave during the period 1977 to 1980 are still with the department. It cannot be determined if the other 40 per cent have left the public service or only the department for reasons such as: to work for another department, being included in a transfer of services outside the public service such as the Charles Camsell Hospital which transferred to the Alberta government in 1980.

DEPARTMENT OF NATIONAL REVENUE—EDUCATION LEAVE COSTS

Question No. 2,828—**Mr. Clarke:**

1. With reference to the education leave costs recorded by the Department of National Revenue, customs and excise at page 13.6, volume I of the 1979-1980 Public Accounts of Canada, what guidelines were used to determine (a) which employees should obtain educational leave and whether such employees should be granted (i) leave with pay (ii) travel expenses (iii) payment for tuition (b) whether the skills to be acquired were needed on a permanent basis?

2. What percentage of the education leave cost of $17,193 was necessitated by the acquisition of new equipment and by the need to have new skills in order to use the equipment?

3. What percentage of the education leave was necessitated by reason of job redundancy because of the (a) acquisition of equipment (b) change in the role of the employing agency (c) change in the capabilities of employees?

4. What percentage of employees granted such leave in the past three years have subsequently left the public service?

Hon. William Rompkey (Minister of National Revenue): 1. (a) and (b) Please refer to Treasury Board Policy, Personnel Management Manual, Chapter 110-5, "Conditions governing education, training and development, including subsidization".

2, 3 and 4. Nil.

DOT—HOSPITALITY SERVICES

Question No. 2,862—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport at page 32.38, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $16,343 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) None.

(b) Guidelines used are those stated in chapter 360 of the Treasury Board Administrative Policy Manual as it applies to hospitality.

(c) The information on hospitality requested in this question is not readily available. We do not maintain records of hospitality payments by nature or by class of recipients.

DOT—MARINE TRANSPORTATION PROGRAM

Question No. 2,863—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Marine Transportation Program at page 32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality (a) what is a list of each contract of a value more than $2,000 (b) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (c) of the $8,529 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) None.

(b) Guidelines used are those stated in Chapter 360 of the Treasury Board Administrative Policy Manual as it applies to hospitality.

(c) The information on hospitality requested in this question is not readily available. We do not maintain records of hospitality payments by nature or by class of recipients.

DIAND—HOSPITALITY SERVICES

Question No. 2,869—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Indian Affairs and Northern Development under the Northern Affairs Program at page 32.15, volume II of the 1979-80 Public Accounts of Canada, with particular reference to hospitality services (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts of a value more than $2,000, to whom was it paid (c) are guidelines used to determine when the department will pay for hospitality and, if so, what are they (d) of the $26,286 paid for hospitality, what percentage was principally used to entertain (i) foreign visitors (ii) Canadian businessmen (iii) provincial public servants (iv) federal public servants (v) ministerial exempt staff (vi) Members of Parliament (vii) Members of Provincial Parliaments, Legislative Assemblies and the National Assembly (viii) Canadian dignitaries, such as the Governor General and Lieutenant Governors General (ix) federal Crown corporation executives (x) provincial Crown corporation executives (xi) members of federal commissions, boards and councils (xii) any other categories?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development):

(a)		(b)
(i)	Official discussions with non-government employees (includes recruitment into public service)	$ 714
(ii)	Visitors to Canada, as members of national or international organizations	22,178
(iii)	Conference sponsored by Government of Canada where other governments or business groups are represented	1,036
(iv)	Honouring of distinguished Canadians	Nil
(v)	Service rendered without remuneration by non-government employee	723
(vi)	Ceremonies (sod-breaking, laying of corner stones)	Nil
(vii)	Departmental program-oriented work planning committees, departmental conferences, etc.	1,635
	Total	$ 26,286

(c) Yes. Departmental Financial Directive No. 11 derived from Treasury Board Administrative Policy Manual, chapter 360.

(d) Hospitality costs can be broken down as follows: Entertainment of foreign visitors, 84 per cent; Conferences attended by provincial and federal public servants, 10 per cent; Other recipients 6 per cent.

DOT—AIR TRANSPORT PROGRAM

Question No. 2,908—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Air Transportation Program at page 32.41, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other types of services (a) how does the department explain the increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) The dollar amount for other types of services in the 1979-80 Public Accounts was included with other professional, technical and special services in 1978-79.

(b) Type of Service	(c) Total	Over $2,000	Less than $2,000
1. Accounting services	$ 1,300	$	$ 1,300
2. Architectural services	278		278
3. Aerial survey	13,123		187
Public Works Canada		12,936	
4. Scientific services	20,631		4,732
B.H. Levelton Associates		12,892	
Government of Canada (NRC)		3,007	
5. Refund tuition fees	(660)		(660)
6. Firefighting services	565		565
7. Assessor & appraiser	3,470		193
Douglas Wren		3,277	

8. Collection, landing & parking fees	3,450		3,450
9. Bond & insurance services	12,457		437
Dale & Co. Ltd.		3,115	
Nanisivik Mines Ltd.		8,905	
10. Storage warehousing	4,179		2,000
Shell Canada		2,179	
11. Accident countermeasure	34		34
12. Compliance testing	45		45
Public Works Canada tenancy	5,632		5,632
13. services			
Total	$ 64,504	$ 46,311	$ 18,193

DOT—COURT REPORTING SERVICES

Question No. 2,911—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Marine Transportation Program at page 32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to court reporting services (a) how does the department explain the 225 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) The increase in the cost of court reporting services in 1979-80 over the previous year was prompted by additional formal investigations into shipping casualties which had to be carried out in 1979-80.

(b) Angus Stonehouse & Company Ltd., $41,514; Boisjoly et Associés Inc., $45,967; International Reporting Inc., $22,903.

DOT—USE OF TEMPORARY HELP

Question No. 2,912—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport at page 32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to temporary help, including stenographic and secretarial services (a) how does the department explain the 78 per cent increase in expenditure for the item over that for 1978-79 (b) what is a list of each contract of a value more than $2,000?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) The increase in temporary help costs in 1979-1980 is mainly attributable to the effects of a staffing moratorium announced by the President of the Treasury Board on June 8, 1979. At that time, staff strength was lower than planned and continued to fall during the extended moratorium period, particularly in the secretarial, stenographic and clerical categories where turnover is high. Outside agency help was used to alleviate the resulting backlog wherever internal arrangements proved inadequate.

(b) Contractor	Amount $
Bradson Personnel services	89,575
Cameo Careers	22,290
Contempro Services Inc.	7,304
H.V. Chapman & Associates Limited	2,385
DOT Personnel Services	11,272
Drake Personnel	4,585
Fulkner Placement Limited	5,039
Grady's Secretarial Services	29,946
Harrington Personnel	127,260
Kelly Girl Service of Canada	2,779
Key Personnel Limited	3,767
Marie Selick Associates Limited	15,302
Office Overload Limited	9,815
Pollack Personnel Limited	6,851
Selective Placements Limited	12,603
Technical Overload	4,069
The 500 Selection Services Ltd.	162,740
Total Employment Services	46,021
Victor Temporary Services	18,237

DOT—PROFESSIONAL AND SPECIAL SERVICES

Question No. 2,914—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport at page 32.39, volume II of the 1979-80 Public Accounts of Canada, with particular reference to other professional and special services (a) how does the department explain the 79 per cent increase in expenditure for the item over that for 1978-79 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): (a) Increases in costs were recorded at Transport Canada training facilities as follows:

	Amount of Increase $
Transport Canada Training Institute (TCTI) Cornwall, Ontario	
Laundry, dry cleaning and related services	44,734
Messing and food services	528,184
Building cleaning services	307,858
	$880,776

The newly erected residence was not fully occupied for the major part of 1978-79, however a considerable increase in the use of the facilities took place during 1979-80. The revenue collected for training costs by TCTI showed a similar increase.

Canadian Coast Guard College (CCGC) Sydney, Nova Scotia	
Operation and maintenance of facilities by contract	$498,348

In 1978-79 the billings from the Cape Breton Development Corporation for heat and water were paid as utilities, materials and supplies (S.O. 07) while in 1979-80 the same charges were classified as part of the maintenance bill and paid under professional and special services (S.O. 04).

(b) and (c)

Type of Service	Total $	Over $2,000 $	Less than $2,000 $
Laundry, dry cleaning and related services	70,396		1,260
Cornwall Regional Hospital		58,454	
Del Ray Estates		10,682	

(b) and (c)

Type of Service	Total $	Over $2,000 $	Less than $2,000 $
Scientific and engineering acquisition—S.S.C.	353,518		—
Supply and Services Canada		353,518	
Commercial acquisitions—S.S.C.	120,241		—
Supply and Services Canada		120,241	
Advertising audit services—S.S.C.	6,201		
Supply and Services Canada		6,201	
Messing and food services	636,846		3,556
Beaver Foods Ltd.		633,290	
Operation and maintenance of facilities by contract (except airport facilities)	1,235,267		2,655
Atlas Power Systems Ltd.		71,250	
Cape Breton Development Corporation		959,303	
Casselman Flegg Equipment		15,536	
Tower Burjan Construction Co. Ltd.		186,523	
Building cleaning services	550,592		1,400
Jet Janitor Services Ltd.		104,374	
Modern Building Cleaning		444,818	
Storage and warehousing services	13,063		8
Cornwall Warehousing Ltd.		13,055	
Switchboard services	43,952		
J.D. Laporte		43,952	—
Sanitation services—garbage	7,767		—
J.E. Axworthy's Trucking		2,900	
Biwest Contracting Ltd.		4,867	
Photography services except motion pictures	2,477		2,477
	$3,040,320	$3,028,964	$11,356

DOT—AIR TRANSPORTATION PROGRAM

Question No. 2,918—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Air Transportation Program at page 32.40, volume II of the 1979-80 Public Accounts of Canada, with particular reference to messing, lodging and food services (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (c) for what reason does the Department require these services?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport):

(a and c)	(b) Total	Over $2,000	Under $2,000
(1) Felec Services Ltd., Colorado Springs, Colorado.			
Felec Services Ltd. provides meals to Transport Canada employees at Flight Service Station, Tuktoyaktuk, N.W.T. The company is part of the United States Air Force complex and is the sole provider of cafeteria facilities at this location.	$29,889	$29,889	
(2) Dorothy Brown, Ottawa, Ontario.			
Dorothy Brown provides beverage and clean-up service to Transport Canada aircraft.	3,386	3,386	
(3) Province of Quebec (Public Works) Poste-de-la-Baleine, Quebec.			
Province of Quebec (Public Works) provides meals to single employees of Transport Canada at Flight Service Station, Poste-de-la-Baleine, Quebec. This is the only food service available and there is cost recovery from the employees.	14,585	14,585	
Miscellaneous	1,094		1,094
Total	$48,954	$47,860	$1,094

DOT—TRAINING AND EDUCATIONAL SERVICES

Question No. 2,919—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Transport under the Air Transportation Program at page 32.40, volume II of the 1979-80 Public Accounts of Canada, with particular reference to training and educational services (a) what was the name of each type of service (b) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid (c) what services did the board of trustees—School District No. 85 provide (d) what services did Pace Incorporated provide?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport):

	Training and Educational Services			1,390,334
(a)	(i) School Fees	89,513		
	(ii) Student Transportation Fees	12,163		
	(iii) Apprenticeship Training	8,330		
	(iv) Tuition Fees	12,525		
	(v) Vocational and Technical Training	1,254,200		
	(vi) Teachers and Instructors	13,603		
(b)		Over 2K	Under 2K	
	(i) School Fees	72,939	16,574	
	(ii) Student Transportation Fees	11,364	799	
	(iii) Apprenticeship Training		8,330	
	(iv) Tuition Fees	6,780	5,745	
	(v) Vocational and Technical Training	1,161,546	92,654	
	(vi) Teachers and Instructors	12,060	1,543	
		1,264,689	125,645	
	School Fees			
	Kelsey School Division—The Pas, Manitoba	22,551		
	Board of School Trustees—Queen Charlotte, B.C.	14,883		
	Board of School Trustees No. 85—Port Hardy, B.C.	35,505		
	Total	72,939		
	Student Transportation Fees			
	Province of Manitoba	11,364		
	Tuition Fees			
	Harvard University	6,780		
	Vocational and Technical Training			
	Sikorsky Aircraft	2,881		
	Helicroft Limited	20,096		
	Province of Alberta	3,425		
	Cranfield Institute of Technology	3,255		
	Beaver Air Spray Inc.	2,250		
	Execaire Aviation Ltd.	9,890		
	Chalifour/Marcotte	6,100		
	Vicking Helicopter	3,145		

(b)	Over 2K	Under 2K
United Air Line	7,755	
Dictaphone Canada Ltd.	5,753	
Perimeter Aviation Ltd.	3,600	
Ahern-Soper Ltd.	6,250	
Airgana Ltd.	2,475	
Quebec Air	15,472	
Nordair	2,050	
Public Service Commission	116,107	
University of Southern California	5,933	
HMR International	3,514	
Integrated Computer System	3,204	
Eastern Provincial Airways	81,923	
Waterloo Management Education Centre	5,665	
Flight Safety Int'l. Inc.	183,312	
Algonquin College	5,015	
Professional Development Institute Ltd.	4,505	
University of Western Ontario	2,100	
Air Canada	325,502	
Memramcook Institute Ltd.	4,247	
Digital Equipment	6,620	
Manitoba Institute of Management	6,000	
Business Flight Ltd.	3,000	
U.S. Department of Transportation	11,185	
Lorne Plunkett & Associate	2,520	
Advance Management Centre	2,960	
People Development	3,000	
St. John's Ambulance	5,528	
Pacific Western Air Line	18,045	
CP Air	41,472	
M. Zeitoun	3,400	
Pace Incorporated	37,415	
Okanagan Helicopter	19,391	
Electro Lab Ltd.	7,434	
Government of Canada	2,267	
Province of British Columbia	10,724	
American Institute for Professional Education	3,581	
Picker Canada Ltd.	17,374	
Associated Helicopter Ltd.	3,933	
Total Loss Control Ltd.	5,440	
Institute of Advanced Technology	2,675	
Transport Canada Training Institute	44,175	
Douglas Aircraft	25,971	
Software Enterprise Corp.	12,864	
Honeywell Inc.	21,000	
Lasarre Air Service Ltd.	3,430	
Norcanair	2,300	
Cottrell Survival Consultant	2,418	
Total	1,161,546	
Teachers and Instructors		
Trinity Communication Ltd.	3,150	
Jack D. Langley	3,000	
Paul Delhanty	2,400	
Fort Ignition Ltd.	3,510	
Total	12,060	

(c) Teaching services for Transport Canada employees who do not pay normal school taxes for school facilities.

(d) Pace Incorporated prepared and presented four training courses on high reliability soldering and repair.

CEIC—DIAGNOSTIC SERVICES

Question No. 2,942—**Mr. Clarke:**

With reference to the professional and special services recorded by the Canada Employment and Immigration Commission at page 32.6, volume II of the 1979-80 Public Accounts of Canada, with particular reference to diagnostic services (a) what services does this entail (b) what is a list of each contract of a value more than $2,000?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): (a) This program provides for the purchase of diagnostic services for CMC/CEC clients who have considerable difficulty participating in the labour market. These services are purchased from agencies or individuals in the public sector under professional service contracts. Diagnosticians provide written reports and consultations to employment counsellors for which fees are paid in accordance with contracts.

An elaboration of the service is as follows:

(i) Identify the client for whom these services are appropriate.

(ii) Determine if the commission has a standing contract (for the current year) with an appropriate diagnostician. (These contracts are usually negotiated by area or regional staff.)

(iii) Determine if the client is willing to undergo diagnosis relating to his/her inability to obtain employment.

(iv) If a diagnostician is available and the client is willing, complete the Diagnostic Services Requisition.

(v) Refer client to diagnostician.

(vi) The diagnostician assesses the client, prepares a report and discusses it with the client.

(vii) The diagnostician sends his/her report to the counsellor who referred the client to him/her.

(viii) Upon receipt of the diagnostician's report, the counsellor continues his/her employment counselling sessions with the client.

(ix) If the diagnostician indicates that there is no reasonable prospect of assisting the client through the CEIC, and the counsellor(s) handling the case concurs that the client's employment prospects cannot be improved through available employment services, the client is referred to another appropriate agency.

(b) Name		Amount $
Andrews & Samunda	Toronto, Ont.	7,569
Applied Psychological	Toronto, Ont.	10,135
A.T.C. Clinics Psychological Service	Winnipeg, Man.	7,367
Brisson, Legris Associates	Montreal, Que.	10,060
Canadian Psychological Consultant	Westmount, Que.	3,060
Centre de Consultation/B.M.V.	Montreal, Que.	6,065
Centre Interdisciplinaire	Montreal, Que.	3,640
Claveau, Jacques	Ste-Foy, Que.	8,740
Clinique Spécialisée	Shawinigan, Que.	2,922
Coulombe, Estelle	Ste-Anne des Monts, Cte. Gaspé, Que.	7,225
Crainer, Dr. D.	Toronto, Ont.	4,905
Dudley & Associates	Victoria, B.C.	5,710
Eaton, Dr. Philip	Calgary, Alta.	5,423
Horseley, Dr. F.R.	St. John, N.B.	2,940
Howard, K.G. Associates	Winnipeg, Man.	8,200
Jewish Vocational Service	Toronto, Ont.	5,255
Kell, Dr.	Toronto, Ont.	2,715
Kingston General Hospital	Kingston, Ont.	3,116
Laverdure, Jacques	Arvida, Que.	4,060
McPherson, Dr. A. Blair	Edmonton, Alta.	8,399
Michaud, Jacques André	Montreal, Que.	39,135
Papillon, Dr. Simon	Pointe-au-Père, Que.	2,669
Posthuma, Alan B., Ph. D.	Vancouver, B.C.	6,100
Saucier-Brûlé, Sylvie	Ste-Julie, Que.	2,865
Scherer, Dr. S.	Toronto, Ont.	28,974
Spence, N.E.	Saskatoon, Sask.	4,750
Tragakis, C.	Antigonish, N.S.	2,181
Vocational Counselling Service	Vancouver, B.C.	5,000

Wilkinson, S.	Toronto, Ont.	7,195
Woods, George T.	Victoria, B.C.	3,260
Wyspionski & Associates	Toronto, Ont.	3,510
Young, Ferris	Burnaby, B.C.	13,945

HUMAN RIGHTS COMMISSION—SERVICE CONTRACTS

Question No. 2,957—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of Justice for the Canadian Human Rights Commission at page 32.17, volume II of the 1979-80 Public Accounts of Canada, with particular reference to service contracts (a) what services did the National Film Board perform for the amount of $63,719 (b) what was the name of each type of service (c) what was the amount paid for each service and, for contracts over $2,000, to whom was it paid?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): (a) Development and production of audio-visual presentations.

(b) The audio-visual presentations covered the following topics:

(1) Canadian Human Rights Act
(2) Systemic Discrimination
(3) Equal Opportunity in Employment as regards to (1) race (2) physical handicap
(4) Equal Pay for Work of Equal Value
(5) Employment of the Disabled
(6) International Year of the Child

(c)

(1)	$15,852
(2)	15,000
(3)	14,966
(4)	13,950
(5)	1,777
(6)	2,174
	$63,719

All payments were made to the National Film Board.

DOT—UNINSURED LOSSES

Question No. 2,967—**Mr. Clarke:**

1. With reference to the uninsured losses of more than $1,000 of equipment recorded by the Department of Transport in footnote No. 20 at page 13.4, volume I of the 1979-80 Public Accounts of Canada, under what circumstances were the barrel buoys and anchors lost and (a) who was culpable (b) were any convictions made and, if so, what sentences were imposed (c) are any trials or appeals pending (d) was the equipment replaced (e) did the Department undertake steps to ensure that such a loss does not recur and, if so, what were they?

2. What use does the department make of the barrel buoys?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. The loss of the barrel buoys and anchors was attributable to bad weather (storms, strong winds, and ice) and the normal wear and tear of such material. (a), (b) and (c) Not applicable. (d) Yes. (e) A recovery procedure is in effect for material such as chains, counterweights, and sinkers, whereby a Coast Guard vessel equipped to locate such material is dispatched to the locations of the losses when the amount of material involved is sufficient to justify the recovery effort. In 1978, chains, sinkers and counterweights at a value of $81,000 were recovered.

2. The buoys assure navigational security and prevent loss of life and material. The buoys also protect the marine environment from pollution by petroleum products which could result if ships strayed from the main channel.

HEALTH AND SOCIAL SERVICES PROGRAM

Question No. 2,979—**Mr. Clarke:**

With reference to the professional and special services recorded by the Department of National Health and Welfare under the Health and Social Services Program at page 32.23, volume II of the 1979-80 Public Accounts of Canada, with particular reference to motion picture production and distribution (a) what was the title and total cost of each film produced in the fiscal year 1979-80 (b) at what audience was each film aimed (c) what cost recovery is anticipated from the distribution of all the films?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare):

(a)	The department contributed towards the cost of production of the following films and film program:	Health and Welfare Contribution
1.	Challenge for Change	$100,000
	A series of films depicting Canadian society produced by the National Film Board under a program administered by a committee of seven departments and the National Film Board and funded through annual departmental assessment with an equal amount being provided by the National Film Board.	
2.	Rehabilitation Film	49,049
	A film was created within the context of the International Year of Disabled Persons for the purpose of increasing the awareness of the general public towards the problem of integration of the handicapped.	
3.	Adoption Film	$ 26,111

A film created to give an understanding of the current adoption situation in Canada, by explaining changes, by outlining the role and responsibility of agencies, and by examining the background and attitudes of adopting couples. The production cost was shared with seven provinces.

The Department also contributed $60,878 to the National Film Board, towards the cost of creating a captioning centre capable of responding to the needs of the hearing impaired, in both official languages. The program deals with feature films and other films of current interest and the cost includes the purchase of films for captioning purposes.

A further $63,657 was expended for booking promotional films on nutrition and drug information and a series on child abuse.

(b) With the exception of the Captioned Film Program, which is specifically directed toward the hearing impaired, all films are directed toward the general public and professional groups and include such topics as nutrition, alcohol, tobacco and drug abuse, rehabilitation of the handicapped and child adoption.

(c) As the films are made available to interested parties free of charge, no cost recovery is anticipated.

NORTHERN CANADA POWER COMMISSION

Question No. 3,128—**Mr. Clarke:**

With reference to item 7 in the notes to the financial statements of the Northern Canada Power Commission for the year ended March 31, 1980 at page 141, volume III of the 1979-80 Public Accounts of Canada, concerning cancelled projects (a) how did the loss of $59,000, relating to losses on assets not put into production occur (b) does the commission anticipate that any or all of these assets will subsequently be put into production to reduce the loss and, if so, at what location and on what date (c) for what reason was the Snare Cascades Project cancelled at a cost, in 1979, of $633,000 and what is the total cost of the cancellation (d) is the commission likely to recoup any of the loss by a redeployment of assets which would otherwise have been used in the project (e) has the commission taken steps to ensure that such cancellations will not be necessary in future and (i) if so, what steps (ii) if not, for what reason?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): (a) Loss results as follows:

Write-off of development costs for emergency generating equipment	$ 44,481.28
Residual cost of disposal of electrical control panels after removal of all usable instrumentation	30,704.85
Less: gain on disposal of assets	(16,421.13)
Cancelled projects as per note 7	$ 58,765.00

The project was cancelled following a review of the emergency standby program. The physical dimensions of the alternator control panels did not meet current design specifications. As well, certain aspects of the instrumentation were not applicable to forecast service installation. All usable instrumentation was retained in stock.

(b) None of the above will be put into production. Credit for any salvage parts is taken into account in the $59,000 cancellation amount.

(c) The total of the cancellation of the preliminary construction costs of the Snare Cascades project amounted to $1,842,-689.13. This cost was reported in financial statements as follows:

March 31, 1978	$ 1,209,673.16
March 31, 1979	$ 633,015.97
Total:	$ 1,842,689.13

The project cancellation was related to a reduction in load growth combined with forecast inflationary cost factors which would have an unfavourable impact on the unit cost of electrical generation.

(d) Yes, based upon independent consulting advice, the commission has retained the two hydro turbines originally purchased for the project in contemplation of future small hydro development.

(e) The economic viability of all projects is continuously monitored, and the best possible forecasts of future demands are made. Contracts provide for cancellation clauses to minimize any potential loss due to possible cancellation of major projects.

SEAWAY INTERNATIONAL BRIDGE CORPORATION

Question No. 3,134—**Mr. Clarke:**

With reference to the statement of operations of the Seaway International Bridge Corporation Ltd. for the year ended December 31, 1979 at page 162, volume III of the 1979-80 Public Accounts of Canada, which notes that the corporation operated at a net income of $205,124, for what reason did the corporation recently increase the tolls for round trip traffic by 33 per cent from $3 to $4?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Seaway International Bridge Corporation, Ltd., a subsidiary of The St. Lawrence Seaway Authority, advises as follows: The corporation increased its tolls to ensure that self-sufficiency will be maintained. The 1979 operating profit had diminished to $70,493 in 1980, and financial projections indicated that, without a toll increase, net losses estimated at $175,000 would be incurred in the years 1981 and 1982.

JACQUES CARTIER & CHAMPLAIN BRIDGES INC.

Question No. 3,135—**Mr. Clarke:**

With reference to the statement of operations of the Jacques Cartier and Champlain Bridges Incorporated at page 123, volume III of the 1979-80 Public Accounts of Canada (a) how does the corporation explain the $5,519,409 net loss as a result of operations (b) does the corporation intend to take any steps to eliminate this loss and (i) if so, what will they be and how long does the corporation anticipate it will take to eliminate this loss (ii) if not, what rationale does the corporation have for continuing this net loss (c) what amount of the operational expenses are incurred in the collection of tolls?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The Jacques Cartier and Champlain Bridges Incorporated, a subsidiary of the St. Lawrence Seaway Authority, advises as follows:

(a) The revenue of the corporation amounted to $5,840,687 and the expenses to $11,360,096 for a net loss of $5,519,409. The main reason revenues have not kept pace with expenses is that tolls on the Champlain Bridge have not been increased since 1962.

(b) Yes. (i) The corporation has reviewed its financial situation and the matter is under active consideration. It has not yet been determined how long it will be before losses are eliminated. This will depend on whether future losses can be made up either by increased tolls or parliamentary appropriations, or a combination thereof. (ii) Not applicable.

(c) Operational costs amounted to $8,547,423 of which $1,193,678 were incurred in the collection of tolls.

ANNUAL REPORT OF DEPARTMENT OF SOLICITOR GENERAL

Question No. 4,181—**Mr. Robinson (Burnaby):**

Is there any mention of the Security Service of the RCMP or the department's response to the McDonald Royal Commission in the 1980-81 Annual Report of the Department of the Solicitor General and, if not, for what reason?

Hon. Bob Kaplan (Solicitor General): Mention of the Security Service of the RCMP appears at page 13 of the 1980-81 Annual Report of the Ministry of the Solicitor General. There is no mention of the ministry's response to the Commission of Inquiry into the RCMP in the 1980-81 Annual Report, because the commission's final report to the Governor in Council was not published until August 25, 1981. The 1980-81 Annual Report of the Ministry of the Solicitor General is for the period from April 1, 1980 to March 31, 1981.

"IMPROVEMENT IN THE SPREADABILITY OF BUTTER"

Question No. 4,274—**Mr. Mazankowski:**

1. Is a study into the "Improvement in the spreadability of butter" being conducted by Dr. A. Boudreau on behalf of the Department of Agriculture as listed in the Department of Supply and Services Bulletin No. 108?

2. Did Dr. Boudreau submit a detailed budget and (a) if so, what are the main projected expenditures (b) if not, how was the project cost generated?

3. Was the study tendered and (a) if so, how many applications were received (b) if not, what selection process was used?

Hon. J.-J. Blais (Minister of Supply and Services): 1. Yes.

2. Yes, Dr. Boudreau of Laval University did submit a budget on December 14, 1981 and the main projected expenditures are as follows:

1. Salaries and wages	(estimated) $ 66,258
2. Materials and supplies	(estimated) $ 5,000
3. Direct charges (chemical analysis)	(estimated) $ 14,142
4. Equipment	(estimated) $ 1,300
5. Travel and living	(estimated) $ 3,700
6. Overhead	(estimated) $ 21,451
	Total estimated cost $111,851

3. This study was the result of a submission by Dr. Boudreau of Laval University, in response to an invitation appearing in the R & D Bulletin of March, 1981, to submit proposal to Canadian Dairy Commission Research Program for various research subjects. Thirty-one submissions were received and this proposal is one of the fourteen, which were approved by the Canadian Dairy Commission, Department of Agriculture, under the Product Research and Market Development Program.

This study and similar ones funded by Agriculture Canada aim at finding ways to stop the dramatic decline in the per capita butter consumption in Canada over the past 25 years. During the period of 1955 to 1979, the per capita butter consumption has decreased from 9.19 KG to 4.46 KG (51.5 per cent).

The major variables contributing to this decline have been identified and spreadability (or lack of) remains a significant negative characteristic of butter and contributes to the decline of butter consumption in favor of replacement products. In view of the importance of butter sales for Canadian dairy farmers and the Canadian economy as a whole various government bodies fund research projects of this nature to improve the physical characteristics of butter and hence help this product to regain its popularity among consumers.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—RIGHT TO VOTE IN A FEDERAL ELECTION

Hon. Edward Broadbent (Oshawa) moved:

That this House go on record as opposing any policy which will have the result of effectively denying people in any region of Canada their democratic right to vote in a federal election.

He said: Madam Speaker, in opening the debate on this important subject about democratic electoral laws, I would like to lay down the first general principle to which my party adheres—and I would like to think all parties in the House accept—that is, that the whole purpose of electoral laws in a democratic society should be to maximize the opportunities for citizens, wherever they may live, to participate in the electoral process. In relation to that an auxiliary principle is that the purpose of hours established for voting purposes ought to have the same objective.

In our view the present law in Canada does meet this general objective. At present we have the requirement on election day that the polls are open from nine in the morning to eight at night—the same time, 11 hours—in whatever province a man or woman who is voting may live. In addition, there is the provision that any citizen of Canada entitled to vote—if he or she is working outside the home for an employer—must be freed by that employer from obligations to work for at least four clear hours in advance of the closing time of the polls.

Before I get to the essence of my concern about a particular proposal which will be before the House for debate I would like to discuss the important question of when people actually vote during elections. All members in the House, irrespective of party, are quite familiar with election day proceedings. Indeed, the members in this House, by definition, I suggest, have been very active on election days in making sure that at least certain citizens in whom they are interested get out to vote.

Mr. Cullen: We try to get them all out.

Mr. Broadbent: We in my party, of course, try to get them all out to vote, and we try a little harder in relation to those we have good reason to believe might be voting for our party.

Mr. Darling: Good for you.

Mr. Broadbent: I suspect that is a common tendency amongst all parties, and is a reflection of the democratic process that is based on the party system.

The crucial point I want to make is that although we do not have hard data on this question for Canada compiled by Canadian political scientists or journalists who may be interested in the subject, the reality is that in terms of the practical experience of the politicians I know, some 60 per cent to 70 per cent of Canadians who vote on election days actually vote between the hours of 5 p.m. and 8 p.m. The point is overwhelmingly clear, therefore, that most Canadians vote at the end of the day. They do not vote in the morning or in the afternoon; they vote in the early evening. The reason for this is straightforward. Men and women are at work during the day. They come home and have their evening meal, and they go out to vote. Perhaps they go out to vote before they have their evening meal, but they do it at the end of their day's work. If they are commuters, they may have a fair distance to go in returning home from work, and that too delays the time when they will be able to vote.

Another category of person about whom we obviously have to be concerned in this context of the time at which people actually vote are those who are at home with small children. Men or women looking after children during the day may have to wait until someone else returns home from work before they can be spelled off and have a chance to go out and vote. All these self-evident reasons explain why, in our rough judgment—I think members of the House in all parties will agree—the vast majority of Canadians vote in the early evening at some time between 5 p.m. and 8 p.m.

That is part of the background of my party's concern which led to the motion before the House today. Another part of it is that I, as a member of the House and a party leader, heard some time early in February that the government was in fact seriously considering changing the hours for voting in Canada. The proposal I heard, which was being seriously considered by the cabinet, was that the hours for voting would vary across the country. They would be based on the principle that voters would start to vote late in Atlantic Canada and finish late and, reciprocally, at the other end of our country on the west coast, they would start to vote early in the day and finish early. The principle behind that proposal was that Canadians would be voting at a common real time across the nation. The reason given by the Liberal members who have supported this idea is that western Canadians in particular have been unhappy with the hours which have been in effect for years, and that people in the west have been quite dissatisfied, when they have seen election results come in from Atlantic Canada but, in particular, after the results from central Canada—Ontario, and Quebec—were added, that the election was over, frequently before they had even gone out to vote. That has been the argument, and I see some hon. members on the government side nodding in agreement that that is the reason—

Mr. Smith: We are trying to be responsive.

Mr. Broadbent: —behind a proposal—which, as I said, I heard about early in February—the government would make and which has now been put to the House in the form of a government bill presented for first reading.

I want to talk about the reality of this alleged perception or concern. If we take into account the elections since 1957—and there have been ten of them—fully eight of the ten elections have not had their final outcome determined until the results from western Canada were included. I repeat that in eight of the ten elections we did not know which party—or parties, if we had minority governments—would form the government until the results from western Canada were in. In fact, of the eight, the results of four of those elections were not known until the results in the province of British Columbia were known.

The point I am making is that the talk about the need to change hours because of a perception in western Canada that the ball game was completely over and that the people in the west somehow did not count—although obviously every man and woman has one vote—was largely, in my judgment, based on a reaction to the last general election. I can well understand that. Many people were very unhappy that a fellow named Pierre Elliott Trudeau and the Liberal Party were elected to be the Government of Canada. As a New Democrat I understand that, just as my Conservative colleagues will understand that, because the west is roughly divided between the New Democratic Party and the Conservative Party. In that particular election it was entirely understandable that the majority of Canadians in the western part of our country should have been unhappy. They knew that a majority government was elected before the results from the west came in.

• (1750)

The point I want to make, and it is a serious one, is to question whether we should tinker with an electoral system which has made it possible for the majority of citizens to vote between 5 p.m. and 8 p.m., to take into account certain feelings that were produced in one general election. I think this is a very basic question.

When I heard of the proposed changes in hours I wrote to the Prime Minister (Mr. Trudeau) on February 10 this year and made it clear on behalf of this party that it would oppose any changes of the kind being discussed. I indicated that I should like to hear from him about the government's intention and his argument for it. I received no answer except the usual acknowledgement from an official that the letter would be brought to his attention. I did not receive the commitment I had been seeking that the government would not proceed with the bill, nor did I receive a reply to the substance of my concern. Of course, it is the Prime Minister's right to reply or not and I am not quibbling about that.

More than three months ago this party made it clear that it did not like the hours that were being proposed, and I will come to the reasons for that in a moment. I urged the Prime Minister not to proceed with what I heard was the government's intention to change the hours of voting in

Canada. It is not the exchange of letters that concerns me, Mr. Speaker, but the fact that the government has produced a bill that will make changes that I think are anti-democratic. I will be very explicit about that later.

I appeal to members on all sides of the House to think very seriously about the consequences of these changes. I hope this may be one of those rare occasions when the government will think very seriously about proceeding with second reading of a bill if the points that my party wants to make in the course of this debate are conceded to be valid. I hope that the government will withdraw the bill.

We object to the bill because in eastern Canada the proposed hours would be an inconvenience. I will not elaborate on that. The traditional hours of 9 a.m. to 8 p.m., with four consecutive hours being made free by employers for people to vote, meet the requirements of people in Atlantic Canada. The new schedule would cause some inconvenience to a number of fishermen and other groups, according to my information.

The real concern of this party, however, is the effect that such a change would have in western Canada. To put it very directly, the normal voting pattern of 60 to 80 per cent of the electorate will be shattered. According to the bill that the government has introduced, polls in British Columbia and the Yukon will close at 5.30 p.m. That is very serious. Fishermen, loggers, clerks in department stores in downtown Vancouver, in the Kootenays or in the Yukon or any working man or woman, will find it literally impossible to vote on election day.

The other change that is proposed is that the employer will have to provide four consecutive hours to vote, but not necessarily on election day. As long as four hours are provided before an advance poll day, that will be adequate according to this bill.

The cumulative impact of these two changes—cutting off the vote at 5.30 p.m. and removing the old requirement that employers have to leave four consecutive hours free on election day—could mean the disenfranchisement of thousands of Canadians in western Canada. We will not put up with that, Mr. Speaker.

This is a very serious matter and I want to ask all the members of the House to consider the consequences of it. There have been concerns in western Canada about the efficacy of our federal system to produce justice for people in western Canada as well as for people in central Canada and so on, but I will not go over those old and real grievances, Mr. Speaker.

In the last 48 hours I have received half a dozen telegrams from British Columbia—now that the news has been received there—expressing deep concern at the effect which the cutting off of thousands of workers from the polls will have. I hope that members of the House will not be party to a measure that will be an inconvenience in eastern Canada but will be a major liability to democracy in western Canada. If there have been problems of alienation and concern in the west before, they will increase in Alberta, British Columbia and the Yukon after the impact of the proposed legislation is understood.

I began this debate rather late because of procedural matters which intervened today, Mr. Speaker. I will not take much more of the time of the House because it is almost six o'clock. Other members of this party will speak and I hope that members of other parties will address themselves to these very serious concerns and that the government will be persuaded by the arguments.

I want to conclude by saying that this party, and I hope all parties, believe that any electoral change must maximize, not minimize, the opportunity to use one's democratic right. We believe the gimmickry approach advocated by the Liberal government in this bill, rather than dealing with western grievances and rather than alleviating some of the tensions, will only aggravate them. In this context we believe that Bill C-113 suggests a cure that is much worse than the disease.

In the final analysis we think that Bill C-113 should be scrapped. It should be withdrawn and a totally new approach to the serious question of democratic rights ought to be taken.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Pinard: Mr. Speaker, at this time I should like to state what the business of the House will be for next week since this could not be dealt with earlier today.

As agreed among House leaders this morning, the first item of business tomorrow will be Bill S-25. It is not on the Order Paper but it will be reported from the Senate in time to be dealt with as the first item of business tomorrow. It is an act concerning the association of navy, army and air force veterans. It will be dealt with by agreement through all stages, with one speaker per party. That will be done tomorrow afternoon. It will be followed by Bill C-91, which deals with public works, and, if need be, second reading of Bill C-92, which deals with national harbours.

[*Translation*]

As far as the business of the House for next week is concerned, the schedule is as follows: Monday, the House will not be sitting, Tuesday will be an opposition day, Wednesday, the House will meet in Committee of the Whole in connection with Bill C-112 relating to certain taxes, and Thursday, we shall proceed with third reading of Bill C-112.

[*English*]

The Acting Speaker (Mr. Blaker): The Chair would normally recognize the hon. member for Provencher (Mr. Epp) who was rising to speak on the motion before the House. The Leader of the New Democratic Party (Mr. Broadbent) has concluded his remarks, and as it is now just past six o'clock, I think perhaps the most appropriate way is to indicate to the hon. member for Provencher that the Chair will recognize him as having the floor at eight o'clock, provided of course that he is here.

It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

* * *

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—RIGHT TO VOTE IN A FEDERAL ELECTION

The House resumed consideration of the motion of Mr. Broadbent:

That this House go on record as opposing any policy which will have the result of effectively denying people in any region of Canada their democratic right to vote in a federal election.

Mr. Deputy Speaker: When the House rose at six o'clock, the hon. member for Provencher (Mr. Epp) had been given the floor.

Hon. Jake Epp (Provencher): Mr. Speaker, I want to read into the record the motion which the hon. member for Oshawa (Mr. Broadbent) moved on behalf of his party. It reads:

That this House go on record as opposing any policy which will have the result of effectively denying people in any region of Canada their democratic right to vote in a federal election.

One has to analyse that motion somewhat to determine the reason for the motion in the first place. If one looks at it, one could interpret it as saying that any Canadian should have the right to vote because we read that this House should not adopt any policy which would effectively deny people in any region of Canada the right to vote. Section 14 of the Canada Elections Act, under which all of us are governed, is entitled "Qualifications and Disqualifications of Electors". It addresses quite a number of categories of Canadians who cannot vote in a federal election. For example, the chief electoral officer, the assistant chief electoral officer, judges appointed by governor in council and people undergoing punishment in Canada's penal institutions are just some of them. But is that what the motion intends? Having listened to the Leader of the New Democratic Party this evening, I do not think that is his intention. Rather, it arises from the fact that polls close at the same hour in every region of Canada. However, because of the different time zones across the country we have the difficulty of polls in Atlantic Canada being closed first and the votes counted first. Next are the polls in Quebec and Ontario. But as to those of us who live west of Ontario, whose polls are still open, as a consequence of United States satellite stations and television stations, we are told of the election results in eastern Canada. For instance, in Manitoba it would not necessarily influence the voting because we would only know a few minutes prior to our polls closing, but as one advances further west to British Columbia and Yukon, the problem is exacerbated.

• (2010)

When one takes a look at past elections, where elections were close, it is true that that problem did not exist. Obviously the need to find out which party will win seats, as one goes west, determines who will form the next government. When elections are close and minority governments are elected, for example, there is no problem. Also percentagewise the problem generally has not existed in so-called modern or post-war elections.

I think the NDP is trying to address what happened in the 1980 election in which Canadians in western Canada found that a majority government had been elected up to the Ontario-Manitoba border. All western Canadians could do was add thereto, that is add to the government already elected. If all of us had voted against the party, in this case the Liberal Party, which formed the government—

Mr. Huntington: Most of us did.

Mr. Epp: Almost all of us did, with the exception of those people in the ridings of the two members from Manitoba. But it made very little difference; we were already excluded, so to speak, because the government was already elected. One must be careful to analyse whether the problem which exists is being resolved by the solution that is being put forward by the government.

There have been private members in my party who have tried to address this problem. I have absolutely nothing but praise for their efforts, but let me say in all frankness that the solution which they thought possible was not necessarily a solution. For example, the hon. member for Vancouver Quadra (Mr. Clarke) has a private member's bill along those lines, but if one studies his bill one finds other provisions in it as well. It was not only a matter of advancing hours. He had other suggestions such as the idea of a proxy vote which could be extended to other groups of Canadians, not necessarily those classified or categorized in the Canada Elections Act. In a sense his bill went much further in an attempt to address the question of how better to democratize the election procedure.

The motion before us in effect asks us to look at the electoral procedure as proposed in Bill C-113 which has had first reading but has not been passed through all stages in the House. In fact, it has not yet received second reading. Effectively that bill denies some Canadians, especially those in British Columbia and Yukon, the ability to cast their ballots. This is a serious matter. But I for one thought there were some other areas where the New Democratic Party could have proposed a motion. For instance, it could have put forward a motion concerning lay-offs, jobs, unemployment, farming, the lay-off of CN workers today or the fact that CFA appeared before members of the House yesterday. But the fact remains that this question is important and must be addressed by us.

When the government looks at parliamentary or electoral reform, I suggest it should prove that in fact it is serious and

that it does not want to take away the vote or the right to vote of any Canadian. There are three vacant seats in Canada right now, but no byelections have been called. Effectively Canadians in those ridings are losing their right to representation in the House. If the government is serious about every Canadian being represented in this place and not denied his or her privilege to cast a ballot, it should call the byelections. I imagine the Prime Minister (Mr. Trudeau), depending upon whether or not he wants to make a decision, could make that decision tonight, and we would be in a byelections period tomorrow in respect of those three byelections. I challenge hon. members on the government side to consider it. I challenge them to take the matter to their minister so that the byelections will be called. At least that would take care of the situation wherein every Canadian is not represented in the House at present.

The government, which is almost virtually wiped out in the west, seems to have finally heard voices from western Canada indicating a problem out there. Members of the government are now saying, "If there is a problem, how can we resolve it?" They are hearing that there is alienation in the west and they are wondering how to address it. I should like to tell the House that alienation in western Canada will not be resolved by Bill C-113 or by changing or staggering the voting hours. In the 1980 election western Canadians, especially British Columbians, felt that, although they had the right to vote, what difference did it make? That seemed to be the attitude which I heard expressed in British Columbia. I am sure other colleagues of mine will express the same thing. But as we went further west, we realized that it was just an irritant. It was not the cause of the alienation; it was just a further demonstration of western Canadian feelings that they did not have a rightful place in the decisionmaking process in central Canada, in the central government.

If we take a look at what the government is proposing, it is very interesting to see the reasons which were advanced in cabinet for staggering the voting hours. For example, in British Columbia the polls would close effectively at 5.30 p.m. It was spelled out in the cabinet document, which I understand was circulated to all members of the Liberal caucus but of course not to all members of the House—this place works in wonderful and mysterious ways; sometimes we receive copies—that the polls close at the same time across the country and that, by magic, alienation would be taken care of. This is not the way it works. With the polls closing at 5.30 p.m. in British Columbia, we must remember that electors have to be given four continuous hours in order to cast their ballots. In its own cabinet paper the government said:

> The proposed new hours would place a heavier burden on employers in the west, because most of the polling hours would fall within the normal working day—

The government recognized that this would impact negatively, for instance, upon people in British Columbia. Additionally, because the election would be held on a Monday, the government wondered whether employers would be forced to give employees a half day off, perhaps Monday afternoon, to cast their ballots. The document continued:

> Moreover, it could reduce voter turnout by encouraging employees to take a long weekend, since polling day is on a Monday.

This comes back to the motion of the New Democratic Party. Would it not effectively remove the right to vote? Then there is the discretion, in other words, the four hours need not be given on polling day, they would be given on an advance day.

Mr. Blackburn: Saturday.

• (2020)

Mr. Epp: That is the point. The four hours could be given by employers on a non-working day, or what is traditionally now a non-working day. As you go from east to west, this of course would make very little difference. They point that out as well.

I think the government's conclusion is perhaps most relevant. It reads:

> Moreover, western voters would almost certainly be required to vote on a day off, and the Bill might therefore exacerbate rather than reduce the sense of alienation in the West.

Mr. Blackburn: That is why they brought it in.

Mr. Epp: If that is their conclusion and the reason for bringing in the bill, if they think they will solve the problems of alienation in the west, I suggest they get more advisers.

There is a problem as to how we address the electoral question. I already gave as one example the calling of the byelections. What I am more interested in is not this kind of tinkering but, rather, parliamentary reform which would make this House more relevant in its day to day operations so that it might be more relevant to Canadians. That is the issue which we should address. As well, we should be addressing the issue of how the regions can be better reflected at the federal level. There is also the question of the Senate addressing the regional issues and how the voice of those regions will be heard here.

I recognize that the Fathers of Confederation—our first Prime Minister, for instance—wanted a unitary state. It was clean and neat and he understood it. But he also understood the nature of Canada. He understood that we would not have a country without giving very close consideration to regional differences and the need to fit the regions into the larger puzzle of Canada. That is why we are a federal state.

I suggest to the government that if it thinks it will resolve the differences of alienation by tinkering with the hours, it is badly mistaken. The government's own paper shows that it has very serious reservations about that. What we need, then, is to call the byelections and seriously review parliamentary reform within the House. Let us look at the matter of regional representation at the central level. Finally, when we consider the question of how best to carry out electoral reform, let us take very seriously the proposal that has been put forward of delayed counting or the withholding of the announcement of

election returns until the polls have closed. I believe these are suggestions which could be discussed and I make them for that purpose.

I am pleased to see that the minister who holds responsibility for western Canada is in the House. I say in all sincerity that this addresses the problem of alienation in western Canada but it does not resolve the problem of western Canadians feeling that their votes did not count sufficiently. I repeat to him and I challenge him to call the byelections and give the people the right to be represented here as well as in the electoral regions to which I have referred.

I say to the New Democratic Party members that while I have some difficulty in terms of the manner in which their motion is structured, which is a minor issue, what is more critical and the main issue is that we should not take away the right of people to vote. In Vancouver, for example, if the polls close at 5.30 p.m., people must get to their polling stations by then. Any of us who have run in an election campaign know that the heaviest voter turnout is between four o'clock and eight o'clock. The problem that would exist in British Columbia is that people might have the right to vote denied them because they were not able to get to the poll on time. That is obviously not how we want to resolve the problem that exists.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, first I want to apologize to the members of the House for not being here to listen to the full range of remarks that were made, but I had to serve in a committee this evening and therefore had to divide my time between the House and the committee.

I am pleased to participate in this debate. I find that increasingly the opportunity to respond on behalf of the government to resolutions and motions put forward by the opposition is becoming for me one of the more revealing experiences here because they bring to light what is true and real about the actual intentions and concerns of the respective parties that sometimes belie the rhetoric with which they like to besiege the public on a daily basis.

This is my sixth opposition resolution response in approximately eight weeks, and I am beginning to feel that there is a certain pattern emerging that tells us much more about the reality of what their basic concerns and objectives are as opposed to what they would otherwise like people to believe.

Nowhere is this more apparent than in the resolution put forward by the NDP which shows once again that they have totally and completely contradicted the suggestion that they would like to have the public believe that they are a party of reform, of change and of progress. Once again they have established firmly that if there is any party of reaction, any party which is totally committed to the status quo, if there is any party that has no vision—-

Mr. Blackburn: Get to the bill.

Mr. Axworthy: —if there is any party with the inability to respond to the changing conditions of society, it is the NDP. This is true particularly in relation to western Canada issues.

Mr. Blackburn: If you are so progressive where are all your members from out west?

Mr. Axworthy: Once again we can measure the degree to which the truth is being heard by the volume of the bellows coming from that small rump in the corner.

Mr. Blackburn: You are one big joke.

Mr. Axworthy: Particularly in western Canada have they shown themselves to be a party of no real feeling for the flow and ebb of change in that region. Only a few weeks ago we saw that when we were debating perhaps one of the most important and critical issues to the economic future of western Canada, the modernization of our transportation system, it was that party which buried its head in the sand, dug its feet in the dirt and said, "Thou shalt not change". They are afraid of change and reform. It is quite evident in the resolutions which they bring forward on opposition days that they are in defence of the past, of what was and what is and not what should and can be. They have no feeling for how human affairs can be managed and channelled in such a way as to provide for new opportunities.

I simply want to comment in a general way about how we see the NDP showing their true colors on opposition days. They show the colours of reaction and complete and total commitment to the way things were. I think it is important for all of us in the House to recognize that.

At the same time I should say that I deeply regret that we spend so much of the time of the House on motions like this which are frivolous in their commitment and objectives when there are so many more important matters we could be debating.

Mr. Blackburn: Go out to Vancouver and tell them that.

Mr. Axworthy: When you think of the issues facing Canadians and of the important legislation which could be brought forward in terms of helping Canadians become employed—

Miss Jewett: You have nothing to say.

Mr. Axworthy: —helping to develop investment, or developing new policies in the energy field, while here we have to deal solely with the commitment of the NDP in the lower mainland of British Columbia and their concern about how they can get their vote out between five o'clock and eight o'clock, it makes you realize what a frivolous motion it is.

Miss Jewett: That will come back to haunt you.

Mr. Axworthy: Look how riled they are now.

Miss Jewett: You are the one who will suffer from that one.

Mr. Axworthy: We have really plunged to the centre of their concern. The fact is that while they have tried to candy this issue over by presenting it as one that is based upon broad principles of democratic and electoral reform, it really boils

down to a defence of a vested interest. It is a defence of what they think is their electoral advantage.

• (2030)

I think it is important to clear away the particular mythology contained in this resolution, and talk about the real issue of democratic electoral reform in this country and who has led the way. I would only remind the hon. members of the New Democratic Party, and perhaps even those members in the Conservative Party who might be interested from time to time in matters of democracy, that when it comes to electoral reform it was the Liberal Party which brought forward the single most important advance in the development of a democratic base across Canada with the development of the Election Expenses Act a few years ago. It provided for the deep and full participation of ordinary Canadians in the financing of their political parties. It provided Canadians with the ability to take financial control of the parties away from the big donors. In fact, the major beneficiary of that electoral reform has been the NDP. We have, in our generosity and munificence, enabled that party to establish a much broader range of fund-raising than ever before by providing tax write-offs and tax exemptions. Even its leader and party presidents have said, with some degree of self-satisfaction, that the most important basis for whatever electoral success they may enjoy has been due to the change which we brought forward. yet they have the audacity to say that we are not interested in the question of democratic reform and principles. Talk about their lack of appreciation for what we have done for them!

Some hon. Members: Oh, oh!

Mr. Axworthy: We have provided them with the financial basis enabling them to preserve some remnant of responsibility on the electoral scene, but all they are concerned about is what happens on the lower mainland in terms of getting their votes out.

I think it is important to discuss electoral reform. It is a question with which we should always be concerned. We should always revamp, redress and revise the guidelines and rules by which we conduct our democratic society. That is why our House leader has put forward a number of important changes for parliamentary reform and democracy. How much more useful it would have been had the members of the NDP, rather than taking up the time of the House with a frivolus motion like this, said, "Well, let us use the time to debate that parliamentary reform so that we can improve procedures of the House and get more legislation through." We find, once again, that they are not really interested or committed to this question of how to bring about change and make improvements to the way in which the system works. What they are really concerned about is the protection of their own self-interest. Yet they try to camouflage that in the broad rhetoric of the hon. member for Oshawa (Mr. Broadbent), the eastern member, to camouflage it in the proposal of the member from Ontario to help western Canadians.

For a moment let us discuss the tone and direction of the remarks of the hon. member for Oshawa in terms of why he feels that some denial is being made to the democratic rights of western Canadians. Where we must begin is with Bill C-113, the so-called electoral reform, which came about—

Some hon. Members: Hear, hear!

Mr. Axworthy: I am deeply appreciative of the support and response of the NDP members. Perhaps they are now beginning to understand what we are trying to say. The origin of that bill, the genesis of what we are talking about, emanated from western Canada. That was not something which was concocted in Oshawa, this was not something which was developed in the caucus room of the Ontario party of whatever stripe; this was something westerners requested. This was the result of a large and increasing demand by western Canadians for a change in the way and basis of organizing elections so that they would not feel separated when the vote came in. They clearly demonstrated that need and made a call for that change. What is even more remarkable—because we are hearing such a large volume of noise from the members of the NDP caucus from British Columbia—is that it was the province of B.C. which was most vociferous, most anxious and most concerned that this change be made. It was the people of British Columbia who were most deeply concerned that we make changes in this particular area. So I guess we can only conclude that the NDP members of Parliament from B.C. are not really representing the people of western Canada. Once again, they are simply representing their own particular self-interest as a party, not as a democratic organization, and what they think is to their electoral advantage. It is not what is in the interests of the people of British Columbia or of western Canada.

It is important to recognize that in putting forward the reform in Bill C-113, what we are really saying is, first, that people should not have their hopes prejudged by election returns coming in earlier. It is simply a necessity, as this country stretches for thousands of miles from one end to the other. In the days of new electronic communication there is an obvious need to ensure that when people are still polling and making their choices on the west coast, we have not already made a selection on the east coast. Therefore, not only is this a way of trying to grade and rate the voting times, but also to ensure that the electronic media, particularly coming from the United States, would not be broadcasting the election results which, as we know from every political science study, have a very direct and compelling impact upon the choices people make.

The reforms proposed in Bill C-113 are designed to correct that eccentricity in the present electoral system and to ensure that people in western Canada are treated the same, in an equal way, in parity with those in the east, even though that is being denied at this moment by the NDP.

Some hon. Members: Oh, oh!

Mr. Axworthy: What is more, this proposal has been broadly discussed and debated in the House. You should ask

the hon. member for Vancouver Quadra (Mr. Clarke), who brought in a virtually identical bill, and which was discussed. The hon. member from B.C. obviously does not understand that, because he obviously does not read the proposals put forward—

Mr. Huntington: I will be on my feet! I will reply to this garbage!

Mr. Axworthy: —or even read the resolutions put forward by his own members. But that, as we realize, is typical behaviour on the part of Tory Members of Parliament, that they have so little interest in what is going on in their own caucus, let alone in this House, that they are not relevant to what is taking place.

The fact is that these reforms have already received extensive debate, both in the Senate chamber and in this chamber, in terms of coming to grips with that particular issue and trying to find ways of solving that problem.

The kind of assertions made by the hon. member for Oshawa, in Ontario, in presenting this resolution, has—

Miss Jewett: He is a national leader!

Mr. Axworthy: —somehow left the impression that if people in British Columbia had to go to the polls before 5.30, it would deny them their right to vote. He did not quite say so, but he was somehow hinting or leaving the impression that they would not have the same amount of time. However, what he really forgot was that it is clearly entrenched in Bill C-113 that every worker and every voter will have the right to receive four hours off to go and vote at any time during the day.

An hon. Member: Look at the bill, Lloyd! Section 48(b)!

Mr. Axworthy: Well, Mr. Speaker, we have looked at the bill. The fact is, that it is a clear and abiding part of that reform that any worker, any person, any voter has the right to get from the employer four hours to go and vote—

Miss Jewett: On election day.

Mr. Axworthy: —in advance polls or on election day. That is a choice. The fact that they deny it simply shows that they are so blinded and clouded by their own rhetoric that they do not see that that basic entrenchment and defence is there.

Some hon. Members: Shame!

Mr. Axworthy: It is surprising that they are taking so much of our time in such a frivolous way when, in fact, that protection is already inherently clear in the bill itself. However, I think that we have perhaps had an opportunity to look at other ranges of reform. I think that there is certainly good cause and reason to examine the issue of how people in western, central and Atlantic Canada may themselves have better representation. I, for one, would certainly welcome debate in this House on how we can change some of our fundamental national institutions to bring about reform of the electoral process. We should be talking about the way we come to grips with the basic issue of Senate reform, to provide a major opportunity for regional representation at the national level, based upon representation by population. It is clear to me that the flaw in the democratic system, the flaw in our federalism, is that the second chamber, which was originally designed to ensure that the regions would gain full representation, is an appointed house and therefore does not carry with it the same degree of legitimacy that an elected body would have. Therefore, people in regions in which there are not heavy or large concentrations of population tend to put a great deal of emphasis, for example, in assuming that only the provincial governments can represent the regional interest.

• (2040)

As a result, we have not had the opportunity at the national stage to have those rejoinders openly debated and considered in an authoritative way and recognized in an authoritative way by the regions in which there are not heavy concentrations of population. How much more helpful it would have been, and how much more constructive, if we had received a resolution from the NDP considering that kind of reform, concerning how we go about changing the manner and form of representation in the Senate, or the manner and form of representation in the courts or in the Crown corporations or in the regulatory agencies, to ensure that our federalism would work much better and that western Canadians, those in the prairie provinces and in the Atlantic provinces would feel a much closer tie to the national arena than they presently do.

That, Mr. Speaker, would have been something that all members of the House could have bitten their teeth into and on which they could have had a good, useful, constructive, healthy and vital debate, one that would have a purpose to it, one that would have a reason to it, one that would have a rationale to it, not one that would simply serve the organizers of Vancouver east, which is really all that this bill is trying to do. It is set up to respond to the puppet calls of the west coast unions on their NDP members. That is all we are debating. It is a shame that we have such a cherished and valuable space of time in the House and we use it on measures such as this.

This party has certainly taken the lead in providing for parliamentary reform. It has provided a major leadership in electoral reform, with the Electoral Expenses Act. Now that we have our Constitution at home and a Bill of Rights, we are looking at further opportunities for changes in the political institutions, providing for a much broader debate on the way regions could be represented at the national level, to provide for a much broader and more open system of representation in Parliament and in the electoral system. That is the kind of debate we should be thinking of, not one that is based on pure, unadulterated, naked, political interest.

Some hon. Members: Hear, hear!

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I find that what I have just heard is some of the worst kind of speaking in connection with an election reform act that I though I would ever hear here in this House. Not by one word

did the hon. minister say what this legislation is about. He chastised the NDP thoroughly; he chastised us thoroughly; and in his own way, whether he realizes it or not, he chastised his own party with those comments. And now he does not even have the fortitude to remain here to be taken apart.

Let me talk about this bill for a minute or two. I believe that election reform is a topic so important and so vital that it should not be part of partisan politics, yet that is what I have been hearing.

Mr. Axworthy: I rise on a point of order, Mr. Speaker. The hon. member for North Vancouver-Burnaby (Mr. Cook) has suggested that I do not have the fortitude to stay. I would be most pleased to stay but, as I said at the beginning, Mr. Speaker, I am also required to appear before a committee, and I would hope the hon. member would at least respect that responsibility in his remarks.

Mr. Cook: Mr. Speaker, if the hon. minister wishes to go to a committee, he might find the remarks more easy to take if he reads them in *Hansard* tomorrow. I would excuse him on that basis and apologize to him for perhaps using intemperate language in watching him marching out of the House the minute I stood up. We have seen that with other ministers of the Crown. I find it offensive to the members of the House of Commons that it happens so often. In this case, you have a committee, so away you go!

Some hon. Members: Hear, hear!

Mr. Cook: As I was saying, the question here is with regard to a bill on electoral reform. Electoral reform is not a partisan political issue. I believe all members of the House believe they are here because of the wisdom and the intellingence of the voters in their individual ridings. Certainly I do.

What is the question? How do we make it fair? It is the Canadian people, their right to vote, their ability to vote and their convenience to vote, that we are talking about. The question is also, how do we make it at the least cost to the nation and at the least cost to the business of the nation.

I must be partisan for one minute. I believe that this motion of the NPD was wrong. We will have a good deal of time to discuss this bill when it comes up for second reading. I would rather see them deal with some of the true issues, such as, economics, unemployment and what is taking place now. That is what they should have been discussing today, not these minor—minor, I say—changes to the electoral act. That is the problem. These are minor changes to the electoral act, when we need all of the recommendations that can be made in connection with changes. What have they done? They gave us one little change. Now they are giving us another little change. Why can we not have it all at the same time, so that it can all be discussed properly?

The problem with this bill to me, as a member from British Columbia, is the hours. It suggests closing the polls at 5.30 in the afternoon, 6.30 mountain time; 7.30 in the east; and 8.30 in the maritimes and Newfoundland. That is fine. It hardly makes any change whatsoever in central Canada, but it is a severe impediment in British Columbia.

I have basically a suburban riding. Most of the people in my riding do not get home before 5.30 in the afternoon. They talk about the four hours off or three hours off under this bill, that you are entitled to. That is absolute nonsense, because of the cost. I have a telegram here. The Employers' Council of British Columbia has already made a quick study of this bill. They represent something like 140 major companies in British Columbia. They represent 600,000 workers. They determined that if this bill is passed, it is likely to cost the economy of B.C.—and this is only this group, this 600,000 worker group, 140 companies—$30 million every time there is an election. It is wrong. It should not cost $30 million. That is what it will cost in British Columbia. What will it cost in Ontario? Absolutely nothing. Is this fair?

The minister spoke about everyone being treated the same, everyone being treated in an equal way. Well, they are not being treated equally in B.C. under this particular bill. Sure we are annoyed, sure there is that small sign of alienation when we get the results from the east long before our own polls close.

That is not the real cause of the alienation. There are other causes as well. There are ways this could be made equal, but the government has not even taken a look at it. I am referring to this suggestion, and I only put this out as a suggestion because I have not read about its being discussed, if it has been discussed. Let us have a two-day election, from noon until eight p.m. in each region of the country and then, the second day, the polls can be closed at four o'clock in the afternoon in British Columbia. Let us make it two days.

• (2050)

The briefing papers to the cabinet say it is impossible to protect ballot boxes. That is absolute nonsense. Let me make another suggestion. Why not have our elections on Sundays when no one is working or when a very few people in essential services are working? Why not a Sunday election day so that everyone can vote?

An hon. Member: We go to church.

Mr. Cook: All right, let us do it another way. Why should a national election day in Canada not be considered a national holiday? We could use one of the national holidays we already have. Goodness knows, we have enough of them. If we are having a national election day, that day would become a national holiday. Perhaps that would emphasize that people should be wanting to vote and getting out to do so.

To close the polls at 5.30 in the afternoon on the west coast would be an impediment to voters. That would make it that much more dificult for them to get to the polls, and it would be unfair. It would not solve the problem they want addressed. The only thing it would do would be to cause all polls across the country to close at the same time, and that is dead wrong for British Columbia.

Mr. Taylor: Also for Alberta.

Mr. Cook: Alberta is basically in the same position, except that Alberta gets another hour, which we on the west coast do not get.

Mr. Epp: And the Yukon as well.

Mr. Cook: I am totally in agreement with the hon. member for Provencher (Mr. Epp). There are three vacancies in the House of Commons. Three constituencies are not represented here, and it does not look as if they will be for a very long time. The Prime Minister (Mr. Trudeau) could call byelections tomorrow. He has not done so yet, and he does not have to do so until September. Even when he does call them, perhaps in the fall, he can set any date he likes, up to 1985, for the byelections to be held. This is an area of reform of electoral law which could be addressed very easily and should be addressed very quickly.

The whole idea of this motion today is to deal with the government's bill. It is a way to bring on discussion about the bill. I agree with members of the New Democratic Party, particularly those from British Columbia, and I share their concerns about the bill. Some ridings in the Kootenays are 500 miles long. Some foresters and miners have to travel for up to two hours to get to polling stations. I have great sympathy for the point of view of members of the New Democratic Party on this matter. Everyone in this country has the right to vote at a reasonable time, and the bill would deny that to my province.

The government briefing paper to which I referred earlier was a memorandum to the cabinet dealing with this matter. I gave a copy of it to the hon. member for Provencher, not knowing he would say some of the things I wanted to say.

Mr. Epp: Say them again.

Mr. Cook: The briefing paper says:

> A recent Gallup poll showed that 65 per cent of respondents (74 per cent in British Columbia) would favour legislation to delay the counting of eastern ballots until the polls are closed in the West.

This is what the government gets in a briefing paper:

> This option itself is easily dismissed as impractical, because of the problems it would create in terms of keeping ballot boxes secure and making election workers put in an unreasonably long day.

Well, tough apples! It is about time eastern Canada put in a little longer day than we on the west coast do, and that is the solution right there. Ballots in the east should not be counted until polls in the west close at a reasonable time. That would solve the problem easily. It would accomplish the objective with only a little, shall we say, inconvenience to other parts of the country rather than making the west always the region which has to make do and change. Having polls in Vancouver close at 5.30 in the afternoon would deny 20 per cent to 40 per cent of the electorate their opportunity to get out and vote. Anyone who thinks that is fair certainly does not understand or have an appreciation or any feeling for western Canada. The bill is supposed to help reduce western alienation. All the government is doing is making western alienation more severe. The government will be seriously criticized for that by people in the west. I have a difficult enough time defending the national government as it is right now. For heaven's sake, the government should withdraw this bill. It is not right. It is not what we want. It will not do what the government says it will. By the government's attempting to put it through, it will only increase western alienation.

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, when I listened to the speech made by the first speaker for the Progressive Conservatives tonight, I thought we would have a fairly reasonable debate on this very important bill, but we can always count on the Minister of Employment and Immigration (Mr. Axworthy) to lower the level of debate in this chamber. Every time there is an opposition day it is unfortunate that that minister comes into the House and lowers the level of debate so that we cannot deal with anything of any substance.

The minister said he was upset to be discussing this today because there are all kinds of other issues and this is not an important one. We have been debating very important issues on opposition days, and this is one. We have been debating unemployment, energy policy and interest rate policy, but what have we seen coming from this government? We have seen no change in those policies, despite what the minister might refer to as a reasoned and logical debate. I think the Minister of Employment and Immigration has done a disservice tonight not only to the opposition parties but also to his own party.

Mr. Blaikie: And that is not easily done.

Mr. Miller: Why are we dealing with this issue tonight? The issue relates to some of the other economic issues in western Canada which we have been debating over the years and on which we have been looking for some action. The minister should be aware that workers in British Columbia have already had their jobs taken away by him. There are 148,000 people in British Columbia no longer working as a result of the economic policies followed by this government, and we are in the House tonight to see that the government does not also take away their right to vote.

The history of the bill we are talking about tonight is interesting, and so is the intention of the government in introducing it. The Liberal government senses that there is alienation and anger in western Canada. It is reacting in this way as a sop to British Columbia. The government is saying it will close the polls in British Columbia at the same time they close in the rest of Canada, without looking at the implications for working Canadians in British Columbia, Alberta and Yukon. This is discrimination on a regional basis and, to some extent, on a class basis. Workers who go to work early in the morning and come home late at night have difficulty meeting their polling obligations and responsibilities. This is class discrimination, and it is discrimination against the west, which already feels alienated from the federal government.

The anger in the west is caused not so much by the fact that the east votes early or that the east votes for one party and not another but because of the cynicism with which the Liberals approach the electorate. The 1980 election campaign was

geared to Ontario and Quebec, and the issue was energy prices. When the election returns were beamed out to British Columbia on American cable, there was anger felt by both Conservative Party supporters and NDP supporters, who knew full well that that cynical campaign resulted in a federal government not supported in western Canada, with the exception of two constituencies. There is anger in the people of British Columbia, Alberta, Saskatchewan and Manitoba. They are not anti-Canada. They did not mind that election results came in a little latter in western Canada than they did in the rest of Canada, but the results frustrated their desires and optimism even before their polls were closed.

What we are talking about is the history of the bill to which I refer. This matter was dealt with in the Standing Committee on Privileges and Elections. A bill was introduced by the hon. member for Vancouver Quadra (Mr. Clarke), who suggested that polls be closed at a uniform time. He suggested polls open in British Columbia at 8 a.m. and close at 4 p.m., which would even be worse than what the government is proposing in its bill. The government must have been listening to Senator Jack Austin, who brought in a private member's bill in the Senate which would have accomplished the same thing. It would have closed polls in British Columbia at six o'clock in the evening. It seems to me that the discussion and consultation the government carried out was not with the people of western Canada. It was not with the people of Newfoundland or the Atlantic provinces. That bill is something which came out of the Standing Committee on Privileges and Elections. This was the result of a discussion by a small group of people on the Standing Committee on Privileges and Elections who thought it might be a reasonable course of action, but there was no debate or discussion in western Canada to alleviate some of the concerns of the voters there.

• (2100)

In committee, as reported at page 5 of the proceedings, the hon. member for Vancouver Quadra had this to say:

> In fact, talking to many poll workers, I find that the crowd tends to come between 5:00 p.m. and 8:00 p.m., in other words, during the last three or four hours of the day.

People are accustomed to voting after work, or when working parents can spell each other, or when workers come out of the woods or in from fishing.

The attitude of the Minister of Employment and Immigration surprises me, Mr. Speaker. I do not believe that the government is so committed to this change that it will not consider having the Standing Committee on Privileges and Elections conduct further surveys on the question in western Canada. Certainly the Conservative members who speak for people in western Canada, and particularly in British Columbia, and of course members of the New Democratic Party, have indicated that there was some phony reasoning on the government's part regarding this program.

The Parliamentary Secretary to President of the Privy Council (Mr. Smith) was on that committee, and on June 9, 1981, as reported at page 8 of the proceedings, he had this to say:

> I wonder if the theoretical benefit is worth the real pain or inconvenience I suspect some people may find if—I am sure if you closed polls in B.C. at 4 p.m., the percentage of people who voted would drop. I have no way of knowing that for sure, but I suspect it really would. I will be interested in hearing the views of the western members. Quite frankly, it would not bother me, but I am just not sure there is evidence to show that the benefits would outweigh the pain or inconvenience.

This was in reference to a private member's bill introduced by the hon. member for Vancouver Quadra. On the same day and at the same meeting, as reported at page 11 of the proceedings, the hon. member for York East (Mr. Collenette) said:

> The election clock I suppose is more of a political question, and Mr. Smith brought up a couple of points that are interesting. I suppose speaking personally as a Liberal if uniformity is going to increase the Liberal vote in the west, then I am in favour of it, because that was the corollary of the argument which Mr. Smith put forward.

It is unfortunate that we cannot view this matter through the eyes of the people of British Columbia. The hon. member for Vancouver Quadra did introduce a private member's bill, as he is entitled to, which dealt with this matter but despite that I do not think the Conservative Party is wedded to the proposition.

When the Minister of Employment and Immigration spoke about consultation I had to wonder who he was referring to. I am sure that in the next few days he and the Prime Minister (Mr. Trudeau) and the President of the Privy Council (Mr. Pinard) will receive a number of letters from small business people who are concerned about the provisions of the bill and about the expense they may have to incur in freeing their employees between 1.30 and 5.30 p.m. Does the government intend to close down the schools in British Columbia, the Yukon and parts of Alberta at 1.30 p.m. or 2.30 p.m. so that the teachers may have their four hours free to vote? Does the same apply to manufacturing plants and government offices and industries?

The minister should ask the Prime Minister to show him some of the telegrams he received today. They came from the British Columbia and Yukon Territory Building and Construction Trades Council; Jack Munro, the President of the IWA, representing thousands of forestry workers in British Columbia and the United Steelworkers of America in Vancouver, who are all opposed to Bill C-113. These are the people the parliamentary committee should consult before making decisions about parliamentary reform. These things should not be left to members of Parliament, who often have a jaundiced view of reality from Parliament Hill.

I would urge the parliamentary secretary to look upon this debate as a positive thing instead of dismissing it, a course of action which the Minister of Employment and Immigration seems to favour.

There are alternatives, Mr. Speaker. The problems faced in British Columbia, Manitoba, Saskatchewan and the Yukon must be addressed. People there are concerned about knowing the result of the election before they go to vote.

The member of the Conservative Party who spoke ahead of me indicated that there was a possibility of delaying the count in eastern Canada, but I do not think that is a practical proposition. It would mean asking the scrutineers in Newfoundland to sit around for four and a half hours before starting to count. That is not logical. Indeed, we might have some interesting results from Newfoundland—perhaps the NDP would elect six members there, depending on what the scrutineers were doing for that four and a half hours! Perhaps we should try it for a year to see how it works out. There is the possibility of counting the votes but not releasing the results. I think there could be some difficulty with that, however.

We should consider tightening the broadcast provisions in the Canada Elections Act and the broadcast regulations under the CRTC. There is also the possibility of imposing harsher penalties on cablevision companies that violate the Canada Elections Act or the Broadcasting Act. Perhaps there could be a delay in the message reaching British Columbia and the prairie provinces. We must not disenfranchise the voters of British Columbia.

This bill is a sop to British Columbia and to western Canada from a Liberal government that has no idea how to react to the real concerns of western Canada. These are concerns about the economy, about employment, about technology and all the things on which British Columbians and people in Saskatchewan have been seeking direction from the government for some time.

For the Minister of Employment and Immigration to criticize this party for moving a motion of this nature shows he has lost contact with the constituency in western Canada. As my colleague, the hon. member for New Westminster-Coquitlam (Miss Jewett) says—if he ever had it.

• (2110)

The issue we are dealing with tonight is an important one, Mr. Speaker. I would hope that if the Parliamentary Secretary to the President of the Privy Council has some comments to make it will be to tone down the Liberal side of this debate and to suggest there is some room to negotiate a change in Bill C-113 before it goes any further. I am sure if he were to talk to the opposition parties and consult some of the groups in British Columbia and the prairie provinces, he would make more friends out there—if that is what they are looking for—by doing that rather than trying to force this on us with the excuse that it is democratic and will make for uniform voting hours right across the country.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I will be quite brief because I am fully aware that a lot of time was taken up earlier today on a question of privilege and the NDP did not get the debate on their motion started until about 5.30 o'clock.

It is important to keep several things in mind when looking at the issue before us, just to keep it in perspective. First, this bill is not about to be rammed through. Whether or not we get to second reading debate during this session remains to be seen; we do have a pretty heavy agenda. But in the event that it does go through second reading, it would of course go to committee where there will be ample opportunity for amendments to be moved, which amendments will be given serious consideration by this side of the House. Also, I think it is very important to look at the origins of this bill. If someone came into the House tonight for the first time they might somehow get the impression that this bill represents a heinous and dastardly plot cooked up in the minds of Liberal members. Of course, that is not correct. What happened is that the hon. member for Vancouver Quadra (Mr. Clarke), a western Conservative, introduced a private member's bill which would do more or less exactly what the bill in question here tonight does. In addition, the hon. member for Edmonton-Strathcona (Mr. Kilgour), a western Conservative, also introduced a bill to the same effect. Therefore, to suggest that this is somehow a Liberal plot simply is at odds with the facts.

Any suggestion, Mr. Speaker, that because of this bill people in the west will be disenfranchised is also totally untrue. The number of hours that polls will be open would be the same throughout Canada. Why does this idea seem to have some appeal to some western members? Well, it may interest the hon. member for Nanaimo-Alberni (Mr. Miller) to know that when I was a boy going to Sir James Douglas school, Central Junior high and Victoria high school, all on Vancouver Island, a favourite item in the litany of western grievances was that what happened in the west as far as elections were concerned did not really count because it was all decided back in the east. I always felt that was a bit of a misconception. If you wanted to blame anyone, I suppose you could blame God because the sun moved from east to west. Had God arranged it so that the sun moved from west to east, perhaps we would have this complaint from the people in eastern Canada.

In any event, the reason for this bill was a desire on the part of this government to be responsive to a western concern. The idea was not spawned in our minds but in the minds of a couple of western Conservative members who presented private members' bills. We on this side of the House, in our continual effort to be reasonable and responsive—

Some hon. Members: Oh, oh!

Mr. Smith: —listened in order to try to do what we can to address the problem of western alienation. We said, well, perhaps they have a good idea here, let us show some responsiveness and go along with it. The idea seems to have a fair bit of merit. That is really what it is all about. I think anyone who approaches this issue with an open mind would have to admit that the government is in that well-known position of being damned if it leaves things as they are and damned if it tries to rectify things as we propose to do with this bill.

I do not want to take any more time away from opposition members, but let us bear in mind that this is not a Liberal plot. It is, rather, a move on the part of the government in response

to a couple of private members' bills moved by opposition members from the west who felt this was a reasonable way to address an historical grievance. What it boils down to is that this government is concerned about the extent of western alienation and it has tried to listen and go along with what has been presented as being a reasonable way to try to eliminate one of these historical grievances. After second reading it will go to committee where there will be an opportunity for clause by clause examination, and hon. members opposite can move all the amendments they want. I can assure them that the government will listen to and judge those amendments on their merits with the same reasonableness and responsiveness which I have indicated here tonight.

Hon. Ron Huntington (Capilano): Mr. Speaker, first I want to point out one of the fundamental differences between the two parties of the socialist alliance.

Mr. Smith: We are free enterprisers.

Mr. Huntington: The parliamentary secretary shouts across the floor that members of the Liberal Party are free enterprisers. Never in the history of the democratic world has a party, going under the label of liberalism, done so much damage to the free enterprise movement or the spirit of free enterprise in the world. The tragedy is that you keep trying to tell them this, but their minds are so locked in they cannot hear you. They cannot hear the people. They cannot even read the polls or the message from the recent election in Saskatchewan with respect to the socialist alliance between them and the NDP.

However, one thing I want to say on behalf of the NDP is that, in my opinion, they have a tremendous respect for the parliamentary democratic system. In that regard I have the utmost respect for them, although I do not always agree with their ideas and their desire to have the state control all the means of production. However, I am prepared to debate that strongly and openly with them in the parliamentary system. On the other hand, the Liberals use the free enterprise label, use the trust that people had in them, to move this country away from a participatory democracy into that of a leadership democracy. That is why I am rather pleased that the NDP have used an opposition day to talk about Bill C-113 and to give warning that it is totally unacceptable to that part of the country I come from, namely, British Columbia. I appreciate the work that the hon. member for Nanaimo-Alberni (Mr. Miller) has done on this issue and his warning that if this bill comes forward it will disenfranchise those of us who live in British Columbia, Alberta and the Yukon. I have said that I respect him. I put the same kind of importance on this matter as members of the New Democratic Party do. I think it is an important measure because to me the participatory democratic parliamentary system in this country is being threatened. We have moved into a leadership type of democracy, which I think is a very serious move.

• (2120)

I thank the NDP for this opportunity that I have been given to speak on their opposition day motion.

Some hon. Members: Oh, oh!

Mr. Huntington: I will say it again, again and again because hon. members on the opposite side just cannot hear. If I ever heard an arrogant, irresponsible speech from a minister, it was the one made in this House tonight which the only minister elected from western Canada gave. I think he did the Liberal Party right across the land a great deal of harm. I am sure the west will just accept it for the arrogance and ignorance that has been displayed in this House tonight. There is no respect on the other side of the House for democracy. Power is the issue. It is power at any price. It is arrogance that "we will lead, that we will not listen. We do not have to listen to you. We have the power, and that is it."

Why are we in the west excited? It is pretty tough to pick up the phone at 5.30 in the afternoon, with two and a half hours yet to go in the polls, and to learn the results as they are coming in from Atlantic and central Canada. You can defeat a cabinet minister which might be a great personal victory for all the people who were involved in a democratic election, but it is sure a downer when you know the results for the country have been decided two and a half hours before voting is finished in the west.

We heard an awful lot in the constitutional debate on fairness and equity. We heard about treating people equally and that different parts of the country are entitled to fairness. But if we are going to have that fairness, surely the government should withdraw Bill C-113. Bill C-113 gives a different time schedule for each of the time zones across the country. As a nation, Canada has four and half different time zones. Our challenge is to manage that difference. I think the people in each of the different time zones should have the polls open to them through the same hours of the day. The polls open at 9 a.m. and close at 8 p.m. in eastern, central or mountain time. Therefore, they should be opened at 9 a.m. and close at 8 p.m. in the Pacific standard time zone and in the Yukon time zone. I think that is only fair. As you move west, particularly as it affects B.C. and Alberta, the schedule set out in Bill C-113 puts an unequal burden on the employment sector of the country. After all, this whole economy lives on the ability of people to generate wealth and pay taxes. The employers' council in B.C. has stated that an unfair and unequal burden is placed on its members by the polls closing at 5.30 p.m. I accept that. We have heard many suggestions here tonight. We have heard the suggestions put forward by the hon. member for Vancouver-Quandra (Mr. Clarke) in a private member's bill. You will find that my remarks will even be at odds with some of my colleagues from this party who have spoken. But you know, Mr. Speaker, we have not caucussed on this motion nor have we caucussed on the principles of Bill C-113. We are using an opposition day to supply warnings and to get some discussions which might allow us to come up with something that is fair and equitable for each of the time zones across the country.

As a westerner, we have never been able to understand why the polls just do not run through and why they do not keep the

ballot boxes from Newfoundland, the Atlantic and Quebec closed and only start to count the votes when the polls close out west. However, that suggestion has been pointed out to me as being quite impractical. We have volunteers, scrutineers, poll captains and all the paraphernalia and staffing of a polling station. Those people would be sitting for some four and a half hours before the counting could start. I know if I were in Newfoundland or somewhere else in Atlantic Canada I would not be sipping tea or coffee while waiting for four or four and a half hours. It would be pretty difficult to keep the crew of volunteers together. That suggestion really has a down side and does not make too much sense.

An hon. Member: It would be one big party.

Mr. Huntington: It would be one big party and there would be a lot of recounts in the days following.

Mr. Prud'homme: Be careful. Could I ask a question Mr. Speaker?

Mr. Deputy Speaker: Will the hon. member for Capilano accept a question from the hon. member for Saint-Denis (Mr. Prud'homme)?

Mr. Huntington: Mr. Speaker, if it will give me some peace and quiet, yes.

Some hon. Members: Oh, oh!

Mr. Prud'homme: Mr. Speaker, I ask the hon. member very kindly to be very careful because more and more we have to be careful of what we say in the House. I do not know what he implies by these difficulties that may take place in the east, that there may be a lot of recounts. What does the hon. member imply by that, that an easterner would do what?

Mr. Huntington: Mr. Speaker, I would suggest that the hon. member move out of his province and into the Atlantic provinces to learn some of the folklore, the life and the way things happen. Perhaps after that he could come out west to see what happens when a group of hard-working volunteers with common objectives get together with four and a half hours to kill.

The opening of the ballot boxes at a uniform time across the country is impractical. Perhaps we can solve the problem by having the same voting hours in each of the different time zones. I think it would be fair and equitable if we had a 14-hour period after the polls are closed before the ballot boxes of the country are opened.

We stay up all night watching the returns trickle in. But you can go to bed and wake up in the morning and still not have the complete results. Therefore, if we had, say, a space of 14 hours in each of the time zones following the closing of the boxes before the scrutineers and the returning officers assemble in each of the ridings to count the ballots, perhaps we can deliver the equity and fairness that we in the west certainly want because of the handicap of time zones across the country. That is one suggestion we might look at.

Personally I think we will be in serious trouble if we accept the time schedule which the hon. member for Vancouver Quadra put forward in his private member's bill, which the government has now picked up and put in Bill C-113. However, I would also remind you, Mr. Speaker, that the hon. member for Vancouver Quadra was speaking in a far broader context. He wanted the polls opened fewer hours, but he also wanted to widen the franchise to ensure that no one is prevented from voting by reason of change of residence. He wanted to make it easier for proxy votes. He did not want this only for students, fishermen, mariners and air crews. He wanted to eliminate the need for registrar's certificates for students and eliminate the need for medical certificates for the sick. Those other things were what he suggested in his private member's bill in the preparation of which the hon. member for Winnipeg North Centre (Mr. Knowles) lent his efforts. He opened up the whole issue for discussion. As everyone in this House knows, private members' bills do not come out of caucus committees, caucus sessions and debate.

Let us see what would happen if you were to go ahead with the closing of the polls at 5.30. In my riding of Capilano we have a very narrow bridge which was built in 1933-1934. Quite often there is an accident on that bridge which jams up the flow of traffic. Sometimes you can be in those traffic jams for an hour and a half to three hours. What do you think would happen in a situation like that? I do not think you could risk closing the polls at 5.30, because people may be unable to vote.

What about the people who work in downtown Vancouver? They have to travel the artery to Highway 1 to the Fraser Valley. If an accident occurs on that highway, there is a traffic jam. The risks of a 5.30 closing in British Columbia and on the lower mainland are extremely serious in that it might prevent people from exercising their franchise. There would also be a rush because 74 per cent of the people vote between six and eight o'clock in the afternoon on polling day. There would still be a tendency to allow that. If people rushed to the doors of the polling stations at 5.30 o'clock, what is the returning officer or the poll captain to do? Should they shut the doors, leaving an angry mob outside? Should they allow them to come in and have confusion in the polling stations? There are very, very serious hazards in any change in the system which would move closing time from eight o'clock to 5.30 in British Columbia. It is very unfair. It will increase regional alienation in Canada rather than decrease it. We must look at a positive time after the polls close but before the counting starts in order to give the country the equity it needs.

• (2130)

I have another misapprehension. Members of the NDP seem to want to put more regulations, controls, fines and penalties on the media. The problem is not the media in eastern Canada leaking the count as it moves west. Anyone in western Canada can pick up the telephone and call a friend in Ontario, Quebec or Nova Scotia; the results are available to anyone who is interested in the policital process. If we start to regulate the media—television, radio and the press—that regulation will have to spill over into the United States because the United

States is indifferent to what happens in politics in Canada. Its television stations or news hours on radio discuss the early Canadian returns. The only way to stop communications which cause stresses and strains within the country is to include a period of delay before the counting starts, not by threatening everyone with fines and more regulations or with a big iron fist in their faces. Then the count would come out with everyone having voted not knowing in advance of poll closing what others have done.

I have covered the points which I consider to be important. I urge the government to withdraw Bill C-113. It should not bring it forward. The government should rethink the time schedules in Clause 2(5). It should get away from that approach altogether, or it will cause more alienation in the west. I have tried to keep my reasoning as cool and calm as I can on this issue and on the bill which could have a disastrous effect upon the entire democratic process in my particular region. If the government carries on with Bill C-113, it will disenfranchise the voters of British Columbia, Yukon and Alberta. It should hear some of the comments expressed in this debate, rethink the issue, meet in caucus on it, and come up with something which will work and be good for the country.

Mr. Rod Murphy (Churchill): Mr. Speaker, as a member of the House of Commons from western Canada, I should like to express the concerns of my constituents and of many people who live in western Canada about Bill C-113. It is amazing that the Liberal government is asking, in this particular bill, the people in British Columbia and Yukon to vote before 5.30 o'clock. Let me explain the problem I foresee. In my rather short experience I have worked as a campaign organizer, campaign manager and as an official agent in various election campaigns. I know that the majority of voters are people who work.

Let me explain what happens in a city like Thompson, Manitoba. At two o'clock on election day a campaign worker will receive a telephone call, for example, from a plant worker who has been told by his employer that he can have four hours off to vote, but this means that the employee is required to go to his boss and request time off to vote. A large number of Canadian voters cannot vote because they are unable to obtain the time off they wish. Some cashiers, clerks and persons who stock shelves, have requested time off to vote, and employers have said no. Some employers have not allowed employees the four hours off to vote. Certainly all voters want to vote, but under our system employers can determine who can vote and who cannot vote.

Mr. Prud'homme: This is why the Liberals are so weak in the west.

Mr. Murphy: The Liberals do not seem to care. A Liberal member right across from me is saying that it does not matter.

Mr. Prud'homme: Mr. Speaker, I rise on a point of order. I will never let this young colleague of ours get away with a comment such as that. That is not what I said. Too often we allow such comments to go unnoticed. This is not what I said. The hon. member should listen more attentively. I do not want such comments to be registered under my name because it is not what I said. If the hon. member did not hear, he can always check the "blues" later.

An hon. Member: He never referred to you by name; don't be so sensitive.

Mr. Prud'homme: Well, I am the only one across from him.

Mr. Murphy: I did not realize that there was only one Liberal member across from me. If he was the only Liberal member heckling, then of course this applies to him. If there were other Liberal members heckling—

Mr. Fisher: Name them!

Mr. Hopkins: What do you mean by "if"?

Mr. Prud'homme: Get back to your speech.

Mr. Murphy: —then he has no right at all to rise on a point of order. Let me be more precise by referring to what will happen to western Canadians who live in British Columbia, Yukon or in Saskatchewan. With this legislation proposed by the Liberal government, people will be able to vote by 5.30 at night or 6.30 at night, but they will only get time off to vote when their employers decide to give it to them. Employers can decide when employees receive four hours off work to vote, or when employees can obtain four hours off to vote in any advance poll.

Until the present time there have been many problems with employers—and I use Safeway of Canada as an example—saying that employees can have time off if they want it. The employer says, "You can have the time if you want". There are many situations where the employee will go to his manager, whether or not he is unionized, to say that he does want the four hours allowed to him by Canadian law in order to vote. The employer will say to him that he does not appreciate the fact that he wants to go to vote. The employer asks, "Are you sure you want those four hours?" As someone who has been a campaign manager and organizer in the past, I know that people do not get those four hours. Those employers who do not care for the rights of employees say, "You do not want that right," If you happen to live in the riding of Provencher, I am sure that the member who represents that riding or some other member would not support you in that particular case.

• (2140)

I have had to fight during every federal or provincial election I have been involved in to convince the employer that all employees have a right to vote. All employees have the right to have four hours in which to vote. Just review what this legislation says.

Mr. Huntington: Mr. Speaker, I rise on a point of order. I am sure that the hon. member for Churchill (Mr. Murphy), in putting forward his argument, does not want to be completely misleading and does not want to insult the highest percentage

of employers across Canada by saying that workers have to come and ask their permission to vote. I have been around a long time and I have yet to know of an employee who had to come to ask for permission to vote. They are entitled to four hours and they get it.

Mr. Deputy Speaker: Order. The hon. member is presenting an argument. The hon. member for Churchill has the floor.

Mr. Murphy: Mr. Speaker, to answer the point of order, which was not one, I know from my own personal experience there are many workers who have had to go to their employer to ask for time off to vote.

Miss Bégin: Name them.

Mr. Murphy: Safeway. I also know that in my riding—

Miss Bégin: Name them.

Mr. Murphy: I have just named one.

Miss Bégin: Name the others.

Mr. Murphy: If the Minister of National Health and Welfare (Miss Bégin) is that concerned, the government would be doing something about it. I will not spend my time listing all of them. I have named one employer.

The point is that under the present legislation in Canada—

Mr. Huntington: That is very misleading.

Mr. Murphy: Under the present legislation in Canada and the Conservatives do not give a damn—

Mr. Prud'homme: Oh, come on!

Mr. Epp: I rise on a point of order, Mr. Speaker, and possibly a question of privilege. I thought that the debate today was relatively non-partisan on the basis that this was an approach to solve what has developed as an electoral problem. For any member to get up and say that a party does not care about electoral reform is going too far in terms of debate.

Mr. Deputy Speaker: The hon. member is not making a point of order. The hon. member for Churchill has the floor.

Mr. Murphy: The point I am making is that there are employers in my riding, as I am sure there are in ridings of other members, who have denied their workers the right to have four hours off to vote. Since the Conservatives and the Minister of National Health and Welfare are heckling me, I must say that they do not care about the people whom I represent who have a valid concern, which I am sure other constituents have also. If I am being heckled on that point I must assume that Members of Parliament do not care.

The point I am making is that this legislation contains two main provisions. It says that in the province of British Columbia and the Yukon territories you must vote by 5.30 at night. It also states that the employer has the right to designate on which day you can vote. Under the present legislation, you are entitled to have four hours off in order to vote on election day. All employers in Canada are required to give their employees this time off on election day. However, the sneaky provision in this legislation, which both the Tories and the Liberals know of, is that only the employer is allowed to determine on what day the employee can vote.

Mr. Huntington: That is nonsense.

Mr. Murphy: That is exactly what the legislation provides for.

Mr. Huntington: You do not even know the act.

Mr. Murphy: I am surprised that the Conservative party thinks I do not know the act. I do not think that they know the act.

I will tell you what the legislation really means. I have been an employee. I have been told that I can have four hours off when the employer decides. I know that this situation is true, I am not making it up. I am talking from my own experience because I have been told that I can vote when my employer decides. One section of this legislation allows the employer to decide that his employee may vote any one of the advanced polling days. I can give an example of what this means. There is a particular plant in British Columbia where the polls close at 5.30. This plant where employees are represented by the IWA, will determine, for example, that a particular group of employees who traditionally vote NDP can vote on Wednesday, another group may vote on Thursday and that management can vote on election day. That is what this legislation provides for. That is what the hon. member for Vancouver Quadra (Mr. Clarke) and Senator Austin are saying. The employer will determine the day on which the employee can vote. If the Conservatives are not concerned about that, let them say so on their own time instead of complaining right now.

It is quite obvious that the only group who will suffer from a 5.30 closing and from the right given to employers to decide when to vote are the working people of Canada.

I have been talking mainly about unionized employees. It is a group which is well represented and defended. What will happen to the non-unionized employees? Can you imagine a non-union employee who lives in Vancouver, for example, or the interior of British Columbia, telling his employer that he has to vote by 5.30 but lives a 90-minute or even a two-hour drive from his polling station? I do not expect the Liberals to understand because they do not have any members in the west.

• (2150)

An hon. Member: Buy a faster car!

Mr. Murphy: Go to your seat and you can speak when it is your turn and prove what kind of a fool you are.

Some hon. Members: Order!

Mr. Smith: Come on, now.

Mr. Murphy: If the hon. member wants to speak from behind the curtains, he is obviously a fool.

But the problem, quite obviously, is that those people cannot go to their employers and say, "I want to vote on election day." What will happen? Quite honestly, when the employer decides that he can vote on election day, or any number of the advance poll days, the employer could be in a position, based on his or her own judgment, to say, "I will let those voters who agree with me vote on the day that I think is reasonable, and the IWA members, the steelworkers, the metalworkers and the fishermen, will vote when I determine. I will give them early morning on a Wednesday to vote and I will tell them that morning, when they arrive at work." I do not know the intention of the government, and I am very suspicious as to the intentions of the Official Opposition, but I will tell hon. members that this is not legislation which the working people of Canada want and it is certainly not legislation which the working people of western Canada want. If the hon. member for Provencher (Mr. Epp) and the hon. member from B.C., the former minister of—

An hon. Member: Small business.

Mr. Murphy: —yes, the very small-minded businessman—do not know what the people, the workers want, then I will say this: listen to those workers once they find out what that legislation is, because that legislation means they will not be able to vote, and that is all it means. They will not be able to vote and those—

Some hon. Members: Time!

Mr. Murphy: —hon. members from the Tory Party who supported this, as it was their idea in the first place, and those hon. members from the Liberal Party who supported this, including Senator Austin, are saying that they do not want the working people of Canada to vote, and when that is the case, we might as well be back in fifteenth or sixteenth century England.

Mr. Deputy Speaker: The hon. member for Provencher rises on a point of order.

Mr. Epp: My point of order is simply that the motion we have before us and Bill C-113, which was developed out of a private member's motion, was not endorsed by the Conservative Party, and it would be refreshing if the hon. member stayed with the original point.

Mr. Deputy Speaker: I gave the hon. member an opportunity to speak previously. I recognize the hon. member for Saint-Denis (Mr. Prud'homme).

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

Mr. Deputy Speaker: The hon. member for Halifax West rises on a point of order.

Mr. Crosby: Mr. Speaker, I fully appreciate the fact that the practices and precedents in the House permit you, as Speaker and presiding officer, to recognize whomever you see fit to see. But the fact is that the tradition has developed whereby the representation has been recognized day after day and month after month in the House, and I stood in my place and you saw fit to recognize the hon. member—

Mr. Deputy Speaker: The hon. member seeks—

Mr. Crosby: I ask you, Sir, what principles are you following?

Mr. Smith: It is a slight to the Chair.

Mr. Crosby: Of course it is.

Mr. Deputy Speaker: The Chair has been trying to observe, as scrupulously as possible, the traditional principles of the House, bearing in mind that this is an opposition motion from the New Democratic Party. At this stage, the Chair has very little option but to recognize the spokesman from the government side of the House.

Mr. Crosby: Why?

Mr. Deputy Speaker: I recognize the hon. member for Saint-Denis.

An hon. Member: Two minutes.

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I am even ready to give two minutes to the hon. member because I believe we should exchange views.

Mr. Crosby: Stick it in your ear.

Mr. Prud'homme: But I know that if the Right Hon. John Diefenbaker were here tonight, he would be very happy to see some of us—at least, that is what he wrote me—

An hon. Member: Wrote you!

Mr. Prud'homme: —to see some of us standing up right now, who did not expect to participate in the debate, but that is exactly what the House of Commons is made of and made for.

I listened to the hon. member for Churchill (Mr. Murphy) in his sanctimonious piety—and this is an acceptable term—saying, for instance, that he does not know what the government wants and that he is suspicious of the Official Opposition, meaning, of course, only that the members of the NDP, in their great piety, are the right ones to talk about that subject. If he would only read his own motion, and if he would only read Bill C-113 carefully, he would see that this is a proposal to be referred to the Committee on Privileges and Elections. So the hon. members, after having expressed themselves in the House on second reading, having put forward the proposal, will not put the hatchet or the whip to the bill, but will only send the bill to the committee so that the hon. member for Churchill and the hon. member for Halifax West (Mr. Crosby) could make their representations on behalf of their parties.

The hon. member for Provencher (Mr. Epp) and the hon. member for Vancouver South (Mr. Fraser)—

Mr. Huntington: Capilano.

Mr. Prud'homme: —who have put forward proposals, could say, "I would like to combine some of the proposals in committee the philosophy behind what we are proposing—

Mr. Murphy: You have no philosophy.

Mr. Prud'homme: The hon. member for Churchill had better be careful, because I once had the privilege of speaking in this district, and I see that his majority is being reduced more and more to the point of his being defeated, so he is not telling us anything new in this House. This is the reason for my participation. I did not expect to participate. But I heard him throwing all kinds of names up into the air, as though he were accusing some unknown Conservative and some unknown Liberal, of plotting together so that many people would not be able to vote, when he refers to the four hours allowed. If he has names to put forward, as he did earlier on in reply to the hon. Minister of National Health and Welfare (Miss Bégin), and if he thinks some illegalities were committed, the electoral law provides for it.

Mr. Huntington: Absolutely.

Mr. Prud'homme: If someone deprives someone of voting, when the law stated that one is allowed four hours, one knows that this is illegal and that that person could be prosecuted. If the hon. member for Churchill has that many examples.

Some hon. Members: Oh, oh!

Mr. Prud'homme: Be quiet, please. We are trying to be quiet here, but—and I do not name people—if the hon. member has a proposal or a complaint, there was a time to raise it and a law which provides for this. I was listening to him because I am very concerned about the alienation of the west, and the hon. member is talking to someone who will soon have been in the House of Commons for 19 years. I went to western Canada to speak, over 200 times, so I know what the hon. member is talking about. I know there is that kind of alienation. I am speaking as a Canadian, not as a Quebecer. I am speaking as a Canadian who is interested. I want to know why there is such alienation. This is exactly the meaning of this bill.

Mr. Murphy: On a point of order.

Mr. Prud'homme: How can we cope with that?

Mr. Murphy: Point of order.

Mr. Prud'homme: If we are wrong, we could amend our bill when we go to the committee. There is a point of order raised by my hon. colleague and friend, the hon. member for Churchill.

Mr. Crosby: Ten o'clock.

Mr. Murphy: I realize, Mr. Speaker, that it may be a minor point, but I certainly did not attack the hon. member on where he is from and I did not attack his party from where it is from. The point is that there are people in this country who do not get to vote—

Mr. Deputy Speaker: The hon. member is not raising a point of order.

Mr. Prud'homme: I still have two minutes, Mr. Speaker. It is two minutes before ten o'clock, Mr. Speaker.

Mr. Deputy Speaker: Order. It being ten o'clock p.m., it is my duty to inform the House that pursuant to Section 11 of Standing Order 58, proceedings on the motion have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

AIRPORTS—TRANSPORTATION BETWEEN DORVAL AND MIRABEL—INQUIRY RESPECTING DATE OF MINISTER'S ANNOUNCEMENT

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, on April 21, 1980, I put a question in this House to the Minister of Transport (Mr. Pepin). It has always been the same question, namely, when are we going to have a decision on the transfer of flights from Dorval to Mirabel? The minister answered that his goal was to transfer all air traffic, with the exception of short-haul domestic routes, and I believe this objective is still valid today. On December 2, 1980, Mr. Speaker, I again brought to the attention of the Minister of Transport the problems arising from Mirabel. Once more, the minister said that a decision was imminent. On February 18, 1981, I again asked the Minister of Transport about Mirabel and again, the minister said that studies had been made and that I would soon have a reply.

On March 23, Mr. Speaker, again in the House, the Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) replied that studies had been prepared and that an announcement would be made shortly. On April 23, 1981, I again raised the subject of Mirabel in the House. On February 16, 1982, a delegation of 33 mayors from North Shore communities and some eighty councillors came here to ask the minister to give them some hope that a decision in the Mirabel case was forthcoming. In answer to a question I put to him in the House, the minister then replied that he was getting ready, in the minister's words, to table in cabinet in the days ahead, a

document that would help provide a solution to the Mirabel-Dorval problem. Furthermore, the minister promised before you, Mr. Speaker, to hand down a decision within the next three months.

Well, Mr. Speaker, on May 14, only a few days ago, I asked the Minister of Transport once again when we would be getting a decision. This evening, I see it as my duty to tell the House, as the representative of the people of Mirabel, the riding of Argenteuil-Papineau and the entire area north of Montreal, that mayors cannot make decisions and plan for their municipal operations because they are still waiting for a decision on what is going to happen to Mirabel. I am not asking the minister to tell me which flights he is going to transfer. I am asking for a decision on Mirabel. Mr. Speaker, It seems to me that I am not asking for the moon. All my North Shore colleagues have put pressure on the minister. All my North Shore colleagues have asked the minister for a reply, and this evening again I must address the Minister of Transport, through you, Mr. Speaker, and tell him: For heaven's sake, Mr. Minister, people have been waiting for a decision for ten years. After all, the government built the airport. It has been called a white elephant. It has been called all sorts of names, but Mr. Speaker, the people have a right to a decision on this issue, and it is this decision I am asking for, and I am asking for a decision as soon as possible.

• (2205)

[*English*]

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I would like once again to extend my congratulations to the hon. member for his perseverence and his sensitivity on a very controversial and difficult subject. All of us know he is impatient for an answer. We have heard his comments in the past. We sympathize with him, and by no means are we trying now to make any further difficulty either for him or for the people he represents. Instead, all of us feel it is important to come to a decision, as he has asked.

It is equally important to come to the right decision, and that involves a long and often complicated process. It is a very difficult matter involving interests which go in all directions. Simple desire for speed does not always result in a satisfactory solution. I think we have to have adequate evidence that all parties have been heard and that all the cases have been aired.

I would like to say, just as a quick side note, that I believe the Minister of Transport (Mr. Pepin) is one minister who pays very close attention to all sides of a case. On the one hand, he is not afraid to come to grips with issues but, on the other hand, he does so in a way which allows all parties to express their feelings. Certainly the Mirabel case is one instance in which this is happening. The Crow rate case in the west is another.

Mr. Fraser: VIA Rail was another.

Mr. Fisher: Whether it is with respect to transportation of dangerous goods, harbours policy, air policy—

Mr. Fraser: VIA Rail.

Mr. Fisher: —or a wide range of other policies, we have seen this minister come to grips with very difficult issues and do so in a sensitive and democratic fashion.

It is precisely that pattern of behaviour I want to remind the hon. member is going on here. I appreciate the hon. member's impatience. I think he is doing an outstanding job in raising this issue in such a persistent way. At the same time I hope he too will recognize the need the minister has to be sensitive and democratic in his decision-making process.

SEARCH AND RESCUE—TAX EXEMPTION SOUGHT FOR WEST COAST HELICOPTER. (B) POSITION OF MINISTER

Hon. John A. Fraser (Vancouver South): Mr. Speaker, some time ago a volunteer society in British Columbia, which has been working to establish a competent and efficient coast mountain rescue operation, purchased, with funds raised by volunteers, an American helicopter which was fitted out for mountain rescue and capable not only of helping to find people lost in the coast mountains but also of transporting them out, whether they are injured or not. The cost of this helicopter was $200,000. When the society had the helicopter at the border, the government moved in. The excise branch of the federal Department of National Revenue initiated a charge of $16,000 on the helicopter being brought into Canada. Of course, the volunteer society protested and said, "Why is this tax being imposed on this aircraft when aircraft for public use do not have that tax imposed on them?" In its intransigence the government said that the law—or the regulations; it has never made it very clear—do not allow any room to manoeuvre.

As a consequence of public attention and that of Members of Parliament, myself included, being brought to the matter, and of having written to the Minister of National Revenue (Mr. Rompkey) asking whether this was as a consequence of statute law, regulation or government directive, we received the answer from the Minister of National Revenue that it was the law. He did not provide very much definition as to where the law was found, but that was the law, and nothing could be done.

In answer to a question I asked the other day the minister said:

> I recognize that it does a valuable job—

That is, the society.

> —but I am afraid under the present circumstances we have gone as far as we can in responding to it.

• (2210)

The fact is that the minister has not responded to this. All the minister has done is to say that whatever the law is he cannot change it. He has not addressed the central question in this issue and that is, what is the opinion of the government? Should this be taxed or should it not? What public purpose is

served by taxing this particular aircraft? I suggest there is none.

When the minister says there is nothing he can do about it I would remind him and anyone who is listening, that as minister if he wants to change the Excise Tax Act—if that is necessary—if he wants to change the regulations—if that is necessary—then he can do that. No one else can but he can. Any crocodile tears that he sheds are just that; they are not sincere.

I want to point out that the minister apparently does not even know, perhaps his officials have not advised him, that under Section 17 of the Financial Administration Act, a remission can be given for this tax. As almost everyone knows, that section provides that the governor in council—that means cabinet—on the recommendation of the Treasury Board and whenever it is considered to be in the public interest, may remit any tax, fee or penalty.

The section is a lengthy one and it has been used many times in this country. As I said recently, Mr. Speaker, this is the reason that Canadians are so fed up with a government that has a majority and that could do something for a volunteer organization but will not do anything. Either the minister will not do anything because he does not know the law or has not the courage to try to change it or he is getting bad advice from his officials. In any event, absolutely nothing is being done, and that is a shame. The one thing that people are entitled to expect from a minister who has the power, is that if it is in the public interest to do something, then he will do it.

I should like to know from the parliamentary secretary, who has to answer for the minister tonight, why the minister will not avail himself of the courses available to him, including use of the Financial Administration Act, to correct this ridiculous situation. Everyone in the province of British Columbia thinks it is completely ridiculous. They cannot understand why a minister who has the power to do something just says, "That is the law and I will not do anything". In effect, that is what is happening and I should like some answers.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I enjoyed the arguments put forward by the hon. member although I am sorry that at the end he allowed himself to get in so many cheap political shots. Initially he raised some good discussion and I should like to deal with that.

The hon. member knows there is a big difference between some kind of government program as a social policy and a specific tax law. He is asking us to use the tax law because someone is operating a valuable social service. It is as if we should reward them for doing that.

In the debates that have taken place about the budget since last November, we have seen the kind of confusion that happens when tax law is used to promote undefined or ill defined or hard to define social goals. People use the tax law for personal gain or corporate gain in the name of some social benefit. Since November the government has been trying to draw a clear distinction between tax policy on the one hand and social policy on the other.

• (2215)

Let me make it quite clear that we regard the services provided by the group the member is representing as valuable and laudable services. We do not call them into question. At the same time we ask whether the tax policy is the proper place to offer incentives for that kind of service. Why not go to the minister of transport, federal or provincial? Why not go to some other ministers, health or social services of any sort, and ask for a grant under those provisions?

Mr. Fraser: Because your minister can create the exemptions, that is why.

Mr. Fisher: That would be much better than what the hon. member is trying to promote. He wants us to get back into this fuzzy area where tax policy is used on behalf of one specific group for the benefit society gains from that group's activities. We do not quarrel with the fact that these benefits are laudable and significant, but we simply ask him to put the pressure in the right place. I think that is a reasonable request to make. If he sees the distinction between tax policy and social policy, then I think he will understand why the minister cannot apply the law as loosely as he personally wanted.

Mr. Fraser: We will go to the Minister of National Health and Welfare (Miss Bégin); perhaps she can do something.

CANADIAN PACIFIC RAILWAY—ANNOUNCEMENT OF LAY-OFFS. (B) REQUEST THAT EMPLOYEES BE RETAINED IN EMPLOYMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, one week ago the CPR announced a four-week lay-off of 3,600 shop craft workers in Montreal, Winnipeg and Calgary. Thirteen hundred of those were in Winnipeg. This announcement followed the lay-off of 311 workers by the CPR for an indefinite period. I asked the minister last Friday whether it made sense for the CPR to be laying off large numbers of workers because of a decline in traffic, given the fact that, by the government's own calculation, there would be impressively large increases in various commodity shipments in the next few years. The minister's reply was completely unsatisfactory. He said the CPR just did not have the business to keep these people on.

Yesterday, Mr. Speaker, the CNR announced a similar lay-off in its repair shops, a major share of which will again take place in Winnipeg. The reason given by the railways is quite simple: traffic is down because of the slowdown in our economy.

The question I posed to the government is whether the present slowdown should be the only factor in such a major decision on cutbacks. Recently the president of the Sony corporation was in Canada attending a seminar at which Japanese and North American business operations were analysed and compared. We have all heard about the success of the Japanese economy, its steady and large increase in gross

national product and its successful penetration of world markets for manufactured goods, including automobiles, radio and television and, more recently, computers and microelectronic products. What did the president of Sony tell his audience in explaining why the Japanese were successful? He said that the difference between the North Amerian and Japanese companies was that North American companies—and he was talking about both the United States and Canada—looked at and thought about almost exclusively this year's balance sheet, while the Japanese companies were thinking and planning for 20 years down the line. That is why they have surged ahead in those fields I have enumerated. Why do I tell this story, Mr. Speaker? I do so because that message should have been studied by both the CNR and CPR and by our government. Yes, business is slow right now but a survey done by the Western Transportation Advisory Council has predicted that westbound bulk exports would increase between 1980 and 1990 in the following manner: coal from 14 million tons to 53 million tons; grain from 10 million tons to 19 million tons; sulphur from 5.4 million tons to 6.8 million tons; potash from 3.6 million tons to 9 million tons, an increase of over 200 per cent.

Our transportation system, Mr. Speaker, is already having difficulty in moving current sales. What will happen four or five years from now if we get the kind of increases which are projected? We will fail completely. Now when business is slow is the time for the railways to do the job that needs to be done to upgrade the system, to doubletrack the system, to modernize the signals and switching system, to build the thousands of new cars, hopper cars, freight cars and engines that we need. Now is the time to renovate much of the rolling stock. If we do not do it now, when will we do it? By 1990 we will be losing hundreds of millions of dollars of sales because we will not be able to deliver the goods that are sold. But the railways say they cannot afford it. I pointed out to the government its announcement of the $1 billion sale by Bombardier of subway cars to New York city. How was that done? The government helped finance the sale by providing an interest rate of 9.7 per cent. If we can do it for export sales, then I suggest that we can and we should be doing it to improve the transportation system in this country.

• (2220)

I say to the minister that if we can do that for Bombardier, we can do it for the railways. Now is the time to give the railways the kind of financial assistance they need to get the system ready so the railways can move the products that we will be able to sell four or five years from now. Now is not the time to be having the large-scale lay-offs that have been announced by both railways in the last week.

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am surprised that the hon. member has not done his homework. I think he has spent so long attacking railroads that he does not want to pay any attention now when they make an announcement. I am happy to draw to his attention the fact that Canadian Pacific Railway announced today the purchase of 50 new diesel electric locomotives in anticipation of future need, precisely the theme which the hon. member was pointing out.

Mr. Orlikow: That does not help the people who have been laid off.

Mr. Fisher: This order is worth $70 million. It will create 300,000 person-hours of work.

It is very important to note, for the sake of the hon. member so that he will know this fact in the future instead of blaming everybody, that 20 of these locomotives will be used on prairie branch lines. This is the first such purchase in ten years made by Canadian Pacific. It is made despite the opposition of the NDP to the streamlining of the grain shipments in western Canada, and despite the losses that railroad has suffered under the Crow rate.

I am also surprised that the hon. member has not done his homework in the area of lay-offs. I know that he is usually much closer to those sorts of questions than he is to grand corporate finance.

I would like to point out to him, as the minister said in reply to the question, that the people who have worked with the railways for two or more years will be collecting 80 per cent of their normal salary while they are laid off.

Mr. Orlikow: They will not be producing anything.

Mr. Fisher: I think those are important facts, and I am sorry that the hon. member did not know them before he made his intervention because he might have risen in this House instead to congratulate us and to congratulate the companies.

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

The House adjourned at 10.24 p.m. without question put, pursuant to Standing Order.

END OF VOLUME XV